

# FACTSHEETS ON THE FINANCIAL CRISIS AND EDUCATION



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## Introduction

The education sector and, in turn, teacher and education unions are affected by the financial and economic crisis in a number of ways. In some countries budget cuts, (temporary) lay-offs and salary reductions are already a reality. In other countries where public financing is still relatively in order, it has become very hard to create public support for often highly-needed investment in education. Education unions are forced to react to requests - which at times can also be quite desperate - from their members, by negotiating a fair deal with governments, or campaigning for education to be treated as a pillar of sustainable economic recovery. At this point in time however, we face a number of common challenges.

A significant part of the problem is that the people who dominate the discussion have significant economic training and use a language that is hard to grasp for anyone without an economic or financial background. Words such as 'fiscal stimulus', 'automatic stabilisers' or 'financial exigency' do not ring a bell with the general public, but newspapers are full of them. Unions must understand and develop ownership over these terms if they are to play a central role in negotiations on the response to the crisis. This becomes all the more important considering that many of the current problems we are facing have been caused by dominant economist discourse in the first place.

Another problem is that we are now moving into the next stage of responding to the financial crisis. While most countries have responded with emergency measures, a clear picture of the long-term effects of the crisis is only now beginning to emerge. As unemployment is on the rise, budget deficits are being run up and companies are withdrawing their presence in markets across the globe, it is clear that the consequences of this crisis will be felt for a long time to come. In this context, education will become more important, as policy effects in this area generally materialise in the long-term. It is education that will shape the future.

EI has developed these factsheets to reach two clear aims. First, they are designed to tackle some 'hot-topics' of the crisis using normal everyday language, rather than incomprehensible economic jargon. For this purpose, a list of abbreviations and glossary of terms has also been added to bring more clarity to these topics. Second, they aim to empower teacher and education unions to play a central role in providing a constructive response to the crisis, and to go beyond lobbying their national governments, as *global* institutions such as the IMF and G20 will play an increasingly important role in the response to the global crisis.

These factsheets have primarily been written for an audience of education union leaders, and education union staff responsible for collective bargaining or education policy. At the same time, they aim to help a broader audience to understand the dynamics of the crisis and its effects on the education sector.

The EI Secretariat plans to continuously update the information found in these factsheets as part of EI's global campaign on the crisis. While we invite all member organisation to ask for more information should anything be unclear or incomplete in these factsheets, we also encourage members to contribute to the ongoing development of these factsheets by providing more information on their own situation and experiences at the national level.

## Factsheet: The Issues in the Crisis

Education unions are confronted with many political decisions that affect the work of their members. In the context of financial and economic crises, governmental intervention characteristically has the nature of response to a situation of 'force majeure', as policy-makers and economists desperately reach out for solutions. However, the normal policy-cycle in democratic governments consists of several predictable processes that can expose certain issues to debate. As both government and society benefit from certain institutions or behavioural patterns, there is always a space for manoeuvre in which unions can work to exert their influence.

### *What are the Important Policy Challenges that Governments Face?*

- **Balancing Public Budgets**

Immediately after the crisis hit, government responses were limited to rapid interventions in monetary and fiscal policy. Central Banks played a key role in reducing and stabilising interest rates, as well as trying to influence currency-exchange prices, where possible. Governments created liquidity injections to maintain bank-lending and fiscal stimulus packages to boost consumption (cf. IDB, 2009a). However, in the medium and long-term, government policy will have to be developed to correct systematic errors in management of the capitalist system, and to provide a strategy for long-term economic growth. IMF reports that in G20 countries, public deficits are projected to increase by an average of six percent (IMF, 2009). Thus, next years' budgets will not be balanced. We can expect that all governments will argue for constraint, or even a lowering, of their public expenditure. In this context, teachers' salaries will be a primary cause for concern, as these typically constitute on average seventy percent of primary education budgets (Pôle de Dakar, 2009).

- **Maintaining Pensions**

A related problem lies in projections for pensions, as both public and private pension funds have reported huge losses (IMF, 2009). The OECD argues that the financial and economic crises jointly have a disastrous impact on pension schemes. The pension schemes in OECD countries have already lost 23 percent of their value in 2008 due to the financial crisis. The economic crisis will further cause lower income for pension funds in the future due to slower growth, or even decline, in wages (OECD, 2009a).

- **Making Education Part of the Recovery and Growth Strategy**

A consensus should be established that investment in education is not only good for economic recovery, but also for economic growth in the long term. This will mean defending education investments in the context of increases in other governmental costs (e.g. for social security), and, or directing fiscal stimulus resources to the education sector. Even though much research points to positive returns from investments in education (cf. Psacharopoulos et al, 2002), these predicted returns are mostly visible after a long period of time. In the short term, the education sector should be protected from harmful policies, by, among other things, ensuring core public expenditure in education (IDB, 2009b) to avoid damaging consequences such as unemployment and salary cuts.

- **Enrolment in Education**

Another policy challenge is enrolment in education, especially in developing countries. The International Labour Organisation (ILO) reports that between 24 and 51 million jobs have been lost worldwide over the period from 2007 to 2009, corresponding to a global unemployment rate between of 6.3 and 7.1 percent. This can lead to a situation where the 'hidden' costs of education (e.g. school fees, the opportunity cost of having children not generate 'income') cannot be sustained by families anymore, or where the child will be forced to work. Hence, maintaining unemployment benefits and activist labour market policies are of central importance here as well. In higher education, there are already clear signs of problems with affordability, in terms of tuition fees imposed and the living costs incurred by students (NCPPE 2008), which are likely to worsen due to the crisis and concomitant reduced investments in higher education.

- **The Right to Education**

In the course of tackling economic issues, education unions should continuously reaffirm the fundamental responsibility of their governments to ensure the right to education of all children. A generation of young people cannot be sacrificed because of the crisis. The right to education is the basic issue underlying the objective of *Education for All* in developing and emerging economies, as it is for disadvantaged groups, including indigenous peoples and immigrant communities in industrialised countries (cf. OECD, 2008).

### ***What Issues are Likely to be Underrated by Governments?***

The European Trade Union Institute (ETUI) has shown that social issues are more adequately addressed when unions are involved in drawing up responses to the financial crisis (Watt, 2009). Governments are typically more concerned about quick economic recovery than about the social dimension of the crisis. Governments are also often subject to (hidden) agreements about social costs, either in their coalitions or in their dealings with international (typically financial) institutions, from which it is hard to divert. In multi-party governments, coalitions generally have both informal and formal agreements which are hard to re-negotiate. International financial institutions such as the International Monetary Fund (IMF) have undisclosed agreements with governments, imposing conditions on public policy (e.g. a condition on a maximum ceiling for fiscal deficit or public wages). Indeed, IMF-loan conditionalities often force governments to drive down public-sector wages to maintain balanced budgets (GCE, 2009). Trade unions have an important role to play in preventing this. They know the likely impact of social and economic policies better than anyone else, and can claim a place at the bargaining table due to their particular analysis of the situation of both workers and unemployed persons, thus being competent and credible negotiators on the basis of their constituency.

### ***What are the Most Important Moments to which to React during the Crisis?***

For a joint lobby effort, it is imperative to know when and where decisions are taken. The politically ripe moments are typically those leading up to events of public announcement such as those described below. Once the key moments are identified, it is important for lobbyists to approach and impact upon key decision makers in the two to three months leading up to time of the public announcement. The most important imminent occurrence will be the publication of public budgets in most countries around September or October this year. Leading up to these dates, negotiations with authorities and politicians can prove effective for improving or retaining salary levels and pensions.

Key events also include moments in which authoritative institutions present an economic forecast or analysis, which are generally widely publicised. The IMF publishes a World Economic Outlook twice every year, the latest issue having come out in May 2009. Similarly, the OECD publishes its OECD Economic Outlook (cf. OECD, 2009b) twice annually, with the latest one having been published in June 2009. The OECD also complements such analysis with monthly 'composites of leading indicators'. It is very timely for unions to publish research or suggest plans for recovery at the same time as the publication of such analyses and forecasts, as the media will be on the lookout for reactions to such texts.

The next meeting of the G20 will take place on 24-25 September 2009 in Pittsburgh, Pennsylvania (US) paving the way for the United Nations General Assembly in New York in the subsequent week. It will be important to campaign towards governments and international institutions in preparation for this event, where major decisions will be taken that will affect the global economy.

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## Factsheet: The International Monetary Fund

Since the onset of the global financial crisis, the International Monetary Fund (IMF) has been seen, and cast by the G20, as the key solution to the problems that are being faced by countries. Already integrated in most financial markets, it was well situated to take a leading role in the discussions on the financial crisis on the premise that it would reform some of its more stringent policies. The IMF is however also a controversial institution, pressing governments to reach set conditionalities impacting upon public services, while not being accountable and transparent in its operations. One of the goals of EI's global campaign 'Hands Up For Education' is therefore to leave its impact on a possible reform in the way in which the IMF works.

### *What is the Goal of the IMF and How Does it Try to Reach it?*

The IMF was established together with the World Bank just after the Second World War at the Bretton Woods conference in 1944. Its main goals at the time of establishment were to provide a forum for international cooperation on monetary policy, to maintain stability in exchange rates, to contribute to the growth of global trade and to provide resources to its members facing balance of payment difficulties. It tries to achieve these goals primarily by surveying the global economy. Once each year, it visits member states and analyses their economic situation, providing training and technical assistance where needed. Similarly, the IMF features an enormous database on all kinds of economic issues, such as GDP-growth projections or up-to-date exchange rates. In addition, it also lends money (including special arrangements referred to as 'Special Drawing Rights') to member states which are in financial trouble. Today, 185 countries are members of the IMF, paying an annual membership fee in the form of a so-called 'quota' based on the size of each member's GDP. For this reason, different members pay different quotas and in practice enjoy different degrees of political power in the management of the IMF.

### *What has the Controversy around the IMF been About?*

*The IMF is best known as a financial institution that provides resources to member countries experiencing temporary balance of payments problems on the condition that the borrower undertake economic adjustment policies to address these difficulties (IMF, 2001).*

The 'adjustment policies' mentioned here are the key to the controversy around the IMF because governments which borrow money from the IMF are made to change their economic policy without much democratic control. As with all types of loans, IMF loans have to be repaid and the stringent conditions tied to ensuring this repayment is what often leads to problematic policy adjustments, particularly for the public sector. The Global Campaign for Education (GCE) finds that these conditions can have a disastrous effect on education and on teachers' salaries (cf. GCE, 2009). Notwithstanding that the IMF's own Independent Evaluation Office (IEO) has also concluded that such conditions are often unnecessary and do not have an empirical basis, they are still imposed by the IMF in many of its lending arrangements (cf. IEO, 2008a).

While it can be argued that fiscal scrutiny and a commitment to long-term investments is a necessity in all countries, flexibility is also needed in order to combat crises successfully. The developed world itself diverts from its budgetary principles in times of crisis, as can be seen from the fiscal deficits being run up by a number of governments of developed countries (cf. IMF, 2009).



The controversy around the IMF extends to the governance of the IMF and its potential for reform. Membership fees (so-called quotas) are based upon the size of members' economy, and the size of a country's contribution defines the size of its voting power within the IMF. Moreover, the United States is the only country with a special veto right, as it retains 16.77 percent of the voting power of the IMF, an institution that insists on 85 percent agreement to endorse any proposal. It is therefore not hard to imagine that the IMF is largely dominated by Western countries which are not eager to cede their powers.

In turn, the IMF also embraces monetarism (a belief that the economy's performance is determined almost entirely by changes in the money supply), the economic philosophy that arose and took a stronghold since the 1980 trans-Atlantic pact between the governments of then US president Ronald Reagan and UK prime minister Margaret Thatcher.

### ***How will the IMF be Reformed because of the Financial Crisis?***

The G20 Declaration issued at the Summit in London on 2 April 2009, states:

*In order for our financial institutions to help manage the crisis and prevent future crises we must strengthen their longer term relevance, effectiveness and legitimacy. So alongside the significant increase in resources agreed today we are determined to reform and modernise the international financial institutions to ensure they can assist members and shareholders effectively in the new challenges they face (Group of 20, 2009).*

The desire to reform the IMF was not new, but had previously been blocked by member countries with larger voting powers. In April 2008, a package was approved by member countries to reform the quota system, although some of its aspects still need to be implemented. However, it seems that broader reforms are also needed in order to improve the IMF's legitimacy, accountability and effectiveness (IEO, 2008b).

A global discussion about IMF reforms is therefore underway, including clear pledges to remove loan conditions and to have a stronger focus on the world's poor. The IMF claims that since May 2009, social conditions on its loans have been removed. This is contradicted however by reports that Latvia had to close down 60 percent of its health sector in order to satisfy IMF conditions, prompting the resignation of its health minister (NYT, 2009). Recent reports also show how Nicaragua rejected IMF 'help' as it considered the conditions to be 'absurd' (LAHT, 2009). Whether or not the announced end to the imposition of social conditions on loans is true or whether it is simply part of a campaign move by the IMF, it has been timely in alleviating long-standing doubts on the IMF and in paving the way for its enhanced role, as agreed by the G20 (cf. Group of 20, 2009).

### ***What can Unions do to Influence the IMF?***

The highest decision-making body within the IMF is the 'Board of Governors' consisting of one governor and an assistant governor appointed by each IMF member state. Such governor is usually a state's Minister of Finance or the Governor of a state's Central Bank. Hence, pressure on these two types of institutions will be most effective. Pressure on finance ministers can be built up through parliaments. In turn, pressure should naturally be put by unions in those countries which are the biggest voters in the IMF (e.g. the United States, the United Kingdom, France, Germany and Japan). The US Congress recently voted in favour of a number of changes to the IMF (IMF, 2009) and governments in other countries could now be targeted by their national unions.

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## Factsheet: The G20

When more than 35,000 people marched in the rain in London on 28 March 2009 with a slogan *Put People First*, they were passing on a key message to the leaders of the worlds' biggest economies to improve their responses to the global crisis, demanding action on poverty, climate change and jobs. The leaders of the twenty biggest economies of the world gathered a week later at the G20 Summit in London, hosted by UK Prime Minister Gordon Brown. They made a number of announcements about their intention to coordinate stimulus packages, improve financial regulation and strengthen the IMF. But, they neither decided on revolutionary changes to the global economic system nor on an adequate global response to the problems in the developing world. The leaders agreed to meet again in Pittsburgh, USA, on 24-25 September 2009 – the third such summit since the outbreak of the crisis 12 months earlier. They claimed they had taken the necessary action “*It worked*”, they said. They also decided that the G20 would replace the G8 as the main forum for discussion of global economic issues. Civil society organisations strongly contest any claim that the G20 has solved the major problems facing the people of the world, especially the most vulnerable. Nonetheless, the G20 is becoming an important forum for the wealthiest as well as the major emerging economies. A good understanding of the politics of the G20 is therefore useful to help unions improve their response to the crisis.

### *Which are the Members of the G20?*

In addition to the European Union, the following 19 countries are permanent members of the G20.

1. Argentina
2. Australia
3. Brasil
4. Canada
5. China
6. France
7. Germany
8. India
9. Indonesia
10. Italy
11. Japan
12. Mexico
13. Russia
14. Saudi Arabia
15. South Africa
16. South Korea
17. Turkey
18. the United Kingdom
19. the United States of America

The G20 is chaired by one country, based on a yearly rotation. The current chair (for 2009) is the United Kingdom, and South Korea will take over in 2010. Representatives of the International Monetary Fund (IMF), the World Bank, the Organisation for Economic Cooperation and Development (OECD), the World Trade Organisation (WTO), the Financial Stability Board (FSB), the United Nations (UN), the New Partnership for Africa's Development (NEPAD) and from the Association of South-East Asian Nations (ASEAN) also participate in the meetings as observers. The London summit decided to add the International Labour Organisation (ILO) to the invitee organisations as well.

### *What is the History of the G20?*

Before the onset of the current financial and economic crisis, it was more commonplace to hear about meetings of the G8 rather than the G20. Created as the G6 in 1975 (including France, West Germany, [Italy](#), Japan, the United Kingdom and the United States at the time), then expanding to the G7 in 1978 (with the addition of Canada) and the G8 in 1988 (when Russia joined the Group), this annual meeting brings together the heads of states of the eight most powerful countries of the world. Since 1977, the European Union has also regularly attended meetings of this Group. The G8 was initially created to react to the oil crisis of 1973, in order to deliberate on joint solutions to future crises. However, while the G8 felt

that it was able to deal with topics such as security and development aid, global economic problems needed a broader forum as well, including emerging market economies. Thus the G20, as an annual meeting of Finance Ministers and Central Bankers, was established after the financial crisis of 1999, following the Information Technology (IT) bubble.

The G20 brings together countries representing about two-thirds of the world's population, and 85 percent of the global gross national product. This however doesn't mean that the concerns of all developing or least-developed countries (LDCs) are on the G20 agenda, as these countries often do not have major economies or large populations. In November 2008, the heads of states of the G20 countries met in Washington and drafted an action plan to combat the global crisis. Since this meeting, the G20 has become a major forum for discussion on the crisis, with a summit meeting in London in April 2009, and another meeting planned for Pittsburgh, Pennsylvania (US) in September 2009, bringing together not only not only financial experts, but the political leaders themselves for the third time in the space of 12 months (cf. Group of 20, 2007, 2008; Group of 8, 2009). Moreover, most of the G20 participants were invited to this year's G8 summit in L'Aquila, Italy in July 2009.

### ***What is done and not done by the G20?***

In Washington in November 2008, heads of state agreed on five major action lines on which progress is to be measured (cf. Group of 20, 2009). These are as follows:

- Strengthening Transparency and Accountability;
- Enhancing Sound Regulation;
- Promoting Integrity in Financial Markets;
- Reinforcing International Cooperation; and
- Reforming International Financial Institutions.

The G20 established four working groups on these issues, in order to help develop more concrete plans, which working groups reported to the G20 summit in London in April 2009 and are to continue their work towards the Pittsburgh Summit in September 2009.

Notwithstanding the above, the G20 plans are perhaps best described by focusing on what they do not address. For instance, there are no plans for a radical change of the capitalist system or of the Bretton Woods institutions. Moreover, the agenda is focused on the banking sector, rather than on economic and labour market policy. This forms a major part of the critique of the G20 communiqués by Global Union Federations (cf. ITUC et al, 2008, 2009a). Global Unions presented major statements to G20 in both Washington in November 2008 and London in April 2009 (ibid.) and will do so again in Pittsburgh.

Although education and Education for All (EFA) were missing from initial drafts of the G20 declaration at the London summit in April this year, the G20 leaders summit did reaffirm commitments to the Millennium Development Goals (MDGs), recognised 'the human dimension of the crisis and 'included one reference to the importance of education and training' (EI, 2009). The recent G8 Declaration (Group of 8, 2009) goes further in addressing education. It contains a paragraph on advancing towards EFA, stating that 'investing in education and skills development is crucial for a sustainable recovery from the current economic crisis and for long term development' (ibid). Thus, there was some hope that education may be given its full importance as a key to the creation of solutions to the crisis. These statements can provide a good basis for advocacy by education unions with their governments as well as for union media statements and public mobilisation.

### ***What happened at the Pittsburgh G20 Summit?***

Global Union Federations had high hopes for the Summit hosted by President Obama in September 2009. The 'Global Unions Pittsburgh Declaration' called upon world leaders to

put jobs as the first priority. Investing in education and training should be an important aspect of such a priority (ITUC et al, 2009b). This effort was partly successful following meetings between unions and delegations attending the summit. Near the end of the communiqué released by the G20, a section refers to measures on ‘quality jobs at the heart of the recovery’ (Group of 20, 2009). Perhaps for this reason, the declaration doesn’t refer directly to education, but addresses it through the lens of labour market policy. It is therefore likely that vocational education and training will become more prominent in responses to the crisis. Concretely, it was decided to invite the ILO, together with organisations to convene its constituents and relevant NGOs to develop a training strategy for the consideration of the G20 (ibid, p 18). EI and member organisations can play an important role in this regard, if they are vigilant about their involvement in the elaboration of this strategy.

The communiqué also refers to ‘strengthening support for the most vulnerable’. In this section, the Millennium Development Goals are confirmed. However, again no reference is made to the Education For All agenda. This can be considered a step backwards from the declaration released by the leaders of the G8, who were joined by 20 other leaders, in Aquila, Italy in July 2009.

### *What can be Expected from the G20 in the Future?*

The G20 is not likely to expand its mandate, but will rather focus on the implementation of its agreed lines of action on financial and economic issues. At the same time, leaders must still demonstrate that governments are moving forward in their collective response to the crisis. The countries of the G8 continue to play a pre-eminent role, bolstered by their inclusion of most of their G20 partners at the recent G8 Summit in L’Aquila, while benefiting from a broader mandate, dealing with both political as well as economic issues. The stronger language on education in the Declaration of the last G8 Summit (Group of 8, 2009) led to the hope that education would feature more prominently in the global agenda for recovery. That hope now seems thwarted by the G20 meeting in Pittsburgh. While the ILO is invited to develop a training strategy in response to a call from the G20, Education For All still doesn’t feature on the agenda. Governments in the G20 countries should be pushed to take more responsible decisions at their next meeting to be held in conjunction with the G8 in Canada in June 2010.

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## Factsheet: Fiscal Stimuli

In times of crisis, the biggest fear that economists have is that people stop spending money. Simply put, the modern capitalist economy relies on consumers to buy from producers in order to maintain and increase levels of investment. Consequently, workers can get paid, the state can tax its citizens and a certain standard of living can be maintained. Hence, the biggest efforts by governments to reduce the detrimental effects of the financial crisis comprise the construction of so-called 'fiscal stimulus packages'.

### *What is a Fiscal Stimulus?*

In public economics - the link between politics and the economy - there are broadly three options to increase consumer spending, namely automatic stabilisers, monetary policy and fiscal stimulus packages.

'Automatic stabilisers' are a fundamental part of any welfare state. These instruments are not linked to immediate political decisions but comprise ways in which governments transfer money to citizens. These include, for instance, social welfare transfers such as unemployment benefits or health insurance. These are called stabilisers as they give a boost to the economy in hard times and they allow people who face health problems or unemployment to continue consumption via, for example, total unemployment benefits which continue to increase as unemployment rises.

'Monetary policy' is usually governed by Central Banks, for example, making it cheaper for banks to lend money by lowering interest rates. The idea is that people will find it easier to borrow money in order to invest and thus stimulate the economy.

A 'fiscal stimulus' is a third option, meaning the reduction of taxes or an increase in government spending in order to put money into people's pockets (cf. Elmendorf et al, 2008 for a deeper discussion on fiscal stimuli). It is assumed that people who get more money will also spend it on consumption goods such as food or electronics. Fiscal stimuli look different around the world as economies differ and some sectors might be hit harder than others. Indeed, they usually target a certain industry or group of people. Governments typically follow economic theory, which dictates that a fiscal stimulus should be timely, targeted and ideally contain credible plans for long-term fiscal health (Economist, 2008).

### *Which Countries have a Fiscal Stimulus Package?*

The European Union (EU) has agreed with its Member States to spend 1.5 percent or €200bn of their combined GDP in 2009 in a so-called 'fiscal stimulus package'. The European Trade Union Institute (ETUI) has calculated that this amount is not enough, and that, in reality, Member States are only spending 1 percent of their combined GDP, while provisions for 2010 amount to a total of only 0.6 percent of GDP. This does not match the projected GDP decline of 6 to 7 percentage points this year in combined GDP (Watt, 2009).

The United States has the biggest fiscal stimulus package in the world in terms of total dollars, called the American Recovery and Reinvestment Act (ARRA), amounting to a total of \$787bn, of which \$212bn comprise tax cuts and \$575bn translate into an increase in government spending. However, this Federal stimulus is offset by reductions in State government expenditure, since States face reduced revenues and are required to balance their annual budgets. Russia has also planned a fiscal stimulus package of nearly 10 percent

of GDP. This has led to a discussion with the International Monetary Fund (IMF), which argues for a smaller stimulus package (IMF, 2009). It is said that China's stimulus package, worth 14 percent of GDP is the biggest in the world in percentage terms and is mostly directed towards infrastructure (Economist, 2009).

### ***How is a Fiscal Stimulus Paid for?***

Members of the US-congress declared that 'stimulus doesn't have to be paid for'. Indeed, the rationale behind a stimulus is that it will generate enough economic growth and tax income to pay for itself. In the short-term however, fiscal deficits in national budgets are being run up in order to pay for the packages. In practice, fiscal stimulus packages mostly do not consist of 'new' money to go directly into people's pockets. Rather, government spending that is planned for future years is brought forward to increase spending immediately. Still, spending for fiscal stimulus is largely drawn from the money available to future generations. For this reason, it has been argued that fiscal stimulus packages should be accompanied by plans for future budgetary scrutiny (Bruegel, 2009). For instance in Europe, governments need to convince each other of the reasons to depart from their agreement to keep budget deficits to a maximum of 3 percent of GDP.

### ***What is the Link between Fiscal Stimuli and Education?***

A good example of this link is the US fiscal stimulus package, which invests just over \$130bn into the education sector to improve education outcomes, save teachers' jobs and enable students to participate in higher education. The crucial reason for the link between a fiscal stimulus and education is the importance of education for economic growth. Indeed, the response to the financial and economic crisis advocated by the Organisation for Economic Cooperation and Development (OECD) consists of a short-term strategy to boost the economy and a long-term strategy for sustainable economic growth. Education and innovation play a role in the second part of this strategy.

Nonetheless, in the short term, investments in education can also reap positive effects. By supporting teachers' jobs and those of other education employees, the level of unemployment in each community is mitigated, and people keep a stable salary, enabling them to keep their homes and to continue spending money in the economy. In Europe however, spending in the education sector is mostly limited to investments in research and development, instead of on (public) education and teachers and support staff.

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## **Argumentation: Maintaining or Increasing Teachers' Salaries**

In an analysis of public data, the Pôle de Dakar finds that teacher salaries form an average of 70 percent of primary education budgets (Pôle de Dakar, 2009). When budget cuts are made in times of crisis, it is therefore hard to imagine that they will not affect teachers' salaries.

Budget cuts can be expected for two reasons. First, in order to rescue economies from collapse, governments have already increased expenditure in order to keep the economy operational. However this is in the form of expenses such as capital injections to banks and big enterprises, stimulus packages and increased social welfare, which have suddenly become key budget lines. In addition, tax returns for 2009 and 2010 will most likely be lower than for previous years due to higher unemployment and investment. This should present a concern for unions who are concomitantly making policy proposals and undertaking bargaining and campaigns for better working conditions and remuneration.

Processes that have taken years to build up to an increase teachers' pay will suddenly find themselves on a slippery slope. Some countries have already imposed massive salary cuts or freezes and other countries have announced proposals for such measures. It is becoming clear that unions need to make a strong case to maintain or raise teachers' salaries in spite of the crisis, or as a measure to recover from the crisis. This argumentation sheet on teachers' salaries is designed to help stimulate this debate.

### ***The Context of Discussions on Teachers' Salaries***

Discussions on teachers' salaries cannot be held in isolation. Rather, they need to be seen in a context that appreciates wider issues which affect teachers. Teachers' motivation, expectations and respect, which usually form the basis of collective bargaining, do not depend on salary alone. Other factors, such as the working environment, school leadership, or possibilities for professional development are as important, and at times even more important, for the improvement of teachers' professional lives. Negotiations on teachers' salaries can also include a focus on inequities within teaching corps. Important imbalances such that as between different regions in a country, between men and women or between contract ('para') teachers and teachers with a certain form of tenure are other contextual factors that determine discussions on salary progression.

As these are all key concerns for teachers, they are analysed and brought forward by teacher and education unions in negotiations. Hence, it is crucial that discussions on remuneration be held under a bi or tripartite arrangement, according to international standards of social dialogue. Unions have an important role in bringing a social dimension to discussions, which dimension is intrinsically linked to professional needs. Indeed, in the context of the crisis, social issues have been better addressed when unions have been involved in preparing the response (Watt, 2009).

Teachers' salaries and career structures depend highly on teachers' professional status. There can be possibilities for increases in salary by moving within a professional category (by means of a horizontal salary scale) or between professional categories (by means of a vertical salary scale). The design of such salary scales based on professional development and qualifications form important considerations for teachers' unions.

### ***Salaries as the Best Fiscal Stimulus***

The United States provides a good example of how salaries can be boosted through fiscal stimulus. The US recovery package invests over \$130bn in the education sector (cf. the factsheet on fiscal stimuli). A part of that money will be invested in quality teachers, directly stimulating the economy. By investing in jobs, especially in secure jobs in the education sector, governments can stimulate consumption. In turn, such a fiscal stimulus will give a boost to the economy, which is highly needed in times of crisis.

### ***The Economy Needs a More Attractive Teaching Career***

With decent salaries, good candidates can be recruited who might otherwise face unemployment or be insecure in their current jobs because of the crisis. This is especially relevant as in both developed and developing countries, there is already a shortage of teachers, or there is threat of such shortage. The teaching profession needs to be made more attractive to high quality candidates in order to maintain and increase capacity in education. Part of this attractiveness will depend on the salary levels available to teachers.

### ***Now is the Time to Attract New Teachers***

In order to recruit motivated and high quality teachers, teachers need to be offered levels of remuneration comparable to those received by professionals in other sectors having similar qualifications. Indeed, the 1966 ILO/UNESCO 'Recommendation on the Status of Teachers' highlights this as a principle (cf. ILO/UNESCO, 1966 quoted below). This is not yet the case in most countries as the relative social value of the teaching profession - as expressed by the public remuneration level compared with other professions - is in long-term decline (EI, 2006). Household surveys show that primary school teachers' salaries usually cannot compete with salaries received by professionals such as engineers and not even with those received by bank clerks or bus drivers (UBS, 2006). This picture is also confirmed in Europe, where it is also shown that teachers earn less than doctors (Galgóczi et al, 2009).

### ***Good Education Prevents Unemployment***

Investment in education can be used in at least two ways to battle unemployment. First, young people are likely to stay in education longer due to a lack of job opportunities. Hence, enhancing capacity for vocational and higher education can be a very strategic investment. As people with higher qualifications are more likely to get jobs and will most likely have jobs in higher tax brackets, this will generally be good for the economy in the long run. In sectors where employment is unlikely to show a return (e.g. in heavy industry) or where employment is changing (e.g. in the car-industry), targeted training will generate jobs in the short term as well. Secondly, teachers can be hired from a pool of qualified people who are hit by job-cuts, directly reducing unemployment figures.

### ***Education For All Needs an Attractive Teaching Career***

Worldwide, 18 million teachers are still needed to achieve universal primary education by 2015 (HLG on EFA, 2008). This shortage has not yet had the desired impact upon teachers' salaries. Often, it has been met by hiring un- or under-qualified teachers or hiring teachers on short-term contracts (UNESCO, 2009). The Pôle de Dakar (2009) also finds that teachers' salaries have been and will continue to be reduced in order to be able to hire more teachers.



It is thus questionable whether the Education for All (EFA) goals can be met in the long term. As un- or under-qualified teachers are being hired, this does not guarantee quality of education. One of the important reasons for this problem is that the World Bank has set a benchmark for teachers' salaries as a multiple of 3.5 times GDP per capita (cf. World Bank, 2003). This has led to the situation in a number of countries in which teachers get paid less than the given poverty line or cost of living. This situation is even worse for contract teachers, who earn 40 to 60 percent less than qualified teachers on average (EI, 2007). Moreover, these policies effectively remove any chance of collective bargaining by unions, or of democratic control by parliaments or elections. They also directly contradict international standards such as those enshrined in the recommendations concerning the status of teachers (cf. ILO/UNESCO, 1966; UNESCO, 1997). A lot of work therefore remains to be done to convince international financial institutions and donor countries that caps on teachers' salaries should be removed.

### ***Countering Gross Domestic Product Arguments***

As countries' gross domestic product (GDP) is in decline worldwide, governments are likely to argue that teachers' salaries should reflect that decline. This argument is false because there is no positive connection between GDP and teacher salaries. Rather, so far, there seems to have been a negative correlation.

OECD figures show that in 15 countries, teacher salaries have declined in contrast to the GDP per capita growth in all OECD countries except three (OECD, 2002). As a greater issue of concern, in African countries, the Pôle de Dakar (2009) finds that teacher salaries have been in constant decline over the past thirty years, part of the reason for this being that the World Bank has argued for a cap on teachers' salaries at a multiple of 3.5 times GDP per capita, much less than actual salaries in many countries. Hence, as salaries have already declined relatively contrasting to growth in GDP, it does not follow that they should decline even more during a recession, as governments have not connected salary growth to GDP growth in the past.

### ***The Recommendations on the Status of Teachers as a Reference Point***

Many of the arguments which are relevant for a discussion on teachers' salaries, are provided in international standards such as the 1966 ILO/UNESCO 'Recommendation on the Status of Teachers' which is celebrated on World Teachers' Day on 5 October every year. This recommendation states some very basic, yet important principles:

*Teachers' salaries should:*

- *reflect the importance to society of the teaching function and the importance of teachers as well as the responsibilities of all kinds which fall upon them from the time of their entry into the service;*
- *compare favourably with salaries paid in other occupations requiring similar or equivalent qualifications;*
- *provide teachers with the means to ensure a reasonable standard of living for themselves and their families as well as to invest in further education or in the pursuit of cultural activities, thus enhancing their professional qualification; and*
- *take account of the fact that certain posts require higher qualifications and experience and carry greater responsibilities (ILO/UNESCO, 1966, art. 115).*

Similar standards are put forward in the more specific 1977 UNESCO 'Recommendation Concerning the Status of Higher Education Teaching Personnel'. It adds that salaries should:

- *be paid regularly and on time; and*
- *be reviewed periodically to take into account such factors as a rise in the cost of living, increased productivity leading to higher standards of living, or a general upward movement in wage or salary levels (UNESCO, 1997, art 57).*

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## **Factsheet: The Role of Unions**

Some argue that the imbalance between the bargaining power of employees and employers is one of the fundamental reasons for the emergence of the crisis, which is something that needs to change in the future (Blackwell, 2009). Hence, unions should have had a bigger role to play in the past, and it is imperative that they be key actors in the future.

In countries where unions have been involved in the preparation of the response to the financial crisis, a social dimension has been included in the policy and politics of the crisis (Watt, 2009). It is clear that unions must play an active role if the responses to the crisis are to go beyond monetary policy and also comprise agendas for a socially inclusive and sustainable economy, balancing short and long-term interests. In this context, unions will need to protect and enhance the right to education. As representatives of workers, unions can play this role effectively by tapping into their members' problems, views and energy.

### ***Who Makes the Decisions in Solving the Financial Crisis?***

The International Labour Organisation (ILO) adopted a tripartite Jobs Pact (ILO, 2009) at its Global Jobs Summit in June 2009, which Pact contains an agenda for global recovery, with the support of governments, unions and employers. It provides a clear message that the focus on decent work for a more healthy economy can only be sustained through social dialogue, which requires tripartite bargaining (ibid). Indeed, in many countries, unions, governments and employers form social and economic policy together, sometimes within formal cooperative structures. At the international level, quick action by global union federations has placed jobs and social issues on the agenda (CGU, 2009).

Nonetheless, at both national and international levels, concerns do exist about the continued involvement of unions and civil society. Indeed, the International Trade Union Confederation (ITUC) calls for the better inclusion of unions in a recent statement to the UN June 2009 Conference on the financial and economic crisis (ITUC, 2009). In order to increase momentum for effective action, unions need be strategic and target the right actors with the right information. There are multiple semi- or non-governmental entities involved, who can be mobilised or influenced with an effective strategy. These include social-economic planning agencies, ministries of finance, academia and engaged citizens' and their organisations.

### ***What are Unions' Strengths?***

Unions have extensive knowledge on the social effects of economic policy. Indeed, the daily work of any teacher and education union is to assess the impact of government and school policy on their members. Based on these assessments, unions suggest policies and make counter-proposals in order improve working and social conditions of teachers and education staff. Unions are therefore better-placed than anyone else to gauge the potential impact of crisis-related policy. Governments, in turn, need such input to make their strategies more effective.

In order to present properly-documented analyses, unions can easily tap into their pool of members who work at the front line of education. When policy proposals are presented by governments, unions can consult their members or survey large samples of workers. As this information is collected in an atmosphere of trust, it is likely to be more reliable than other forms of consultation.

Language that is used in discussions on the financial crisis is often technical and hard to comprehend for anyone without an economic background. While unions in many countries now engage qualified economists, union leaders must make an effort to express and discuss these issues in everyday language as they engage their members in debates about possible solutions. As leaders, they can appeal to common-sense reasoning about complex problems. Such an approach can improve policies, as well as gain more support for good strategies for economic recovery.

In addition, if policies turn out to be negative for large groups of people, the membership of unions can quickly be mobilised for action. Such enthusiasm is important in society, as it gives people a platform not only to express their worries and frustrations, but also to act, leading to new hope and new solutions arising out of crisis situations. Actions such as demonstrations and other forms of mobilisation can be undertaken to prevent the worst types of policies from passing through political decision-making structures such as national parliaments. After all, we must not forget that most social policy has been created because unions and wider civil society have campaigned for it.

### ***Who can be Partners for Unions?***

The financial crisis affects a wider group of people than the direct membership of teacher and education unions. It is therefore advisable to develop alliances in order to have a stronger voice at the political level. Such alliances can be useful for future work as well, as the best cooperation develops in an atmosphere of trust, addressing common problems. The following organisations could be interesting partners for teacher and education unions to work with.

- **Student (and Pupils') Unions**

These have a similar history and a similar role to play as education unions. Composed of highly active, critical young people, they often analyse the potential impact of crises on their membership at an early stage, preparing themselves for calls to action. Such a role makes them a natural partner to work with in order to address the financial crisis head-on.

- **Parents' Associations**

These are equally concerned about the quality and inclusiveness of education. In countries where parents are well-organised, they are often a strong voice to political groups. Moreover, these associations can appeal to a broad audience, as there are large groups of parents whose children are going through education.

- **General Labour Unions**

These are generally well-informed and involved in bargaining or negotiations on the response to the crisis. They have expertise on economic issues, which can be used if there is a lack of competence to speak about these topics within the education unions. They can also provide political advice, as they often closely follow discussions within government on a wider scale than the education sector. Therefore, general labour unions are a natural partner to work with in order to generate a response.

- **School Administration and Higher Education Institutions**  
These have an interest to maintain their activities, and thus in keeping their staff and students. In a time when budgets are suffering from cuts, they can be instrumental in campaigning against decreases in public investment in education. Higher education institutions can also contribute to carrying out research about the possible negative impacts of policies, also making them a useful source of information.
- **The Global Campaign for Education (GCE)**  
This is a coalition of organisations which aims to mitigate the effects of the global crisis in education while supporting the goals of Education For All (EFA). These work together to organise a number of actions, such as the Global Action Week on education. Within the GCE, many different organisations work together to achieve these joint goals, showing that partnership can work. The 2010 Global Action Week will address the effects of the financial crisis. For more information, go to [www.campaignforeducation.org](http://www.campaignforeducation.org).
- **World Teachers Day**  
This is the yearly activity organised by teachers' unions and partners, which celebrates the signing of the 1966 ILO/UNESCO 'Recommendation on the Status of Teachers' (ILO/UNESCO, 1966) on 5 October every year. This year's activity will focus specifically on the need to invest in teachers as a response to the financial crisis. For more information on World Teachers Day 2009, go to <http://www.ei-ie.org/worldteachersday2009/>

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## List of Resources on the Crisis

<b>BBC</b>	British Broadcasting Corporation Terminology on the Crisis <a href="http://news.bbc.co.uk/2/hi/uk_news/magazine/7642138.stm">http://news.bbc.co.uk/2/hi/uk_news/magazine/7642138.stm</a>
<b>CHE</b>	The Chronicle on Higher Education <a href="http://chronicle.com/">http://chronicle.com/</a>
<b>Economist</b>	The Economist Country Briefings <a href="http://www.economist.com/countries/">http://www.economist.com/countries/</a>
<b>Education Week</b>	The Education Week Section on the Crisis <a href="http://www.edweek.org/ew/collections/financial-crsis/">http://www.edweek.org/ew/collections/financial-crsis/</a>
<b>Euractiv</b>	Euractiv Enterprise and Jobs section <a href="http://www.euractiv.com/en/enterprise-jobs">http://www.euractiv.com/en/enterprise-jobs</a>
<b>Financial Times</b>	The Financial Times Section on Financial Crisis <a href="http://www.ft.com/indepth/global-financial-crisis">http://www.ft.com/indepth/global-financial-crisis</a>
<b>ILO</b>	The International Labour Organisation Summit on the Global Jobs Crisis <a href="http://www.ilo.org/global/About_the_ILO/Media_and_public_information/events/jobssummit/lang--en/index.htm">http://www.ilo.org/global/About_the_ILO/Media_and_public_information/events/jobssummit/lang--en/index.htm</a>
<b>IMF</b>	The International Monetary Fund Dictionary of Financial Terms <a href="http://www.imf.org/external/np/term/index.asp?index=eng&amp;index_langid=1">http://www.imf.org/external/np/term/index.asp?index=eng&amp;index_langid=1</a> Section on the Financial Crisis <a href="http://www.imf.org/external/np/exr/key/finstab.htm">http://www.imf.org/external/np/exr/key/finstab.htm</a> World Economic Outlook Databases <a href="http://www.imf.org/external/ns/cs.aspx?id=28">http://www.imf.org/external/ns/cs.aspx?id=28</a>
<b>ITUC</b>	The International Trade Union Confederation Website on the Financial Crisis <a href="http://www.ituc-csi.org/financialcrisis">http://www.ituc-csi.org/financialcrisis</a>
<b>OECD</b>	The Organisation for Economic Cooperation and Development Website on Tackling the Financial and Economic Crisis <a href="http://www.oecd.org/document/24/0,3343,en_2649_201185_41707672_1_1_1_1,00.html">http://www.oecd.org/document/24/0,3343,en_2649_201185_41707672_1_1_1_1,00.html</a>
<b>Stiglitz</b>	Stiglitz Commission on the Financial Crisis via Project Syndicate <a href="http://www.project-syndicate.org/series/11/description">http://www.project-syndicate.org/series/11/description</a>
<b>World Bank</b>	The World Bank Section on the Financial Crisis <a href="http://www.worldbank.org/html/extdr/financialcrisis/">http://www.worldbank.org/html/extdr/financialcrisis/</a>

## List of Abbreviations

<b>ARRA</b>	American Reinvestment and Recovery Act
<b>ASEAN</b>	Association of South East Asian Nations
<b>CGU</b>	Council of Global Unions
<b>EFA</b>	Education For All
<b>EI</b>	Education International
<b>ETUI</b>	European Trade Union Institute
<b>FSB</b>	Financial Stability Forum
<b>GCE</b>	Global Campaign for Education
<b>GDP</b>	Gross Domestic Product
<b>GU</b>	Global Unions
<b>GUF</b>	Global Union Federation
<b>HLG</b>	High Level Group
<b>IDB</b>	Inter-American Development Bank
<b>ILO</b>	International Labour Organisation
<b>IMF</b>	International Monetary Fund
<b>IEO</b>	Independent Evaluation Office of the IMF
<b>ITUC</b>	International Trade Union Confederation
<b>LAHT</b>	Latin American Herald Tribune
<b>NCPPE</b>	National Centre for Public Policy and Higher Education
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NYT</b>	New York Times
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>SDR</b>	Standard Drawing Right (IMF Currency)
<b>TUAC</b>	Trade Union Advisory Committee to the OECD
<b>WTO</b>	World Trade Organisation
<b>UN</b>	United Nations
<b>UNESCO</b>	United Nations Education, Scientific and Cultural Organisation



# Glossary of Terms

## Automatic Stabilisers

An economic effect of the welfare state, consisting of measures that are not linked to immediate political decisions, but rather to the ways that government transfers money to its citizens. These include e.g. social welfare transfers such as unemployment benefits or health insurance.

## Bail-Out

An act of giving capital to a failing company in order to save it from bankruptcy, insolvency or total liquidation and ruin.

## Credit Crunch

The situation that was created when banks hugely reduced their lending to each other because they were uncertain about how much money they had. This in turn resulted in more expensive loans and mortgages for ordinary people.

## Financial Exigency

An actual or impending financial crisis that threatens the survival of a company or institution in its current structure and which cannot be alleviated by less drastic measures than firing tenured personnel. The term is often used in universities, which often have the authority to fire tenured staff only in times of real crisis.

## Furlough

A temporary leave of absence from employment, which may be voluntary or involuntary. In terms of the crisis, furloughs are used to prevent firing staff in the long term.

## Gross Domestic Product (GDP)

As a basic measure of an country's economic performance, it is the market value of all final goods and services made or provided within the borders of a nation in a given year. Clearly showing the importance of consumption, a basic equation for measuring GDP is the following:  $GDP = \text{consumption} + \text{gross investment} + \text{government spending} + (\text{exports} - \text{imports})$  or  $GDP = C + I + G + (X - M)$ .

## Horizontal Salary Progression

Salary progression for persons who stays within their professional status. This can include a yearly fixed increase in compensation or bonuses because of work performance, but excludes any increase because of a change in professional status (e.g. promotion linked to an increase in qualifications (cf. also 'Vertical Salary Progression')).

## Inflation

A general increase in the price of goods and services. Inflation rates which are calculated by international financial institutions for countries are based on the price of a so-called 'basket' (a standardised list) of goods and services.

## Keynesian Economics

The economic consensus that was dominant from the immediate second world war post-war period until the 1980s and which influenced the creation of the welfare state. This is based on the theory developed at the time of the Great Depression of the 1930s by the British economist John Maynard Keynes, who argued that the welfare state provides counter-cyclical measures.

### **L-Shaped Economic Recovery**

A slow and long recovery from an economic crisis. It is named after the graph that depicts economic growth - a fall in growth, followed by slow growth - forming the shape of the letter 'L' (cf. also ['V-Shaped Economic Recovery'](#)).

### **Layoff**

The temporary suspension or permanent termination of employment of an employee or (more commonly) a group of employees for business reasons, such as the decision that certain positions are no longer necessary or due to a business slow-down or interruption in work. Originally the term 'layoff' referred exclusively to a temporary interruption in work, as when factory work cyclically falls off. However in recent times the term is also used to refer to the permanent elimination of a position (cf. also ['Furlough'](#)).

### **Liquidity**

The ability of an asset to be easily converted through an act of buying or selling, without causing much change in its price and value. Money, or cash in hand, is the most liquid asset.

### **Recession**

A general slowdown of the economy, usually drawn out over a longer period of time and affecting major macro-economic issues such as employment, investment, government spending and tax-income. As a rule of thumb, a recession is identified when there is a fall in GDP for two consecutive quarters (six months). However quite some discussion on the definition of a recession exists, as it is a politically sensitive term.

### **Sub-Prime Mortgages**

In several countries (particularly in the United States) loans, especially mortgages, were often provided to people who were not likely to be able to pay them back. These types of loans are identified as 'sub-prime' because they are insecure. When a high number of loans are not paid back because of economic shocks, these can jointly cause a problem in other credit markets. Hence, many commentators identify the origins of the financial crisis in the 'credit-crunch' caused by these sub-prime mortgages, which had been 'bundled' into other securities, then traded as prime assets until 2007 when financial institutions suddenly realised they could no longer sustain their exposure to such 'toxic assets'.

### **V-Shaped Economic Recovery**

A quick and short recovery from an economic crisis. Named after the graph that depicts economic growth - a fall in growth, immediately followed by a return to normal growth - forming the shape of the letter 'V' (cf. also ['L-Shaped Economic Recovery'](#)).

### **Vertical Salary Progression**

Salary progression for a person who moves to a higher professional status. This can include changes because of an increase in qualifications or a promotion because of competence, but excludes any increase that happens within the same professional status (e.g. yearly bonuses, cf. ['Horizontal Salary Progression'](#)).

### **Wage-Ceiling**

The highest possible salary within a particular wage bracket. A wage ceiling in the public budget can be imposed by Parliament or at times through international agreements. For instance, the International Monetary Fund (IMF) has imposed wage-ceilings in its loan agreements, which in turn affected teachers' salaries (cf. fact sheet on IMF).

# Mobilisation: A Strategy against the Crisis for Education Unions

## *Background*

Whatever good or bad news we may hear about the crisis in the media, education is still suffering from measures taken since the onset of the global financial and economic crisis. This has an impact on teachers and education unions at all levels of education.

A high-level seminar organised in September 2009 for leaders of education unions from Central and Eastern Europe (CEE) and Central Asia yielded some very useful results in the form of a strategy for education unions from this region to fight against the crisis. The ideas developed at the high level seminar have since been further built upon, resulting in this wider union strategy, which can be said to be more general in scope, and which is particularly useful to help us in our union work in times of crisis.

This is one of the most concrete outcomes of the EI Campaign *Hands Up for Education*, to which member unions contributed constructively.

## *What Should a Strategy Aim for?*

Teachers are subjected to varying conditions across the globe. Poor working conditions and inadequate remuneration were issues dealt with on a daily basis prior to the onset of the current global financial and economic crisis. The situation has now become more severe, to a varying extent across the globe since the onset of the crisis. A number of teachers and academics face increased working hours, larger class sizes, salary and pension cuts, reduced social benefits, redundancies and the like. Cuts to education budgets means that teachers are not the only ones to suffer the impact of this crisis, but that students and future generations will feel the repercussions of the crisis for years to come.

We go about our union work using tried and tested recipes for negotiation and representation of our teachers and academics. *So why do we need a strategy?* This strategy represents an inward look at the work of education unions. More importantly, it stems from a sharing of good practice between leaders of education unions, and can help to stimulate us to think of recipes tried by others and not yet tested by us. This strategy aims to *empower* teachers and education unions. It is targeted towards protecting teachers' status and rights and towards advocating for education to be a solution to the crisis. It can prove useful for union work at the international, regional, national and local level, and can be built upon further in these contexts.

## *The Role of Unions*

The financial crisis was aggravated by an imbalance between the bargaining power of employees and employers, which then led to a more severe *economic* crisis. In order to overcome the crisis, unions therefore need to push for stronger negotiating powers, in order to bridge this imbalance between the two sides. Good practice at the international level needs to be emulated in all levels of our work. In July, the International Labour Organisation agreed on an ILO Tripartite Jobs Pact called *Agenda for Global Recovery*. This involves governments, unions and employers, and shows the key role of unions. This should be a key motivator to drive our work forward. Where unions have been involved in designing

solutions to the crisis, this has led to the social dimension being included in the politics and policy of the response to the crisis. In this respect, our role is clear.

Unions have particular *strengths*. General labour unions have a special view on the social effects of economic policy and have a capacity to make counter-proposals to Government measures, based on their own research. As education unions, we have a special view on the impact of economic policy on education and are able to tap into the views of members working at the front line of education. As unionists, we are able to break down complex concepts into everyday language and we can engage educators in debates about possible solutions to the impact of the crisis.

### ***Let's Make it Clear to Governments What We Are Fighting For!***

We need to convey a clear picture to our governments regarding the goals that we are fighting for. *Equal Access to high quality education* is one of these, in connection with societal goals and labour conditions. This can be stressed via advocating for well-trained teachers; by combating privatisation of public schools as necessary (for privatisation not to become the answer to the crisis); and by advocating for the value of public education.

Another goal is the *overall importance of investment in education in the long-term*. This needs to serve as a clear backdrop to argumentation for increasing or maintaining teachers' salaries. This goal also needs to serve as a solid background for the fight against pension reforms and the protection of teachers' pension rights.

An additional goal is to *raise the level of importance of social dialogue*. Without this, the human aspect of post-crisis regeneration will be lost, and education will become the cost of the crisis, rather than the key solution. This will have a devastating impact across the globe. We therefore need to *pressure governments for a clear strategy to emerge from the crisis*, and to make education part of the solution. In this respect we must stress that all negative crisis measures (e.g. budget cuts) need to be short-term measures and must be compensated by a commitment to future investment and re-instatement of full salaries or compensation for cuts made to teachers' salaries.

Over the past years, we have been able to pressure governments to maintain or increase the levels of official development aid for education. We need to keep the pressure high, even if it is harder to find public support. In times of crisis, we need to *strengthen the acts of solidarity* within and across world regions, so that we all come out stronger. A commitment to investing at least 0.7 % of GDP in development aid must be kept.

Whatever the scope of our work, we need to have a *clear policy in relation to education, also targeting wider issues* – If children are the most valuable assets of society, why do governments tend to look for ever cheaper ways to educate them? – Economic growth in the post-industrial era has to be based on intellect and knowledge - Equal access to education is an essential component of social stability. As unions, our goals and advocacy work can *also go beyond* education, dealing with problems such as privatisation and unemployment in other sectors, as part of the public service movement against the crisis.

### ***Let's Re-Think our Ways and Means to Negotiate!***

Let's *rethink the way in which we negotiate*. First in terms of *timespan* - we can negotiate for pay rises or compensation to take effect after the crisis, when a certain level of growth has been achieved. Second in terms of *collaboration with other education and labour unions* - we need to *present a united front* across education and labour unions – so that the government

will not be able to play one union against another. Third in terms of *positions of influence* - union leaders who are members of official bodies in government bodies need to use their position to exert pressure. Fourth in terms of industrial action – we can just use the *threat* of industrial action without necessarily going on strike.

We need to *find out what the government wants and be clear with our demands*. In this context it is important to know the arguments put forward by governments for cutting public budgets or salaries and we need to be prepared to counteract each one. Research on related issues could prove invaluable to strengthen our arguments. Based on this, as education unions we also need to *come up with an alternative plan of our own*. In turn, we need to be quick in responding to the changing situation in our country, as developments often take place from one day to another.

Let's *be smart with politics*. We need to *choose the right political moment* to exert pressure, such as the period just before elections, gaining commitments for positive reforms post the election period. We should *not take sides* – rather than form political alliances, it is better to stay into the margins of the political controversies. We also need to be *vigilant of governments' mistakes* and catch them out if they try to use the crisis as an excuse for their mistakes.

Finally, in our negotiations it is crucial to *aim for binding results*, such as collective agreements and legislation.

### ***Let's Use a Combination of New and Old Tactics!***

Many tried and tested measures have proven to work in our bid to exert pressure on governments. We can hold press conferences, issue Communiqués, obtain international support, lobby systematically at every level (local, national), take part in sympathetic strikes with other sectors and we can interact with the public via the use of the media.

We can also try some *new tactics* such as bilateral or multi-lateral collaboration with unions abroad; working with as many political parties as possible; developing research capabilities with researchers, higher education staff or higher education unions; and we can hold large demonstrations in the form of general strikes to show our strength in numbers. We can also *work very closely with partners* such as students' unions, parents' associations, general labour unions, school administration and higher education institutions, as well as professional or teacher associations or groupings, and NGOs working on education.

In this context however, we *need to consider the different aims of strikes that we undertake* (such as salary raises, protest to education reforms and budgets cuts, etc.) *and we also need to consider the efficacy of holding such strikes*. We also need to be *vigilant to solutions proposed by others* (such as employers) to government which may be harmful to employees. In turn, we need to *inform and involve members* in our campaign against crisis. And perhaps, more than anything else – we need to *be patient!* Positive change takes time to happen, but when it does, the fruit of our work will be evident.

We need to *use the opportunities provided by new technologies to make our campaigns more visible*. We can use the internet to develop interactive campaigning methods in which everyone can contribute. Social network-sites, video-sharing, e-cards to governments are available for us to reach more people more effectively. On an international level, this will allow us to work together more effectively.

*Let's Work Together Globally and Act Locally!*

EI's Campaign *Hands Up for Education* consists of a number of elements, including advocacy at the international level with a view to impacting the local level as well.

This is a key element of EI's work on the *1Goal Campaign* with the Global Campaign for Education (GCE) as well as on the *EI-ActionAid work with the Toolkit on Education Financing*. EI is also planning *Global Action Week* together with the Global Campaign for Education (GCE), in which actions related to overcoming the crisis are envisaged to take place in the national context.



Run by the Global Campaign for Education, **1GOAL** is an ambitious campaign that will change the lives of children in poverty by helping to give them an education. The campaign will take place in over 200 countries from until the FIFA World Cup final in South Africa in 2010. More information is available at [www.join1goal.org](http://www.join1goal.org).



**EI and ActionAid** have developed a toolkit on Education Financing which aims to help you build a strong campaign on education financing adapted to your own unique national context. This campaign is an effort to build trust between agencies that have very different histories and working cultures but very strong common goals. Together, Unions and NGOs can play a key role in both securing more money for education and making sure that it is better spent. The toolkit is available at [http://download.ei-ie.org/Docs/WebDepot/EI-ActionAid\\_Toolkit.pdf](http://download.ei-ie.org/Docs/WebDepot/EI-ActionAid_Toolkit.pdf)

*Let's be part of a global solution to the crisis together!*