



Demonstrate 26 March 2011



the largest teachers' union

www.teachers.org.uk

Winter 2010

TEN THINGS YOU NEED TO KNOW ABOUT THE CUTS

- 2010's below-inflation pay increase and the coming pay freeze could cost newly-qualified teachers £2,000, and cost teachers on UPS3 almost £3,500.
- School funding in England and Wales will be cut in real terms: in England 60% of primary and 87% of secondary students face cuts according to independent research. In Wales pupils were already underfunded, compared to pupils in England, by £527 per annum.
- The 3% increase in pension contributions will cost NQTs £43 a month and teachers on UPS3 £73 a month – or more if they work in London.
- In savage cuts to local authority budgets frontline services to schools are being hit hard, with many centrally-employed teachers' jobs at risk.
- Investment in education is needed to equip our young people with the skills to secure our economic future.
- There is no need for public spending cuts – Government action is needed to boost consumer spending during an economic downturn.
- Public spending cuts will harm the economy by throwing people out of work and reducing investment in crucial areas such as green technologies.
- Addressing tax avoidance and taking effective action on tax collection could save the Government £120 billion.
- A Robin Hood tax of just 0.05% on financial transactions would raise £20 billion a year from the banks which created the current crisis.
- There is an alternative – say no to cuts and join the NUT's campaign to protect pay, pensions and public services.

THE REAL ALTERNATIVE

The real context: deficit dogma versus economic reality

Background

The Government justifies its attack on the public sector with reference to the deficit, ignoring other key issues. Before looking at those key issues, we need to put the public debt in context.

National debt is nothing new – indeed it is the norm for many developed economies. The national debt has been much higher as a proportion of GDP in the past, when it was reduced through growth strategies including major public sector investment.

How high is our debt?

British public debt is 57% of GDP. This is significantly lower than that of many of our competitors. Germany's debt is expected to exceed 80% of GDP by 2013; Italy and Japan have debts in excess of 100% of GDP. Other international comparisons are also telling.

Greece – no comparison

Seeking to justify its cuts, the Government compares the position of the UK to that of Greece. Yet this is not an appropriate comparison. For example, UK debt is much smaller as a proportion of GDP than Greek debt and Greek debt has to be repaid much more quickly than UK debt.

Ireland – a real lesson

Instead of comparing the UK with Greece, the Government should consider events in Ireland. Ireland went into recession in 2008. In response it chose to implement major cuts to public spending, pay and pensions. These cuts have now caused a further downturn in the Irish economy and have failed to help with Ireland's deficit – as public services have suffered. Ireland is a salutary lesson in the dangers of using public sector cuts to reduce deficits.

Public sector – key to the recovery

During recessions Government action is needed to replace private sector investment, injecting spending power into the economy. This enables consumers to spend more, stimulating further

production and investment. The resulting growth, increases in tax revenues and lower benefit costs help reduce the deficit.

Government stimulus helped the British economy to return to growth in 2010. With banks unwilling to lend, the private sector depends on work carried out for the public sector. Cuts in the school building programme, for example, will result in major private sector job losses.

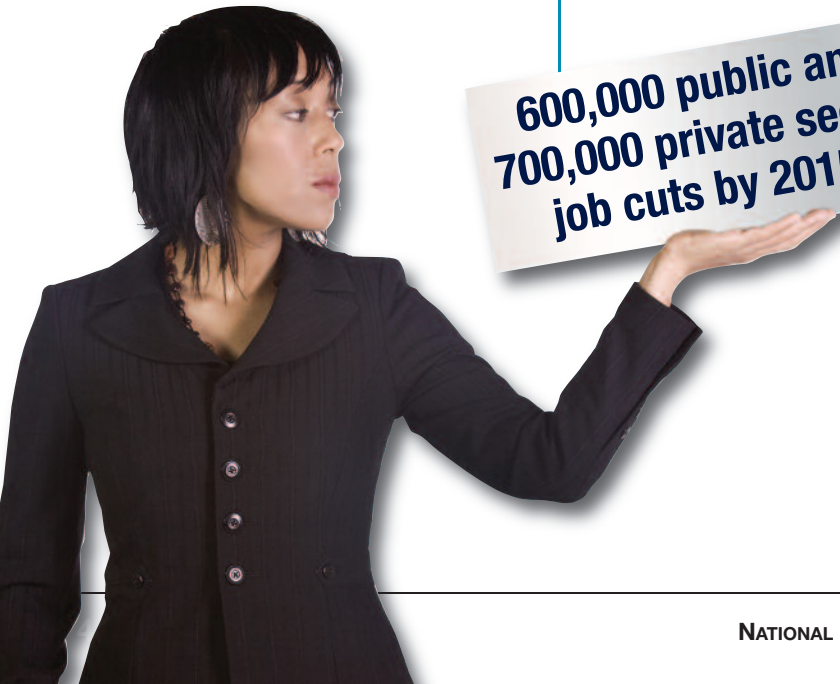
Benefits of investment

Public sector investment brings huge benefits. Investment in green technologies, for example, will secure the nation's future energy needs and reduce environmental

costs. Improved economic performance also depends on investing in the transport and housing infrastructure. Government action and public sector investment are essential in these and many other areas. The private sector, focusing on profits and returns to shareholders, is reluctant to invest in initiatives with high up-front costs that are in the public interest and will bring long-term economic benefits.

Cuts that don't heal

Public spending cuts cause irreparable damage. The Government's own estimates predict the loss of 600,000 public sector and 700,000 private sector



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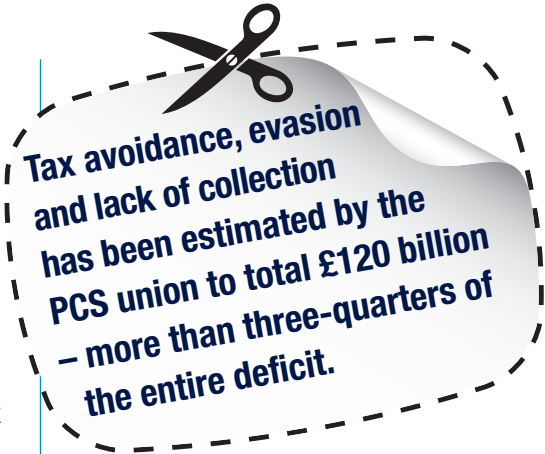
jobs by 2015. The cuts planned by the Government have been described by the independent Institute for Fiscal Studies (IFS) as the longest and deepest since at least 1945.

Job losses and pay freezes take spending power out of the economy, increase benefit costs and reduce tax revenue. As a result consumer spending falls, reducing demand and causing more job losses.

Public spending cuts increase social divisions. The independent Work Foundation has shown that public sector cuts will have the greatest impact in areas with the weakest private sectors. Those areas, already among the most deprived in the country, rely on the public sector – most of the wealth generated by public spending stays in the local economy.

Privatisation

The Government's privatisation agenda includes academies and free schools. Privatisation does not save the country



Tax avoidance, evasion and lack of collection has been estimated by the PCS union to total £120 billion – more than three-quarters of the entire deficit.

money, but simply creates profit for the private sector whilst keeping risk in the public sector. The public sector can play a key role in promoting fair pay, providing good working conditions and supporting equal opportunities. Given that two-thirds of public sector jobs are held by women, the effect of job cuts on women workers will be huge.



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THE REAL ALTERNATIVE

There is an alternative to cuts, privatisation and job losses. The Government should instead focus on tax avoidance, efficient tax collection and bank levies.


The total tax loss to Government revenue as a result of tax avoidance, evasion and lack of collection has been estimated by the Public and Commercial Services Union as £120 billion – more than three-quarters of the entire deficit.

The Robin Hood Tax campaign seeks to use the proceeds of a tax of around 0.05% on financial transactions to raise £20 billion a year in the UK alone. The tax would ensure that the financial sector – which caused the recession, relies on huge Government bail-outs, and has already returned to high levels of profits and bonuses – would pay for some of the damage it has caused.

The Institute for Public Policy Research has concluded that taxing the banks is a fairer way to balance the UK budget than regressive measures such as the VAT increase, which will hit ordinary people hardest.

THE REAL CONTEXT: THE SPENDING REVIEW AND EDUCATION

Many schools already face significant funding problems. Funding pressures are likely to increase due to an additional 350,000 primary pupils over the next four years. Instead of investing to address these problems, the Government proposes to cut education funding in real terms.


A person in a dark pinstriped suit is holding a sign. The sign is white with dark blue text. The person's hand is visible at the top left of the sign, and their arm and shoulder are visible on the right side. The background is white.

**Local authority funding
savagely cut – a
26% over the**

The increases in education funding under Labour came against the background of major cuts in the 1980s and 1990s. Many other countries spend more on education as a proportion of GDP.

In England, detailed and independent analysis of the Government's October announcement from the IFS has shown that there will be cuts in real terms in overall funding for schools, even taking into account the

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Pupil Premium. The IFS has found that 60% of primary students and 87% of secondary students will be in schools where real funding falls.

The announcement also included a real terms cut of 12% in overall funding for public spending in Wales over the next four years, amounting to £1.8 billion. Although the Welsh Assembly Government has sought to protect education spending, the size of the cuts made by the Westminster Government means that education funding in Wales will be cut in real terms. The independent Holtham Commission reported last year that

Wales was already underfunded by an estimated £300 million a year.

Capital funding for schools in England and Wales has been slashed. This comes on top of the cancellation of the Building Schools for the Future (BSF) initiative in England earlier this year, which stopped over 700 desperately-needed school building projects.

Schools in England and Wales depend on local authority services. Cuts to local authority services are cuts to the frontline. Local authority funding in England is being savagely cut – a real terms funding cut of 26% over the period 2011 to 2015. These cuts follow major cuts to local authority funding prior to the Spending Review. The scale of the cuts means that frontline services will be hit hard. The removal of targeted provision will have a particularly serious impact on areas of high deprivation. Local authorities will charge more for school services, or stop providing them altogether.

The Westminster Government's plans, taken as a whole, will have a savage impact on our schools and our students in both England and Wales.

THE REAL VALUE OF EDUCATION

Not only is high quality education a right – it is also essential to economic growth and prosperity. We need a highly-skilled workforce to enable the nation to compete in the global economy. This means more and better-paid teachers, not education cuts.

Cutting education spending has major human, social and economic costs. Studies have shown that children excluded from school or who leave school with poor skills cost the economy in the form of lost earnings, lower tax receipts, higher crime and increased benefit payments.

The role of education in economic prosperity has long been acknowledged and reflected in research. The emergence of mass education was what made possible the sustained economic growth, prosperity and technological change of the modern era.

This underlines the contribution that could be made to economic recovery by improving the

conditions of learning – for example, reducing class sizes and increasing non-contact time for teachers.

THE REAL COST OF ATTACKS ON PAY AND PENSIONS

The Government seeks to promote the myth that public sector pay and pensions are too generous when they have already been attacked. Good public sector pay and pensions are essential to developing a healthy public sector, which in turn plays a vital role in strengthening the economy.

Public sector workers are more likely to be in skilled jobs. In 2009 there were five times more unskilled workers in the private than in the public sector. Independent research by Incomes Data Services has shown that virtually every category of public sector worker would be paid more for doing the same job in the private sector. Teachers, for example, receive lower starting salaries and slower pay progression than those in other graduate professions.

Pay

The Government's threatened public sector pay freeze for 2011 to 2013 comes after a prolonged period of below-inflation teacher pay increases.

2010's below-inflation pay increase and the coming pay freeze could cost newly-qualified teachers £2,000, and cost teachers on UPS3 almost £3,500.

There are some half a million qualified teachers in England and Wales. Their spending power, along with that of other public sector workers, can make a key contribution to the health of the economy.



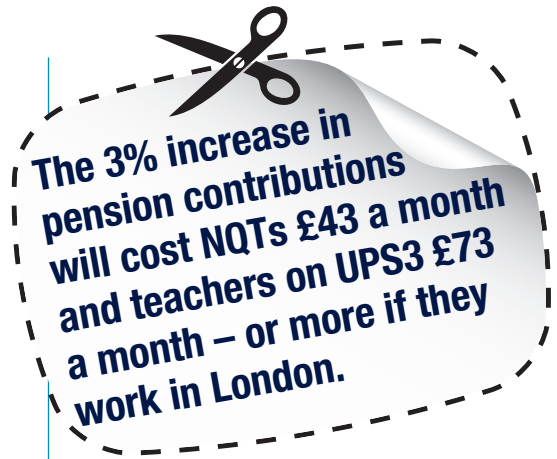
Pay freezes and real-terms pay cuts will reduce the spending power that is needed to drive economic recovery.

Teaching must offer pay levels to attract the best graduates to the profession. As with other areas of public sector pay, teachers' pay must be seen as an investment in our future.

Pensions

The Spending Review announcement signalled the Government's intention to increase teachers' pension contributions by 3% and to make other changes even before the independent review by John Hutton is finished. The 3% increase in pension contributions will cost NQTs £43 a month and teachers on UPS3 £73 a month – or more if they work in London. This comes on top of the reforms implemented in 2007, which introduced cost-sharing for the future, increased teachers' contributions and raised the pension age for new entrants.

As John Hutton has recognised, public sector pensions are not "gold-plated." Any cuts in pension provision would have the greatest impact on women.



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Pensions are part of public sector workers' total pay package. Public sector workers are saving for their retirement as the Government wants. This should be commended, not condemned.

So, what can you do?

- **Get involved in NUT campaigns against the cuts**
- **Demonstrate in London on 26 March 2011**
- **Get involved in your Union, turn the page to find out more.**

School representative – thank you – you’re making a difference

Every week thousands of NUT members benefit because of the work that you do in schools. Members are better informed, workplace problems are solved. Many more teachers join us, increasing our influence.

If you feel you want to increase your involvement, there are plenty of ways of extending your activity beyond the workplace:

- Go along to division/association meetings
- Take up a role in your division/association
- Engage with local training
- Get involved in one of the Union’s self organised groups

Your key point of contact is your division/association secretary. Go to www.teachers.org.uk/contactus for their details.

Ask your colleagues to join us – details overleaf

Members – please take an active role in your NUT school group

No rep in your school? Please elect one

If there is currently no rep in your school, please get together with your colleagues to elect one. Once a rep has been elected please notify your division/association secretary, whose details can be found on your membership credential or at [**www.teachers.org.uk/contactus**](http://www.teachers.org.uk/contactus)

NUT – the only union that recruits only qualified teachers, or those who are on courses or in posts that will lead to teacher qualification.

NUT joining hotlines:
0845 300 1669 • 020 7380 6369

Monday-Friday (9am-5pm)

or join online at
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