Keeping Out Extreme Inequality from the SDG Agenda – The Politics of Indicators

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Abstract

The SDGs are important because they set consensus norms. At face value, Goal 10 sets a strong norm on reducing inequality within and between countries. Yet this is undermined and distorted by the targets and indicators which are weak and set an agenda for inclusion rather than for reducing inequalities. This paper explains this paradox as a result of an intense contestation over the framing of the inequality agenda as inclusion, focusing on the poor and excluded, rather than on extreme inequality. The paper provides a detailed account of the negotiations and argues that the insertion of the shared prosperity measure in setting the target on vertical economic inequality (rather than distribution measures such as Gini or Palma ratio) was strategic. It concludes that the political choice over the meaning of a norm is made on what is said to be a technical basis. The technical and political considerations cannot be disentangled and greater transparency on the policy strengths and weaknesses of measurement choices is needed.

Global development goals are important because they create consensus norms. They define priority objectives and ethical standards that are considered legitimate and influence the behavior of diverse stakeholders. Though global goals are international agreements without enforcement mechanisms, they exert influence in large part by creating narratives and framing debates about how development challenges should be conceptualized. At face value, the 2030 Agenda (UN, 2015) would appear to contain a strong norm for reducing inequality. 'Leaving no one behind' is a central theme of the entire agenda, and the SDG framework includes a Goal (10) that commits unambiguously to 'reduce inequality within and among countries'. Yet the targets and indicators in the framework are weak and unbalanced; many are vaguely worded, and of the 10 targets and 11 indicators, there is not one that would oblige countries to reduce the unequal distribution of income and wealth within and between countries (Anderson, 2016; Donald and Saez, 2017; MacNaughton, 2017). The targets and indicators focus on the exclusion of marginalized groups from socioeconomic and political opportunities to escape poverty, but neglect issues of 'extreme inequality' and the concentration of income and wealth at the top. Thus targets and indicators are not aligned with the norm set in the goal.

The aim of this paper is to provide an account of how this misalignment between the norm and its measures came about and to explore its consequences for the way that the inequality norm is interpreted, and how that frames discourse. As elaborated in the introduction to this special issue (Fukuda-Parr and McNeill, 2018), the key elements of global goals as effective instruments in setting international norms and influencing the behavior or stakeholders include: the use of for using quantitative indicators to create a narrative and frame a discourse; the reductionist and distorting effects of quantification on norms; hegemonic effects of framing policy agendas, focusing attention on selected priorities and keep out inconvenient issues off the agenda, and silence radical views. The paper explores these processes by analyzing the case of the inequality goal, focusing particularly on the measurement of vertical economic inequality. The paper provides a detailed account of the negotiations: the origins of the inequality norm, its ideational trajectory, and the controversies that emerged. I argue that the indicator reinterprets the inequality norm as inclusive growth, framing the policy agenda to focus on poverty, and keeping out issues of extreme inequality and the concentration of wealth and income out of global debates. The exercise of hegemonic power in this process is obscured behind the seemingly technical debate about choice of measurement method.

Research for this paper included documentary reviews as well as observation of consultation meetings and events, and interviews with some 40 stakeholders (members of national delegations, UN technical support teams, advocacy NGOs, UN Statistical Commission, among others) who had been involved in the process of formulating the SDG framework.

Why care about inequality?

Context and origins

The UN 2030 Agenda and the SDGs originated from two parallel processes. The first was the consultations over the 'Post-2015 Development Agenda' initiated by the UN Secretary General (SG) to formulate a successor agenda to the

Millennium Development Goals (MDGs). The second was the Open Working Group on the SDGs (OWG) of the UN General Assembly (UNGA), set up following a decision of the Rio+20 UN Conference on the Environment and Development (UNCED) to elaborate goals for sustainable development – SDGs – encompassing social, economic, and environmental objectives (UNCED 2012). The Post-2015 process started first, opening in 2011, and the main consultations were completed by May 2013. The reports of those deliberations fed into the OWG. The OWG met 13 times from March 2013 to July 2014 when they reached agreement on a proposed set of 17 goals and 169 targets, submitted to the UNGA in September 2014. The proposals were adopted by the GA in September 2014, with only minor editorial modifications (UN 2015).

Both these processes invited broad consultations and inputs in ways that were unprecedented in the UN (Kamau et al., 2018). The Post-2015 process set up a High-level Panel of Eminent Persons (HLP) appointed by the SG, and promoted a 'global public conversation' (UN Task Team on the Post-2015 Agenda, 2012). The UN initiated a multitude of consultations that included a range of regional, national, and thematic discussions in person or online and a public opinion survey. Many other meetings organized by diverse stakeholders. The OWG was comprised of UN member states but was a new format for UN negotiations that broke the tradition of states negotiating as regional blocks, and in closed sessions. Procedures were open and civil society had considerable space for giving their voice, formally through nine observer seats as 'Major Groups', and informally through daily consultations with the cochairs and in informal meetings (Kamau et al., 2018).

The two processes were very different, populated by different actors and epistemic communities, and driven by different histories, visions, and political dynamics. These dynamics are elaborated in the introduction to this special issue (Fukuda-Parr and McNeill, 2018). In brief, the Post-2015 process was about continuing the MDG agenda – a poverty agenda – with appropriate modification. As I have argued elsewhere, this was a donor driven agenda to set priorities for international aid efforts (Fukuda-Parr, 2017). The Post-2015 primarily involved the development community where donor agencies are powerful actors. Its most high profile process – the HLP – was technocratic, with the UK Prime Minister playing a particularly strong role as co-chair.[1] The OWG's mandate came from Rio+20 and therefore was to advance the agenda for 'sustainable development', a development paradigm that had been pursued for decades in the UNCED process where developing countries promoted a concept of environmentalism that integrated developmental challenges. It was a universal agenda, not just priorities for low income countries. It involved the UNCED community of environmentalists. South countries, particularly Brazil, Colombia, and others had greater voice. In many respects, the OWG process was a push back to the MDGs by the developing countries which had been frustrated with the narrow conception of the MDG agenda and the SG led process that formulated it (Caballero, 2016) (Interviews 23, 29, 36).

Inequality as a goal was one of the most contested issues in the negotiations over the SDGs. The roots of the controversies lie in the criticism of the MDGs, the historic commitments of UNCED, and in the growing concern at the time with extreme inequality as a pressing global challenge. The issue had been a consistent theme in UNCED and was an important element of the Rio+20 agenda. The concern with inequality was broad. Going beyond exclusion of particular groups, the Rio+20 outcome document addresses the root causes of inequality, including inequality among countries, and inequities in global institutions. In contrast, the MDG framework did not include a single goal, target or indicator addressing inequality except with respect to gender. This was one of the major sources of criticism of the MDGs.

Though the MDGs became the consensus framework for international development during 2000–2015, there were many critics, particularly from international NGO networks, national governments of the South, and academia. They raised concerns about the top-down process by which they were formulated, the lack of accountability mechanisms, the inadequate reflection of human rights principles, and the narrow poverty agenda that neglected many other important priorities (Alston 2005, Bissio, 2003; Chang 2010, Fukuda-Parr 2010, Nelson, 2007; UNTT, 2012). One of the major criticisms was the omission of inequality in the agenda.

The neglect of inequality was particularly glaring in the context of growing debates about rising inequality as a social and political issue. Progressive Latin American governments, intellectuals, and activists had focused on inequality – rather than poverty – as the key social objective, along with environmental sustainability. Protest movements proliferated around the world such as 'Occupy Wall Street' in 2011 that followed the 2008 financial crisis (Burke et al., 2013). By the time the UN debates for the Post-2015 Development Agenda got underway in 2011, inequality had begun to appear on the agenda of the World Economic Forum at Davos and other high profile international meetings. Momentum grew with the publication of the Oxfam report (Oxfam, 2014), and *Capital* by Thomas Picketty (Picketty, 2014) and other writings by NGOs and academics that documented the rapid rise of inequality as an urgent social and political challenge.

As the debate on a successor agenda to the MDGs opened, the issue of inequality – however defined – could not be avoided. It was clearly a major global concern that had to be addressed in the new agenda. Thus the SG's report launching the Post-2015 process stated 'reducing inequality across gender, location, ethnic, and income groups must be central to an inclusive development agenda. The Post-2015 development framework would need to consider effective mechanisms to reduce youth unemployment as well as inequality of income, opportunities, and achievements on all dimensions of human development, including well-targeted policies that directly address the drivers of these disparities' (UN, 2011, p. 59). Inequality was one of the 11 themes selected for global thematic consultations in the Post-2015 process (UNDG, 2013), and was included in the terms of reference for the HLP as one of the three core themes of the future agenda (UN Secretary General, 2012).

Types of inequality

At each stage of the Post-2015 and OWG processes, there was little disagreement that inequality would be reflected in the new agenda. The controversy was therefore over how: would it be a freestanding goal or 'mainstreamed' as a 'cross-cutting principle' in each of the goals; what type of inequality would be addressed–economic or social, interpersonal (vertical) or intergroup (horizontal); and what terminology would be used and how would it be measured.

Setting a goal for inequality is conceptually complex since there are diverse perspectives on inequality as a social problem. While most people would agree that absolute poverty is intrinsically bad, the same cannot be said for inequality. Some inequality is to be expected in any society as a reflection of different talents and efforts of individuals, but it is difficult to agree on the ideal level of inequality in any society. While contemporary social debates protest the rise of 'extreme inequality', how is that level defined?

There is no consensus among economists and philosophers as to whether inequality is intrinsically undesirable and what level of inequality might be appropriate. Conventional economic thinking does not consider inequality to be intrinsically bad (Deaton, 2013). For long, the standard economic argument held that inequality was constructive, and part of providing a necessary incentive for hard work and talent. But more recently economists have begun to point out the more destructive effects of inequality on underutilization of human capital, sub-optimal policy choices, and corrosion of social stability and democracy (Birdsall, 2001; International Social Science Council, 2016; Stiglitz, 2012; Wilkinson and Pritchett, 2009). Moral philosophers have debated inequality for long, and many have focused concern with the neglect of the worst off (Klasen, 2018). Human Rights principles emphasize equality of rights, and the intrinsic value of equality. Ultimately, equality is a valued social norm rooted in the human rights principles, and inequality is an issue of social injustice (Fukuda-Parr, 2015). However, societies differ with respect to the level of inequality that would be acceptable, or aversion to or tolerance of inequality (Lubker, 2006).

Two divergent perspectives were evident in the SDG negotiations: one was 'extreme inequality' or vertical economic distribution, and concern over the concentration of power and wealth among the elite. The other was 'exclusion' or horizontal inequality and exclusion of the vulnerable and marginalized population from opportunities. These two perspectives imply different types of policy response. Extreme inequality poses a radical challenge to the economic model. Social exclusion implies a need for expanding social services, a continuation of the MDG agenda with more emphasis on reaching the most vulnerable. The support for inequality as a social inclusion agenda was in part a response to the criticism of the MDGs that they ignored the worst off.

Negotiating the inequality goal

Post-2015 process: inequality as social exclusion

Inequality was an important issue raised in the Post-2015 process by multiple stakeholders. While the Global Public Consultations promoted a stand-alone goal for inequality and a broad approach including extreme inequality, social exclusion, and addressing the root causes of poverty, the HLP recommended a narrower approach, focusing on social exclusion, and social investments.

According to the synthesis report of thematic, regional, and national consultations organized in the Global Public Consultations – 'A Million Voices: The World We Want, a sustainable future with dignity for all' (UNDG, 2013) – inequality was consistently raised as one of the top priorities in the diverse fora. These consultations reflected a broad perspective on inequality including its economic, social, and political dimensions, and inequalities within and between countries. They emphasized not only inequality in different spaces but their intersectionality – how they overlap and reinforce one another, and are rooted in structures of society. The consultations expressed inequality as a human rights issue, and one that can undermine social cohesion and can be detrimental to economic prosperity. They argued for the need to go beyond expanding social opportunities and address the root causes of inequality, including through fiscal and other macroeconomic policies, (UNDG, 2013) (UNICEF and UNWomen, 2013). The key message was the need for a stand-alone goal on inequality, one that would include extreme inequality as well as social exclusion.

The HLP was also plied with numerous other inputs from NGOs with diverse interests, academics, think tanks, development agencies including UN agencies, and the private sector. Working in the technocratic mold led by its Executive Secretary, the HLP drew considerably on policy analyses provided by think tanks and advocacy NGOs. Certain of such organizations were particularly active; Overseas Development Institute (ODI), Centre for Global Development (CGDEV, 2013), Save the Children UK, Oxfam UK, were among those that invested heavily in following the Post-2015 debates and producing multiple analytical reports, policy briefs, and organizing discussion sessions among leading policy analysts. The Sustainable Development Solutions Network (SDN) was another important group.

A particularly influential publication was Save the Children UK's 'Ending Poverty in a Generation' (Save the Children, 2012), the first civil society report on the 2015 agenda. It articulated a bold and optimistic vision on absolute poverty that clearly recognized omission of inequality as a central gap in the MDGs. It conceptualized inequality narrowly as social exclusion and part of the poverty agenda, focusing on lack of access to social opportunities – healthcare, education, water, etc. – to address it. It thus coined the term 'leave no one behind' as a catchy rallying call. This report proposed a goal to reach zero on extreme poverty with targets in four areas: income poverty; hunger; child, and maternal deaths; water, and sanitation. In this context, with concern for inequality being one of exclusion from social opportunities, there was no need for a target for inequality since achieving zero target would mean that the problem went away. This proposal resonated well with the narrative of MDGs as a success story, and the SDGs as a follow up to complete the agenda by taking the targets to zero. This would take on reducing inequality as an objective, but in terms that would skirt the issues of concentration of wealth among the elite. It was also one that was adopted in the HLP report, and as will be discussed in later sections, in the arguments made during the SDG negotiations by those who opposed a stand-alone goal.

The HLP took the narrower social exclusion perspective, and did not include a stand-alone goal. Its final report – 'A New Global Partnership: to Eradicate Poverty and Transform Economies through Sustainable Development' – proposed 12 goals, each with four to six targets, but did not include one on reducing inequality other than gender inequality (HLP 2013). However, the HLP agenda included a general principle, to 'leave no one behind', ensuring that 'no person – regardless of ethnicity, gender, geography, disability, race, or other status – is denied basic economic opportunities and human rights' (HLP 2013, pp. 30–31). It proposed that inequality be mainstreamed throughout the goals and that indicators, where relevant, should be 'disaggregated with respect to income (especially for the bottom 20 per cent), gender, location, age, people living with disabilities, and relevant social group' (HLP 2013, p. 31).

As the title suggests, ending poverty was the overriding aim of the HLP report, and it was in this context that 'leave no one behind' was one of the five 'big transformative shifts' necessary to drive the new paradigm (HLP 2013). The term 'leave no one behind' was understood to be a way of addressing inequality. For example, a press release of the first meeting of the HLP refers to an emerging consensus on 'reaching those who have been left behind, also referred to as *inequality*'. Thus the inequality agenda was about social exclusion rather than extreme inequality. Moreover, this was a limited conception of exclusion, focusing on gender, age, disability, and location without mentioning income level, ethnicity, indigeneity, religion, or race.

This narrow conception of inequality in the HLP report did not reflect the broader perspectives submitted to them by civil society groups through the global consultations and through the HLP's own consultation processes. For example, the Asia Development Alliance's statement responding to HLP's call for contributions states: the Post-2015 agenda should 'address as a top priority the rising inequality and injustice between, among and within countries and regions, between the rich and poor, men and women, and the urban and rural through fair distribution of wealth, power and resources with a focus on social protection mechanism' (Asia Development Alliance, 2013).

The HLP report advances 'leave no one behind' and reaching zero in ending poverty as a central theme, to be mainstreamed across the goals. This framing leaves out the key issues of distribution and detracts from issues of extreme inequality. It is an effective way of keeping out of the framework, the challenges of growing concentration of wealth and income and the political influence of the elites in national policy making. Extreme inequality raises questions about its root causes and more radical policy remedies such as progressive taxation. These are politically contentious questions for domestic constituencies of HLP members.

OWG negotiations – the stand-alone goal

The OWG adopted its final proposal for the SDG goals and targets in July 2014. This framework included a stand-alone goal (goal 10): Reduce inequality within and among countries, and 10 targets. As the OWG moved into the final stage of negotiations (April–July 2014), a stand-alone goal on inequality was one of the most difficult issues to reach agreement on, as reflected in its appearance and disappearance through the successive versions circulated in the final two months of negotiations (Sengupta, 2014). Starting in May 2014, the cochairs began to circulate lists of 'focus areas' and targets for possible consideration. Inequality was on the initial list of 19 focus areas, but then disappeared in the subsequent list that had been reduced to 16 areas. It was restored in the 'zero draft' of the 17 goals circulated on June 2 for discussion at the penultimate session of the OWG (12th session 16–20 June), but disappeared in the revised list informally circulated before the meeting. It was restored again in the final list agreed in the 13th session (14–18 July)!

Arguments for the stand-alone goal - advanced by governments civil society groups, UN agencies, and the SG - often referred to rising extreme inequality. The brief by the UN Technical Support Team (UNTST) starts with a statement 'Inequalities remain unacceptably high across all dimensions of human life ... inequalities in income and wealth are clearly severe and have been widening globally' (UN TST 2013). Major groups – women, workers, and trade unions, and NGOs – repeatedly advocated for a stand-alone goal on inequality in their official submissions to the OWG and raised the issue of economic inequality. Former UN ASG Michael Doyle and Nobel Laureate Joseph Stiglitz argued for a goal to 'eliminate extreme inequality at the national level in every country' (Doyle and Stiglitz, 2014, p. 12). It is 'extreme' inequalities which they argue 'is the inequalities that do most harm to equitable and sustainable economic growth and that undermine social and political stability' (Doyle and Stiglitz, 2014). Their paper succinctly articulated most of the arguments made by those who had been advocating attention to inequality.

Much of the argument against a stand-alone goal reflected the perspective of inequality as social exclusion, and a dimension of poverty. Their concern was poverty, not inequality, and to get to zero in achieving the key poverty goals–education, health, water, and sanitation, etc. To achieve this objective, particular effort was needed to end discrimination against marginalized and vulnerable groups–children, elderly, disabled, ethnic minorities, and others. But this could be part of each of the goals.

Inequality framed in this way, with focus on the bottom end of the distribution as the issue, is tantamount to poverty. It would then seem perfectly logical that a stand-alone goal on inequality would be redundant. There was no argument *against* the inequality goal other than redundancy. The narrative of leave no one behind framed the discourse in a way that kept out extreme inequality off the table. Without resorting to complex philosophical and economic arguments about the detrimental effects of inequality, it could be argued by common sense that a stand-alone inequality goal would duplicate other goals.

The statement by the UK to the 10th session of the OWG exemplifies the argument against a stand-alone goal on inequality:

> We have already spoken about the value we see in a target on reducing the number of people living below national poverty floors, which is a critical vehicle to shrink inequality. We are also attracted to the proposal we have heard in various forms about requiring that any target will not be considered met unless it is met for the lowest quintile of any given population. We are less convinced by a stand-alone goal on inequality. This could lead us to a sterile debate that economists have been having for generations and that we are unlikely to resolve here. We see much greater practical potential and concrete impact in addressing inequality through goals and targets related to poverty eradication; equal access to productive and other assets; social protection floors; gender equality; elimination of discriminatory practices, policies, and laws; and job rich and inclusive growth. These types of measures will be a much more concrete way to hard wire real action to reduce inequalities into our agenda. (UK, 2014)

Statements of many delegations and civil society groups emphasized the importance of inequality, but referred most often to gender equality, and to vulnerable groups. Many of the most active NGOs were identity group based organizations such as youth, children, disabled, who advocated for group based marginalization and exclusion. Some members of the OWG, mostly donor countries, explicitly proposed wording of targets on reducing inequalities among social groups (Australia, The Netherlands and The United Kingdom, 2013). Thus concern with social exclusion dominated discussions and likely had a crowding out effect on vertical inequality and extreme inequality. And though civil society groups had raised extreme inequality as a concern, there was no organized network or campaign of the kind that emerged for other issues.

By the time the OWG negotiations turned to the proposed lists of goals in its tenth session in March/April 2014, negotiations began to follow traditional N-S alignments. The G-77 and China defended the stand-alone goal while the Western block opposed it. Reporting for the Third World Network Information Service, Sengupta wrote 'this restoration of inequality as a stand-alone goal in the zero draft had come as a result of repeated interventions of developing countries, in particular the Group of 77 and China, as well as other countries, which had expressed gross dissatisfaction that it had been dropped earlier' (Sengupta, 2014). In contrast, many of the developed countries which submitted written statements argued against a stand-alone goal (UK, 2014, Australia, 2014, Canada 2014, France, 2014, Germany, 2014, Switzerland, 2014). They pursued the HLP approach on inequality–aiming at equality of opportunity for the bottom end of the distribution, and focusing narrowly on inequality among social groups.

No doubt for the G-77 and China, the negotiating priority was a goal on reducing inequality among countries. This was part of the Rio+20 agenda that the G-77 and China aimed to carry into the SDG framework together with the principles that recognize the different needs of developing and developed countries, namely 'Means of Implementation' and 'Common but Differentiated Responsibilities'.

OWG negotiations–Targets

The ten Goals 10 targets reflect efforts to address different types of inequalities including: vertical income inequality; socioeconomic and political exclusion; horizontal inequality; and disparities between countries in international economic arrangements. MacNaughton (2017) provides a detailed analysis of these targets, concluding that they address a broader scope of disparities but most are vaguely worded, and lack actionable quantitative commitments. This applies particularly to inequalities between countries and to means of implementation targets. Even where stronger language was suggested, they were not adopted.

Beyond the weak wording on most targets, a critical flaw is the omission of a target to reduce inequalities in income and wealth within and between countries. The lead target in this framework is one of the Target 10.1 on vertical economic inequality: 'achieve and sustain income growth of the bottom 40 per cent of the population that is higher than the national average'. This is arguably an ambitious target as a *means* to achieving a more even distribution of income within a country, and creates incentives to adopt policies for pro-poor growth. But it is not an outcome measure of inequality or distribution of income and wealth. It responds directly to a goal for reducing poverty rather than inequality. It does not respond to concerns for extreme inequality.

The target originated from the World Bank which had set itself a single goal in 2013 encapsulating its corporate mission: to end extreme poverty within a generation and to promote 'shared prosperity', focusing on sustained income growth of the bottom of 40 per cent of the population. The growth of income of the bottom 40 per cent compared with the national average has become the World Bank's signature indicator for monitoring inequality.

According to OWG participants and observers interviewed, the target was widely questioned (Interviews 13, 14, 22, 42). As discussed above, setting a universal target for reducing inequality is a conceptually challenging. But rather than dwell on these conceptual issues, the conversation turned to the choice of the measurement tool.

Over the course of Post-2015 and OWG processes, numerous technical debates took place over the measurement of inequality and multiple papers written with proposals for targets and measures that informed the OWG deliberations. There was little support in these discussions for the shared prosperity indicator as the appropriate measure of inequality to monitor SDG inequality agenda (see for example (CGDEV, 2013, ODI, 2013). As a performance target, it can be misleading since the disparity between the bottom 40 per cent and the top 1 or 10 per cent income groups might continue to grow even if the income of bottom 10 per cent increases faster than the national average. For example, if there was economic stagnation but the incomes of the bottom 40 per cent of the top 1–10 per cent grew at a higher rate than the national average, then inequality would grow yet the share of the bottom 40 per cent would have grown (Cobham, 2013).

The two most widely used indicators on inequality used in the economic development literature are the Gini coefficient and the proportionate share of national income by population decile or quintile. A variant of the latter, the Palma ratio proposed by Cobham and Sumner (2013), gained traction as an appropriate measure. This indicator is the ratio of the top 10 per cent share of national income relative to the bottom 40 per cent share. This measure captures shifts at the top and bottom ends of the distribution and overcomes the problem with the Gini coefficient which is sensitive to shifts in the middle.

Several groups proposed the use of the Palma ratio for setting the target. Some 90 prominent academics and development experts had sent an open letter to the HLP Executive Secretary to advocate for priority to an inequality goal using the Palma method. Academics Doyle and Stiglitz proposed the target to be written as 'by 2030, reduce extreme income inequalities in all countries such that the post tax income of the top 10 per cent is no more than the post-transfer income of the bottom 40 per cent' (Doyle and Stiglitz, 2014, p. 12). Women's Major Group, the Workers and Trade Union's Major Group, and numerous NGOs (UN DESA, 2014), as well as some governments supported the Palma Index.

Despite these counter proposals, the wording of target 10.1 introduced in the very first list discussed in the OWG remained unchanged. There was no real response or debate on the points raised. One likely reason was that the criticisms and alternatives were for different measurement methods of inequality; this was supposed to be out of the scope of OWG, and a matter for statisticians in the IAEG. According to UN officials managing the process, 'Inequality was not a controversial issue. Issues of alternative measures like Palma and Gini were raised, but this was too technical and it was not appropriate for the OWG to go into such details" (Interview 11). Thus the OWG could not go into technical objections. But adopting this target locked in the shared prosperity measure as the indicator of reducing vertical inequality. The IAEG could not take on political debates about the meaning of goal 10 and target 10.1. Its role was intended to be technical, to find the most appropriate indicator for the target. This raises questions about whether the technical and political questions can be so easily separated, and attributed to a political negotiating body or a statistical body.

The Indicators and the IAEG – shared prosperity indicator is locked in

A principle guiding the development of the SDG framework is the distinction between the political negotiations of goals and targets, and the technical work of formulating the indicators set. Once the SDG goals and targets were approved by the UN GA in 2015, the development of the indicator framework was entrusted to a technical body – the Inter-agency and Expert Group on SDGs (IAEG) – under the authority of the UN Statistical Commission (UNSC). The IAEG is comprised of 28 member states, with regional distribution intended to ensure balanced voice. It is intended to be a technical body, and each state is represented by statisticians from its national statistical office while its representatives to OWG would be diplomats from the foreign ministry.

Like the OWG, the IAEG is state led, and departed from the MDG process for indicators which was led by the secretariats of the UN bodies. The UN Statistical Office (UNSD) serves in a secretariat capacity while other agencies collaborate as observers. The IAEG for SDGs thus by-passes the statistical offices of UN agencies which have technical expertise in specific subject areas. In line with the spirit of the SDG negotiating process, the indicator framework is also intended to benefit from broad consultations with stakeholders, and meetings were made open to civil society groups, academia, and businesses, though the meetings are structured with a segment that is limited to the IAEG members only.

The SDG indicator framework of 232 indicators was adopted by the Statistical Commission in March 2017. The process for elaborating this list started with a proposal from the UNSD in 2015. This included 11 indicators for goal 10, including the shared prosperity indicator for economic inequality. Just as with the targets, there were no indicators that measure trends in the distribution of income within countries, and inequalities between countries – a core aspect of Goal 10.

Comments and counter proposals were invited from UN agencies and civil society through three sets of 'open consultations' organized between August 2015 and September 2016. Numerous stakeholders – including several government delegations, UN OHCHR, and civil society groups made proposals to replace the 'shared prosperity' indicator, most often with the Palma Index or the Gini coefficient (UNSD, 2015). But it was argued – particularly by the World Bank – that the indicator responds to the target. The IAEG could not reinterpret the target since the target was adopted by the OWG, the political body. No one seemed to make the distinction between a *means to a goal* expressed in the target, and the goal itself. The target had locked in the indicator, and just as technical issues were not welcome in the

OWG, debates of a 'political' nature were not appropriate in the IAEG.

The World Bank acknowledges that the shared prosperity indicator does not measure inequality in the distribution of income and wealth as the Gini coefficient or the Palma ratio do. In its background paper for the Expert Group Meeting on the indicator framework for the Post-2015 development agenda, the World Bank (2015) recognizes that this indicator of 'shared prosperity' is not one of the inequality in and of itself: 'Measuring the income growth of the bottom 40 per cent of the population provides no information on how that compares with the income growth of the rest of the population' (World Bank 2015). They argue that despite these limitations, 'an impression of inequality can easily be obtained by comparing the shared prosperity indicator with mean income growth (or income growth of the top 60 per cent of the population)' (World Bank, 2015). They conclude their background paper by noting that, 'the shared prosperity measure implicitly places emphasis on changes in inequality in society' (World Bank, 2015).

Yet even if a change in inequality is implied, the documentation on the metadata makes clear that inequality itself is conceptualized as a concern with poverty (UNSD, 2018). As a rationale for the indicator, the documentation explains: 'Shared prosperity recognizes that while growth is necessary for improving economic welfare in a society, progress is measured by how those gains are shared with its poorest members' (UNSD, 2018). They point to the limitations of this indicator in terms of data quality and availability, and to the other dimensions of well-being of the well-off. There is no reference to tracking inequality by assessing the relative income and wealth of the entire population, including the top and middle as well as the bottom of the distribution.

There is one other indicator that is relevant to economic distribution: 10.4.1 the labor share of GDP, comprising wages and social protection transfers. This indicator relates to target 10.4 to adopt fiscal, wage, and social protection policies that would 'achieve greater equality'. But this indicator is classified has not yet been finally agreed and is classified as 'Tier II'.

Conclusions – framing the inequality agenda and the obscured politics of measurement methods

The preceding sections have provided an account of how the SDG inequality agenda came to be framed as an agenda for social inclusion and inclusive growth. While the broader perspective – championed by civil society groups and governments mostly from the Global South – prevailed in promoting a stand-alone goal, they were sidelined in the setting of the target and indicator. The perspective of social inclusion – championed by UK and other donors and promoted mostly by the donor community including many NGOs – came to dominate the debates on targets and indicator.

Framing is a mechanism that institutions can use to exert hegemonic influence over the development field by shaping a common understanding of how its purpose should be defined and the best way to promote it (Boas and McNeill, 2003). The issues and solutions that are within the frame then seem obvious and everything else irrelevant. Framing then guides public debates focused on the favored goals and solutions, while keeping out competing priorities and policy issues off the table. Framing inequality as social inclusion takes the issues of extreme inequality off the table.

Framing is a tool of hegemonic power used by powerful actors to keep out radical ideas (Boas and McNeill, 2003). Framing inequality is of central importance for powerful countries and actors in public and private sectors. The broader perspectives of extreme inequality search for deep rooted causes and seek solutions in institutions, particularly in economic institutions in areas such as taxation, investment, and trade. Extreme inequality refers to the situation of the top percentiles, as well as the bottom. The narrower social inclusion perspectives are also informed by search for root causes, but focus on discrimination against particular groups such as by gender and age. These policy agendas challenge the economic interests of powerful actors less directly.

Numeric indicators are central to framing discourse. Concrete, measurable, and time bound targets communicate objectives like reducing inequality with less ambiguity than lengthy qualitative descriptions (Merry, 2009). The shared prosperity indicator is the only regularly published quantitative indicator in the goal 10 framework and will no doubt be regularly reported, dominating the monitoring. Other dimensions of inequality such as the unequal voice of countries in international decision making, will not gain attention.

The insertion of the shared prosperity measure into the target, and into the very first draft was strategic. It had the effect of dominating the choice of targets and keeping out alternatives. And once the target was defined with this measure, it locked in the choice of indicator, and other targets and measures that focused on inequality, especially extreme inequality, were off the table.

This illustrates the difficulty – or impossibility – of disentangling the technical and political considerations in defining targets and selecting indicators. Inserted into a policy forum, alternatives to the shared prosperity target were off the table because they were argued on technical merits of measurement methods. Yet for the technical body, challenging the target was off the table because it was too political.

Differentiating between the political and technical is not possible in this context. Targets may be political choices but setting quantitative targets – which is preferred – necessarily requires using one among many measurement methods. The choice between the Palma ratio, Gini, and shared prosperity is not a technical matter. It is a political choice that depends on how the problem is defined. Measurement tools have different strengths and weaknesses in terms of what they measure. The best indicator is one that is most responsive to the policy concern at hand. Palma ratio is sensitive to the distance between the top and bottom of the distribution and is responsive to a concern for extreme inequality. The Gini is sensitive to movement in the middle of the distribution while shared prosperity is most policy relevant for a poverty agenda.

Such implications have long been explored and debated in development economics has created a rich literature on measurement approaches and their policy strengths. Bringing this information into the IAEG process more deliberately would lead to greater transparency. This would require enlarging the mix of expertise at the table to bring in development data specialists on a particular topic at hand. IAEG is membership is dominated by statisticians from NSOs whose background does not always cover the gamut of development sectors being debated. In this sense, greater involvement of development data experts specialized in sectoral issues from the UN agencies might bring greater transparency to the policy implications and theories behind each of the available measurement tools.

The choice is political also because powerful actors have the strong negotiating capacity with technical expertise and have an advantage in technocratic fora. Powerful actors are often recognized as an authoritative source of technical expertise and have the legitimacy to impose their systems of quantification. Governance by numbers leverages the power of authority (Kelly and Simmons, 2015). They are able to make skillful use of measurement methods as a strategy to pursue their agendas. And in technical fora, smaller countries with a narrower range of expertise at hand might find themselves outmaneuvered by the powerful delegations that come staffed with a broader range of experts.

These deeply political decisions are however presented as purely technical decisions. The 'political' considerations and the choices made are obscured. Under the guise of something 'technical' or 'scientific', a choice of indicator was made that would frame the inequality agenda and reinterpret the inequality norm. As the field of international development turns increasingly to governance by data, greater scrutiny will be needed on the policy implications of measurement choices, and the politics of indicators.

Notes

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1. The HLP was cochaired by UK Prime Minister Cameron, Liberian President Johnson-Sirleaf and Indonesian President Yudhoyono. The UK government had invested heavily in the Post-2015 process including support to background policy research and other activities. Cochairing the HLP was an important element of this support. They played an important and influential role although their views did not always prevail. (Interviews 7, 19, 42).

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