

## THE ECONOMICS OF INEQUALITY

### OECD and IMF bring to light issues and solutions with two new reports

This week the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD) released reports on the effects of inequality. The IMF's report: [Causes and Consequences of Income Inequality: A Global Perspective](#) examines inequality trends in emerging and developed markets. It brings forward a growing body of evidence suggesting that "rising influence of the rich and stagnant incomes of the poor and middle class has a causal effect on crises, and thus directly hurt short- and long-term economic growth."

The OECD report: [Trends in Income Inequality and its Impact on Economic Growth](#) proposes several solutions including a suggestion that

"redistribution policies via taxes and transfers are a key tool to ensure the benefits of growth are more broadly distributed and the results suggest they need not be expected to undermine growth". In some cases the reports come to different conclusions. The IMF report claims that higher income for the rich [harms economic performance](#) while the OECD says only inequality between the poorest and the middle makes a difference (subscription required).

Moreover, the UK's union body, The Trades Union Congress (TUC), noted recently that income inequality has now reached "[stratospheric levels](#)". TUC General Secretary Frances O'Grady said: "Ordinary employees need to be included in workplace pay committees to add some common sense and reality to boardroom pay decisions."



#### MARK YOUR CALENDARS:

Webinar: Global release of WRI-UNEP FI Carbon Asset Risk Discussion Framework  
Thursday August 27, 2015 7PM-8PM ET [Register Here](#)

## METHANE REGULATIONS FROM THE EPA

On Tuesday, the U.S. Environmental Protection Agency (EPA) proposed new standards to cut [methane emissions](#) and smog-forming pollutants from oil and gas facilities. Colorado is already ahead of the pack. The state became a test case last year when oil and natural gas companies agreed to adopt measures to curb methane pollution (with surprisingly [little opposition](#)). While new regulations may increase costs, gas production in May was up

1.5 percent from the same period two years earlier, Energy Information Administration (EIA) data show.

The new EPA rules have been welcomed by leading investors such as the California State Teachers' Retirement System and New York State Comptroller Thomas DiNapoli, who oversees the New York State Common Retirement Fund.

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### THIS WEEK IN NUMBERS...

**536**

proposals on S&P 500 companies have been voted on so far in the 2015 proxy season, up from 500 at the same time last year.

**60**

billion Rand (\$6.6bn) is the estimated cost to clean-up South Africa's derelict mines.

**44**

trillion USD is the estimated cost of not combating climate change.

**10**

million is the estimated number of 'inappropriate' prescriptions in England annually.

**7**

outside directors were named to the new 11-member board of Toshiba Corp.

**2.1**

billion USD is the amount of capital invested in AgTech at the mid-year stage of 2015, comprising 228 deals.

**1.6**

billion is the number of Muslims in the world that were urged to do more to fight global warming.

## AIR POLLUTION IN CHINA – DEVASTATING, BUT OVERESTIMATED?

Last year [Berkeley Earth](#) began collecting and analyzing the world's air pollution data. A new scientific paper, [Killer Air](#), on air pollution in China, includes data for 16 months, April 2014 through August 2015. It found that 1.6 million people are dying every year from air pollution in China. It also [identified the sources](#) of the air pollution.

Meanwhile, a different report published this week in [Nature](#) found that China's carbon emissions may be significantly lower than previously thought — about 14% less in 2013 than estimated by the Chinese government and others.

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### WE'RE KEEPING AN EYE ON

#### US Proxy Voting Trends (S&P 500)

A report by Sullivan & Cromwell, LLP summarizes this year's proxy season:

- More proposals have been made and support has been substantially stronger
- 82 proxy access proposals in 2015 (versus 17 in 2014).
- Shareholders approved 48 proposals to date in 2015 (versus five in 2014).
- Overall governance proposals dropped 6%, with majority election of directors and board declassification proposals in particular being proposed much less frequently than in prior years.

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## AUSTRALIAN GOVERNMENT PROTECTS MINING PROJECT

The Australian Government has come under fire from an eco-advocacy group that hopes to legally challenge the Carmichael coal mine in Queensland. The government wants to [remove those legal rights](#) and hinder the ability of the group to access the courts.

"Everyone wants to give the Carmichael mine in Queensland a fair go," said Prime minister Tony Abbott said this week. "They shouldn't be subject to endless legal sabotage because the law gives green groups an unusual level of access to the courts." [READ MORE](#) (subscription required)

### GOOD NEWS OF THE WEEK

“Companies are taking greater responsibility to avoid forced evictions. They don't want to be expelling people from their land in order to produce goods.”

—[Jeffrey Hatcher](#), managing director of Indufor, a sustainability consultancy, on global food giants signing on to voluntary guidelines that will prevent land grabs in developing countries.

### BELIEVE IT OR NOT

Summer bummer: Lobster populations are declining in New England. They are heading north to colder waters – a geographic shift scientists are attributing to global warming.

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