Teacher shortages lead to overcrowded classrooms such as this one in Upper West Region, Ghana. PHOTO: DEBORAH LOMOTEY, ACTIONAID

EDUCATION VERSUS AUSTERITY

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WHY PUBLIC SECTOR WAGE BILL CONSTRAINTS UNDERMINE TEACHERS AND PUBLIC EDUCATION SYSTEMS - AND MUST END

At least 69 million more teachers are needed by 2030 to achieve the sustainable development goal on education, yet around the world existing teachers face low pay and deteriorating conditions, affecting the status of the profession. There is a clear common cause uniting low pay and teacher shortages – both arise from decades of squeezed public funding, triggered most directly by the imposition of public sector wage bills constraints. Whether imposed by the International Monetary Fund (IMF) or by Ministries of Finance who adhere to the same neoliberal ideology and economic policy, public sector wage bill cuts and freezes have become a central flagship of wider austerity policies. Teachers are the largest single group on most public sector payrolls, so constraints on the overall wage bill disproportionally impact teachers, pushing down their pay and blocking new recruitments. New research published in the 2021 report The Public Versus Austerity by ActionAid, Education International and Public Services International, shows that these policies have no credible evidence base, yet they seriously damage progress, not just on education but also on other key development goals.

Tulsi Neupane

I am an English teacher and headmaster of Lalit Bikas Adharvud School. I am a member of the Nepal Teacher Association. Our salaries have remained stagnant for the last four years. After COVID, I met many public school teachers who did not receive salaries and/or lost their jobs. I think it is a loss to the education system that so many experienced teachers may now never return and in their place, we have to recruit unexperienced and untrained teachers.

Testimony collected by Education International

Over 15 years ago, ActionAid documented the impact of public sector wage bill caps imposed by the IMF as an explicit condition of loans in low-income countries, showing how they blocked progress on education. This contributed to the IMF Board backing down and removing public sector wage bill caps as a condition of loans worldwide in 2007. But recent research shows these policies are back in practice with a vengeance. They may not be conditions attached to loans but the IMF is giving coercive policy advice to governments to cut or freeze public sector wage bills in 78% of 23 countries studied. Squeezing spending on the public sector workforce continues to be the norm, even when the IMF's own research suggests that neoliberalism has been oversold for forty years and has stifled the very growth and development it was supposed to value.

The latest research across 15 countries revealed that:

- Despite IMF claims that public sector wage bill containment was only ever temporary, all of the 15 countries studied were given a **steer to cut and/or freeze their public sector wage bill for three or more years**, and eight of them for a period of five or six years.
- In just those 15 countries, **the recommended IMF cuts add up to nearly US$ 10 billion** –the equivalent of **cutting over 3 million primary school teachers.**
- In just those 15 countries, just a **one-point rise in the percentage of GDP spent on the public sector wage bill would allow for the recruitment of 8 million new teachers,** more or less addressing all the teacher shortages.

Table: Cuts to public sector wage bills – and what an increase could mean.

Country	Public sector wage bill as % of GDP when IMF most recently recommended a cut.	1 percentage point increase in public sector wage bill as % of GDP in terms of numbers of teachers (using average salary)
Ghana	CUT from 8.7% (2017)	115,331
Kenya	CUT from 4.4% (2021)	182,965
Liberia	CUT from 10.1% (2021)	5,756
Malawi	CUT from 7.7% (2020)	572,292
Nigeria	CUT from 1.9% (2018)	4,117,893
Senegal	CUT from 6.5% (2017)	29,229
Sierra Leone	CUT from 7.9% (2021)	5,944
Tanzania	CUT from 5.4% (2017)	122,221
Uganda	CUT from 3.5% (2017)	37,296
Zambia	CUT from 9.1% (2019)	50,248
Zimbabwe	CUT from 17.1% (2017)	22,202
Bangladesh	FREEZE AT 2.1% (2020)	845,526
Nepal	CUT from 3.7% (2018)	82,119
Vietnam	CUT from 9.1% (2019)	384,619
Brazil (federal level)	CUT from 4.6% (2020)	1,377,603
TOTAL		**7,951,244**

One of the most striking findings was that there is **no clear logic, rationale or evidence to justify when cuts or freezes were needed to public sector wage bills – or how much is enough.** For example, Zimbabwe, with a wage bill at 17.1% of GDP, was advised to cut as was Liberia which spends 10.1%, Ghana 8.7%, Senegal 6.5%, Brazil 4.6%, Nepal at 3.7%, Uganda at 3.5% and even Nigeria, which spends just 1.9% of its GDP on public sector workers (Public vs Austerity - table 2). We found that the IMF's latest medium-term advice is to drive every country below the global average for spending on the public sector wage bills as a percentage of GDP. This creates a long-term spiral downwards – an apparently never-ending reduction in resources available to pay for teachers, that has been in place for more or less four decades.

TESTIMONY FROM THE FRONTLINE IN ZAMBIA

"My name is Judith Chikonde. I am a teacher at St Patrick's Primary School in Lusaka, Zambia...The conditions of service for teachers are pathetic. I am a special education teacher, but I am not paid any allowance as per conditions of service stipulations. I am teaching double class...which I feel is unfair. Teaching several classes increases the burden on the teachers and affects focus. I have upgraded my qualification to masters level, but I cannot be remunerated accordingly ... My salary is too low for me to afford renting a decent house... It is very hard. I feel the Government has taken our professional commitment for granted...Like many teachers, I engage in income generating activities to raise enough money to meet the needs of my family. This also affects my level of attention at school as my mind is divided into ensuring that I have something to do to see the ends meet."

Testimony collected by Education International

In every country there are **clear alternatives to austerity**. Perhaps most obviously a government can choose to raise tax revenues progressively rather than cut spending. Indeed, the IMF estimates that most countries could increase their tax to GDP ratios by five percentage points between now and 2030. That would allow most countries to double their spending on education ***and*** health ***and*** social protection (Who Cares report, table 10). But in practice the IMF have not advanced this recommendation, with most countries experienced decreasing, stagnating and/or inadequate tax-to-GDP ratios (Public vs Austerity - table 3). Where the IMF has offered advice on tax, the tendency is towards regressive taxes such as VAT (which also disproportionally disadvantage women), rather than the very many progressive taxation alternatives (that place the burden on the richest companies and individuals who are most able to pay).

Lusajo Emmanuel, primary school teacher, Tanzania.
CREDIT: ACTIONAID

One of the more surprising justifications given for cuts to public sector wage bills was that they were necessary to '**free up social spending**'. The suggestion that you need to cut spending on teachers to improve education makes no sense to anyone working in the education sector. Nothing is more important for quality learning than a quality teacher, and teacher salaries often make up 90% of the education budget worldwide. Teachers *are* the social spending that is needed on education. But the argument is that somehow one off expenditure on capital infrastructure like classrooms is more important than paying for recurrent costs. Yet, when you study the priority infrastructure investments encouraged by the IMF, the priority is on roads, energy, telecommunications and water, not on classrooms. This **infrastructure fundamentalism** thus doubly damages education as it undermines resources available for teachers and diverts resources away from education.

The **impact of wage bill cuts is felt triply and most acutely by women and girls**. Girls are more likely to be excluded from accessing basic education when budgets are cut; women lose access to some of the best opportunities for decent work in the public sector as teachers and other education personnel; and both girls and women bear a disproportionate share of the unpaid care and domestic work that rises when public services fail. Prioritising infrastructure over people exacerbates this, creating construction jobs that are disproportionately filled by men rather than jobs in service provision.

Despite the dramatic and predictable impact of these cuts and freezes, we found the IMF and Ministries of Finance conducted **no assessments of teacher shortages or the likely impact of cuts** to inform their decision-making. It was simply assumed that this was necessary and right. Not only were cuts of freezes made without evidence or credible benchmarks, but there was also no interest in collecting evidence going forward. This is what led us to name this as either a conscious or unconscious bias within the IMF and Ministries of Finance – a group-think – a reflection of a **deeply embedded mindset** that is irrationally anti-public sector. Implementing public sector wage constraints' actively undermines investment in education and health – and yet is blindly and irrationally accepted as something that has to be done.

THE SYSTEM CHANGE WE NEED TO SEE

The combination of Covid and the climate crisis are our best opportunity in a generation to force a re-think – country by country if needed – to place progress on education, health and other goals at the centre of national development strategies rather than as an afterthought. It is time for the IMF, governments and Ministries of Finance to disavow austerity and prioritise the public sector. Every government should set and act on ambitious targets for progressive tax reforms, increasing tax-to-GDP ratios by at least 5% by 2030 through progressive taxes, especially on wealth and corporations. Action is also needed to support more ambitious debt cancellation and rescheduling programmes, supporting governments to restructure their debts so that they can prioritize investments in quality public services. Governments should actively set ambitious targets to increase public sector wage bills year on year, to massively reinvigorate public services after decades of decline, using international benchmarks to guide investments, as a centrepiece for Covid recovery, human development and a green transition. The public sector workforce must be recognised as part of the core infrastructure of a country that needs protection and investment, even (or indeed, especially) at the height of a recession. There also needs to be a move towards long-term economic planning that targets wellbeing and which meaningfully factors projected long-term returns to investment in public services into medium-term plans. To achieve this system change we need to support board-based movements in every country, that condemn austerity and promote public sector alternatives!

ActionAid is a global movement of people working together to achieve greater human rights for all and defeat poverty. We believe people in poverty have the power within them to create change for themselves, their families and communities. ActionAid is a catalyst for that change.

Website: www.actionaid.org
International Registration number: 27264198
Telephone: +27 11 731 4500
Email: mailjhb@actionaid.org

Education International (EI) is the Global Union Federation that brings together organisations of teachers and other education employees from across the world. Through 383 member organisations, EI represents more than 32 million teachers and education support personnel in 178 countries and territories.

Website: www.ei-ie.org