

## **PERC 2020 – 2023: policy orientation and operational profile**

**The present document continues the PERC framework defined by the General Assembly in December 2015 and takes into account regional developments in the time afterwards, global and European trade union debates and priority setting by the ITUC and ETUC Congresses.**

### **For a democratic, peaceful and sustainable European region**

1. The Pan-European Regional Council (PERC) was created as a response to rising common interests across the European region, primarily along the East-West axis in the context of a wide diversity of types and levels of development of economies, societies and political systems.
2. Two major projects have emerged as the main centres of dynamics that shape developments in Europe and Central Asia – the next stage of the EU integration and association processes and the Eurasian Economic Union (EEU). The EU project, however, has experienced severe blows, including the Brexit referendum and the painful process of UK and EU separation, and the rise of Euroscepticism, right-wing parties and populism. This is the result of the dismantlement of the welfare institutions by austerity policies that have provoked feelings of insecurity and disillusionment among the majority in many countries, combined with the challenges of the integration of migrants – both economic and refugees – in the communities, and the instigation of xenophobic attitudes, particularly by right-wing politicians.
3. The European Social Model (ESM), the hallmark of the unique achievement of economic success matched by social development and cohesion, has been severely hit by the destructive power of the “austerity” policy, compromising chances for efficient growth, for quality jobs creation, for meaningful social dialogue and for social protection policies to counter the already rising inequalities and poverty levels. Once an orientation source and reference frame for trade unions and public policy discourse inside and outside the EU, the ESM has been persistently marginalised or excluded in the new mode of economic governance in the EU. The adoption of the European Pillar of Social Rights was recognition of the need for restoration of the European Social Model, but far more ambitious steps have to be taken to restore trust in the EU and its institutions.
4. A new centre of gravity is emerging further east in the interaction of the EEU, the BRICS and the Shanghai Cooperation Organisation (SCO) backed by respective financial and development structures. Thus, a number of countries find themselves in-between and facing hard choices among simultaneously overlapping and conflicting alternative strategies linked to these emerging platforms, trapped in a complicated geopolitical context.
5. Furthermore, the Chinese initiative “One Belt One Road” will have enormous impact on development and commutation of different countries of the region. The Silk Road economic belt establishes several bridges or corridors that cross many of the PERC countries with a final goal

being outreach to major European hubs and port. This initiative has already been changing the trade and goods delivery patterns and pathways and targets – “to construct a unified large market and make full use of both international and domestic markets, through cultural exchange and integration, to enhance mutual understanding and trust of member nations, ending up in an innovative pattern with capital inflows, talent pool, and technology database”<sup>1</sup>.

6. For the other actors in the European region, the EU policy has effectively eroded the appeal of the ESM in terms of transferable standards and practices. Labour and social systems across Europe also indicate divergent tendencies inevitably “framing” trade union interests on the way. Regretfully, when convergence effects are visible in the region, this is primarily at the level of degradation or violation of labour and trade union rights.
7. Narrowing of the trade union “action field” has undermined the membership base and the potential for mobilisation. The ITUC and ETUC congresses’ priorities and perspectives clearly point to the urgency of the situation and provide frames for guiding the search for alternative policies for promoting peace and democracy, and just transitions, in a view of climate challenge and technological development, for taming growing inequalities and regulating economic powers and for development of people and societies. At the same time, the social dialogue has been in crisis for most of the eastern countries of the region, while the general trend of shrinking democratic space and the disillusionment of many people in democratic electoral processes further exacerbate the risks of growing authoritarianism and the opportunism of policymakers. Europe is the best place, but in particular, the EU offers strong democratic rules and a bold social dialogue framework.
8. The adoption of Sustainable Development Goals and the Paris Agreement on climate has defined pathways for all the countries and confirmed that the agenda that trade unions have been advancing locally, regionally and globally – sustainable economic, environment and social development – has been placed in the centre of the present and the future of the planet. That is of the highest relevance for the PERC region, which includes the most developed and advanced countries, as well as countries and territories stricken by conflicts, poverty and natural and human-made catastrophes.
9. With all the problems and challenges Europe is facing, it still offers one of the best bases and creative potential for delivering change, and PERC is a convenient platform to facilitate and support such innovative efforts. Europe is the best place for exercising workers’ and trade union rights, according to the ITUC Global Rights Index, but in particular, the EU offers strong democratic rules and a bold social dialogue framework that have to serve as benchmarks for the countries that chose EU orientation.

#### **PERC raison d’être: the multilevel bridging function**

10. The increasing diversity and complexity of the challenges across the European region necessitate ever more active and efficient interaction among trade unions to develop a trade

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<sup>1</sup> <https://www.beltandroad.news/official-plan-of-bri/>

union perspective and proactive approach to the developments and to prevent external divergences exerting formative impact on internal debate and relations. To effectively focus elaboration of alternative solutions and joint activities, PERC is well positioned to facilitate and lead to the following:

- Development of better mutual understanding and support for the capacities of all affiliates to develop policies and efficiently implement them in their own contexts and in view of confronting common European challenges;
- Consensus building on the issues of regional/sub-regional importance and feeding these proposals into the policies and decision-making processes of the ITUC and, where relevant, into its cooperation relation with the ETUC;
- More efficient use of available channels and instruments to inform and influence relevant external actors on international, European and national levels; and
- A strengthened notion of “solidarity” as a unity of understanding the other, and joint development of ideas and actions that goes beyond simple transfer of resources or exchange of descriptions of models and experiences. The deepening divergences and the real potential of organisations to cope with the outcomes too often limit if not preclude expectations for productive “transfers” from one context to another.

The efficiency and success of this multidimensional and multilevel “bridging function” of PERC would be made possible through direct and continuous engagement of the relevant affiliates or group of affiliates of PERC initiating and implementing in practice particular ideas, projects and actions. The open nature of the operational cycle of PERC embedded in the respective annual working plan allows sufficient space and incentives for necessary targeting and flexibility of action in real time and context. Affiliates’ initiative and cooperation is the key to realise that potential. Financial resources are an important but not the ultimate decisive factor in all cases.

11. The PERC coordinating role for the workers’ side of the ILO European activities has been reinforced and is in demand, whether to respond to negative developments in some countries or to advance training and capacity building ILO activities for workers.

#### **PERC in the European trade union architecture and involvement in the policy process in the ITUC and the ETUC**

12. The PERC General Secretary is a full member of the ITUC General Council and Executive Bureau and can intervene directly in the work of these bodies. The General Secretary of the ETUC is also the General Secretary of PERC, which secures direct access to the work of the ETUC Executive Committee when needed. This has been already a practice with the communications of the General Secretary and discussion by the ETUC of specific challenges – e.g., wages convergence, migration, the EU Neighbourhood Policy.
13. PERC will continue to:
  - Provide the General Secretary with the relevant mandate for a position/proposal aligned with the respective agendas of the ITUC and the ETUC or to introduce a specific PERC issue or initiative to be considered and acted upon; and

- Streamline the PERC operation pattern in terms of timing and substance of debate to match the respective schedules of the ITUC General Council and eventually the ETUC Executive Committee meetings. This concerns primarily the timing and sequence of the PERC Executive Committee and the second policy discussion forum (currently coming under the label of “Summer School”) as well as targeted activities, such as preparatory meetings for the International Labour Conference, or SDGs consultations within the annual cycle of PERC activities. The coupling of the PERC Executive Committee with the autumn ETUC EC provides better opportunities to provide regional input to the ITUC General Council and/or to adjust the annual working programme in line with the ITUC global agenda. The Summer School serves as a debate platform with a particular thematic focus linked with the ITUC and ETUC campaigns and actions. Coordinate specific actions or campaigns with Global Union Federations/European Trade Union Federations where necessary. PERC will continue working with the GUFs and relevant ETUFs regarding sectoral policies.

It’s a priority to:

- Ensure a better participation of every Confederation in the PERC activities;
- Encourage a constructive a more regular cooperation between Confederations of western and eastern parts of PERC area; and
- Encourage ETUC affiliated organisations to bring the discussions about developments in the PERC area mainly at this level, in order to have a stronger participation of all interested organisations.

In this perspective, every occasion should be used to facilitate the discussion at PERC level, also using the support of the ETUC offices.

#### **PERC in interaction with external contexts and actors**

14. PERC has already established a level of interaction with relevant structures in the EU, primarily the European Commission, the European Parliament, EBRD and EIB and through the ITUC with the IFIs in Washington, as well as with UNECE, as a part of major civil society groups on the implementation of the SDGs. These relations need to be further enriched through other civil society channels and consolidated through the ETUC in order to maintain access to information and building where possible the consensus in trade union opinions and proposals in the respective policies, development programmes and particular projects set up in the framework of the relations between the EU, the EU-oriented countries and the Eurasian region.
15. PERC, in close cooperation with the ETUC, is engaged in different civil society structures established under EU Association Agreements and DCFTA Agreements with the EU – Georgia, Moldova, Ukraine. It is part of the bilateral civil society platforms under AAs and domestic advisory groups under DCFTAs. These countries are engaged in reforming the structure and regimes of operation of their economies while stretched to align their labour relations and social protection systems with EU standards. Through these bodies the PERC, ETUC, ETUFs and members of interested national centres, jointly with affiliates from these countries, have been

advancing the labour and social agenda and advocating for implementation of the international labour standards in laws and practice. The cooperation agreement with Armenia (CEPA), while it does not foresee responsibilities for approximation of national laws and frameworks to those of the EU, would also be a platform to promote them through soft power. To these ends it will be important to use all available possibilities to support trade unions in their engagement with the reform processes primarily through targeted capacity building on the specific reforms.

16. The review of the European Neighbourhood Policy and Eastern Partnership policies has provided an opportunity to provide an input with a view to promoting the European Social Model beyond the borders of the EU, and these policies have improved focus on governance, employment and equality. Still, more has to be done to make these policies more socially oriented.
17. Monitoring and contributing to the work of the Council of Europe (CoE), and particularly to the European Social Charter (R), is a complementary source of influence and shall be further developed. Good coordination with the procedures and opinions of the ILO on the same issues and timely involvement of the ETUC, particularly in collective complaints at the CoE/ ESC (R) or cases at the European Court of Human Rights, is very important as past cases have demonstrated. For trade unions, the importance of the standards of these institutions, encompassing all of Europe, can be expected to grow in the next years in line with the developments in the EU and the new Eurasian formation.
18. The ILO and international labour standards traditionally provide the necessary common ground across the region for joint trade union actions for defending and promoting labour and social rights through PERC in coordination with the ILO Workers' Group and ACTRAV.
19. The role of the IFIs in the crisis has grown significantly and is exerting a formative impact on anti-crisis policy design and implementation in Europe. On a global level, the IFIs have changed their rhetoric and launched several important initiatives agreeing with the messages that the trade union movement continue advancing: the dangers of growing inequalities, gender pay gaps, climate change or social protection floors. These dialogues are important, and the IFIs' finding can be used to further influence national policies. Yet, on the operational side, when addressing crisis situations on a national level, through "rescue" programmes, the "austerity" approach dominates. The outcomes have usually resulted in massive privatization, including of public services, decentralisation and crippling collective bargaining systems, disrupting employment and social protection systems, which in turn have deepened inequalities, pushed up levels of unemployment, poverty and social exclusion. PERC and the regional offices need to continue the communication and joint actions with the ITUC office in Washington to secure maximum information and adequate chances for reactions of affiliates to such challenges in their countries.
20. The growing concern of human right groups, unions and consumer communities regarding the environmental and social implication of business operations has led to the development of different environmental and social standards to promote "due diligence" in multilateral development banks operations. The PERC, in cooperation with the ITUC Washington office, is involved in dialogue with EBRD and EIB on the quality of these standards as well as on their

practical enforcement in the field, particularly in the countries with high risks of workers' rights violations by local businesses (or governments). Furthermore, contribution to better understanding of international labour standards by the operational staff of these banks is an area where PERC has been involved and further engagement is expected.

21. Trade unions need to shift to more effective communication and proactive engagement with wider society in order to shape and lead informed public debates on strategic issues of economic development, labour and social policy. They should pre-empt the initiatives of external institutions/organisations or internal extreme policy interventions and prevent their political agendas gaining dominant support in the society, particularly among working people. This proactive engagement is important at the minimum in two aspects, central to trade union policy in the next years:
  - First, to ensure rational frames for the public discourse upholding values and activities advancing real democracy, transparency, responsibility and social justice. This is also to prevent labour and social issues or “worker interests” being hijacked and mobilised by extreme interests in society; and
  - Second, to open space for young people’s need for searching for ideas outside the frames of thinking imposed by the “establishment” and gradually draw them closer to alternative trajectories of trade union policy tracking the way to trade union membership.

#### **Priority areas for trade union policy orientation and action in the period 2020 - 2023**

22. The influence of climate necessities and technological development on the world of work, new pattern of trade policies with sanctions, and growing geopolitical tensions in Europe and beyond are challenges to the world and Europe. The next several years may turn out to be of the utmost importance for the future of Europe and its chances in the globalised, multipolar world. In pursuit of these goals, a number of “grand design” blueprints have been laid out on sub-regional and national levels by the EU, but also by individual countries outside the EU, e.g., Russia and China. The cumulative outcomes of these endeavors will shape the profile/s of the region and the interdependence with the rest of the world. The only way to secure an outcome with a real future is the involvement of societies through democratic political debate, with social dialogue shaping the discourse to secure that the interests of citizens and working people as well as the sustainability of the project are an integral part of the new emerging construction.
23. Whatever the outcomes, they will have a profound effect on labour and social rights, trade unionism and social protection systems. Current trends and approaches to these policy areas suggest further marginalisation of trade unions and other non-state stakeholders, made easier in the context of overarching aims of a “grand design” type of policy. Real social and civil dialogues may find themselves successfully “boxed” in the periphery of the policy process while preserving the institutional façade of partnership and democratic participatory rhetoric and ritual. These general pressures would be expected to produce different effects in different countries, basically hitting the weaker union movements harder, leading to deeper social differentiation inside societies and among unions from different regions and countries. PERC affiliates need to

be on the alert and prepared to face the challenges and strengthen solidarity and unity of action as needed.

24. In general, the operation of PERC in the next mandate period will continue in an environment characterised by uncertainty and insecurity. At the same time, fundamental changes in society generate new dynamics, open the space for new ideas and offer new opportunities for communicating and activating people. Trade unions should spare no effort and use all skills to anticipate and identify such shifts and developments, tap the new energy and channel it to creative and sustainable solutions. Again, organisations in different contexts can face quite diverse forms of challenges, even if of similar nature and policy appearance. More comprehensive solutions will be needed, and initiatives, to reflect the rising interconnectedness of the challenges as well as to combine national- with supranational-level dimensions. This is where PERC can provide a useful platform to keep efficient flow of information and communication and also to provide for capacity building for professional policy discussions in various relevant formats in line with shifting interests and support in implementing initiatives and actions.
25. To these ends the following priority policy areas are proposed to guide activities of PERC in the period 2020 - 2023:

**I. Peace, democracy and rights in Europe and Central Asia**

**II. Regulating economic power: wages and social protection, genuine social dialogue and collective bargaining and promoting union values**

**III. Global shifts: just transitions, sustainable development and investments in people**

**IV. Equality: confronting rising and multiple inequalities, gender, wage and social protection gaps; taxation policies; migration in Europe**

**V. Organising and organisational development – the way to real power**

**I. *Peace, democracy and rights in Europe and Central Asia***

26. The suspension of the nuclear missile agreement by the US and Russia, mutual sanctions policies, the growth of military spending by NATO countries and Russia, bring back Cold War fears. And while Europe is not in the situation of a direct military conflict between big powers, those powers continue testing grounds in other regions.
27. Re-emergence of terrorist attacks and their global nature make no country and no one safe. All acts of violence and terror must be condemned. But they cannot serve as a pretext for limitation of individual or collective rights and freedoms, as some governments of the region have done. At the same time, anti-immigration or anti-migrant attitudes are exploited and fueled by certain politicians. Years of austerity have led to the disillusionment of people and the loss of trust in classical political parties, and have contributed to the propelling of populists and far-right parties in national and European elections.

28. The general policy reaction to the crisis of the dominant part of political elites in Europe has failed to deliver adequate results, effectively compromising the chances for recovery for too many countries, eroding social cohesion and the integrity of the democratic process and institutions. These results have opened substantial political space for direct populist and outright nationalist impacts on the policy process and its outcomes. Rising tensions and divisions inside societies and between different peoples in Europe have never been so high in the post-WWII period, awakening dangerous feelings of the past. In more extreme circumstances, as in Ukraine, the natural drive of people to live in democracy and take active part in shaping their future has been suppressed by crude force by the authorities and has led eventually to an armed confrontation with thousands of human lives lost. Yet, five years after a revolution of dignity, disillusion with the political elite has led to election of an actor, as people voted for anyone who was not involved in politics before.

The political elites concerned have performed far below the level of the historical challenge and demonstrated a clear deficit of creative statesmanship and strategic vision. The striving for a common peaceful and prosperous future for the European people clearly demands in all cases and under all circumstances sticking to peaceful and negotiated means for conflict resolution despite the complexity of challenges faced. In too many cases, crucial decisions have been taken or/and imposed, disregarding the democratic will of the citizens or openly against it. The birth of the “yellow vests” movement is a direct result of imposing policies to address climate challenges by putting costs of transformation on the shoulders of citizens, without any compensatory actions to support those for whom that additional burden is simply unbearable. Lack of dialogue leads to further radicalisation.

Nationalist populist movements continue to achieve electoral successes and/or to have government majorities in both the EU and Eurasia areas, including sometimes in major economies. Certain of these nationalist movements may sometimes have pretended to insert social elements in their national programs for electoral reasons, but they reject most of the time any strengthening of the social governance in international politics, arguing an attack against sovereignty and their “opposition to any foreign influence”. By doing this, they are reinforcing the unbalance between the existing strong global governance enforcing the international rights of economic operators and a weak social global governance for the enforcement of international workers’ rights. The promotion of stronger international policy mechanisms that reward compliance with ILO standards, and make them enforceable through complaint mechanisms with economic consequences in case of violation, will be required.

29. The adoption of the European Pillar for Social Rights was a positive move recognising disbalances created by neoliberal policies, but at the same time, the erosion of rights continues as confirmed by the ITUC Global Rights Index. Two countries – Turkey and Kazakhstan – are among the ten worst violators of the world, while Belarus, Ukraine and Greece also are placed in the category 5 of the index – “no rights guaranteed”. Freedom of association is often challenged, with repressive legislation or actions by the governments against activists and leaders. Collective bargaining has been majorly downsized to company level and its coverage decreased dramatically (e.g., from 65% to 10% in Greece). The right to strike is often denied or limited. Labour inspectorates are largely disempowered in the east of the region. To restore

structures, regain positive dynamics and start reversing the inequality trends will require major mobilisation of trade union potential and particularly efficient organising efforts.

30. The persistence of the current trends is hardly conducive to genuine dialogue in society and to effective exercise of “voice” by working people. Trade unions need to keep in focus these trends and counter them in any possible way. PERC can provide a convenient platform for discussion of complicated and often sensitive issues in the region and in return feed the results in to ITUC political debates and closely cooperate with the ETUC. Specific activities and engagements:

- Based on ILO Recommendation 205, working to promote decent work as a tool for transition from war to peace and for tackling natural and human made disasters; securing peace and promoting democracy means social justice, equality and equity, free and universal quality public education and healthcare, freedom of expression and the right to know;
- Promoting a universal labour guarantee (as integral part of the New Social Contract) and its application to all the workers, and mobilising for placing occupational health and safety at work as a fundamental right of workers;
- Organising targeted discussions on issues proposed or prepared by particular affiliates/groups of affiliates, e.g., on the role of financial capital and MNCs in shaping regional/national political space and policy orientations;
- Systematic capacity building to face the fast pace of change in the region; maintaining and upgrading the expertise of the networks of legal and economic experts in SEE and NIS regions and connect them as much as possible to events and professional discussions in the EU area – ETUI/ETUC events as well as to developments in the EEU;
- Continuing to coordinate cases of principal importance from the European region within the Committee on the Application of Standards work;
- Promoting legal clinics to assist affiliates in strategic litigation in case of trade union rights violations; further raise awareness about international mechanisms of protection of workers’ rights, including those of the ILO, the Council of Europe, the EU, the OECD and IFIs, building practical case knowledge and sharing it with the affiliates;
- Running communication campaigns on specific violations, particularly in ITUC countries at risk, addressed to the governments, relevant inter-governmental institutions or specific employers, engagement with allies and supportive movements and civil society groups, human rights organisations;
- Organising special events for countries with similar problems in response to events unfolding on the ground;
- Bringing labour rights issues to the DAGs and Civil Society Platforms, as well as into EU-integration processes, as well as promoting EPSR as reference in the EU Neighbourhood Policy and integration policies;
- Promoting ratification of the Protocol to Co. 29 Forced Labour and work to eliminate slavery and forced labour, and exploitation of migrant workers;
- Work with human rights groups, particularly those under umbrella of the Workers’ rights in Central Asia monitoring mission, to promote implementation of the core labour standards in that region and to create more conducive to free trade unionism environment, and

- Strengthening the protection of existing arrangements and the chances for improvement in the forthcoming period – continuous cooperation and joint actions with the ITUC Legal and HTUR departments, the ETUC/ETUI and the Workers’ Group and ACTRAV at the ILO.

**II. *Regulating economic power: wages and social protection, genuine social dialogue and collective bargaining and promoting union values***

31. The impact of the crisis and the sovereign debt pressures compounded by the austerity effects have provided governments, employer organisations and other external actors, e.g., the “troika”, the American Chamber of Commerce and special structures of foreign investors with unique opportunities to roll back or eliminate sets of established labour and social rights, and to dismantle parts or whole levels of collective bargaining where existent – sectoral, national. This general trend has in turn been used to prevent and reverse the chances of efficient consolidation of systems still in the process of development, particularly in some Eastern European countries.
32. The challenge of rising inequalities has been widely recognised and referred to from political statements at practically all official levels and public debates in Europe to street protest and outright fights. Inequalities are a threat to sustainable growth, social cohesion and inclusion. Inequalities affect those specifically discriminated against because of their age, gender, disability, ethnicity, sexual orientation, location and social class. The IMF, the OECD, and European and global leaders recognise that and the need to develop more fair wealth redistributive institutions, as well as the need to address discrimination. However, this so far has brought next to no effect in terms of progress on substance.
33. Europe and Central Asia have experienced relatively steady economic growth over the past decades, with the exception of a temporary downturn during the recent global economic and financial crisis. Gross Domestic Product (GDP) in the region has more than doubled since the year 2000, from 10 trillion USD to over 21 trillion<sup>2</sup>. In the Western Balkans and Central Asia, the forecast is for economic output to grow at an average rate of 3.5% and 4.1%, respectively, between 2018-2020<sup>3</sup>.
34. It is, nevertheless, clear that economic growth is not being shared equitably among the region’s people, nor has it translated into decent work opportunities. The UNDP office for Europe and Central Asia has stressed: *“Lack of inclusive economic growth in the region has meant that income and job insecurity continue to affect large sections of the population<sup>4</sup>.”* Instead, growth has largely benefitted those who are already well off. Income inequality has grown substantially among most countries in the region in the last two decades<sup>5</sup> with the share of income among the top 10% being over 10 times higher than that of the bottom 10% in some Eastern European countries such as Russia and Georgia.

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<sup>2</sup> See World Bank statistical database (GDP in USD), looking at GDP in 2017 (latest figure available) compared to 2000

<sup>3</sup> IMF (2018) World Economic Outlook Update for Europe and Central Asia

<sup>4</sup> See UNDP Europe and Central Asia Office: [Employment and Livelihoods](#)

<sup>5</sup> See UNDP (2015) [Poverty, Inequality, and Vulnerability in the Transition and Developing Economies of Europe and Central Asia](#)

35. Inequalities have been on the rise almost everywhere across all Europe already before the crisis, including in societies with well-functioning economies and the most advanced labour relations and social models. These developments indicate the need to search for deeper, systemic forces at work shifting modern societies in a new direction. The crisis has significantly amplified the effects of already familiar types of inequality linked to gender, age, ethno-cultural or precarious employment and intensified the accumulation of multiple lines of inequality in one person, group, locality or country. If let to continue, the effects threaten to unravel the fundamentals of individual and collective/community identities and social cohesion, undermine democratic structures and cultivate worldviews of powerlessness and cynicism in shaping individual work and life strategies. These in turn will impact on the value and the potential for collective action. The rising wave of technological innovation, robotisation and emerging new business models – share economy, platform economy, crowdsourcing, crowdfunding, etc. – have the potential to significantly threaten the traditional structure of the labour market, and particularly employment policies, but also to give rise to new types of jobs and organisation of work. Trade unions need to focus on and anticipate such challenges if they are to succeed in maximising the positive potential of the changes in the world of work.
36. Addressing inequality tends to focus primarily on the main line of social divide – the 1% vs. 99% of wealth distribution – but the internal composition of the 99% has been subject to structural shifts leading to differentiation and diversities of major importance for trade union policies of organising and building worker power.
37. Wages have stagnated globally despite unprecedented economic growth over the past decades, and they have not kept pace compared to rising productivity. Millions of workers across Europe are not earning enough to live in dignity, and inadequate social protection systems are exacerbating high levels of inequality and poverty. Wage inequality is increasing, with the highest-wage earners enjoying a wage rise multiple times faster than the average. The share of labour income in GDP is declining, and profits are not being shared with workers through pay rises. Low wages and high poverty rates have led contributed to deficits in aggregate demand, which are constraining further growth<sup>6</sup>.
38. Poor working and living conditions have also led many people within the region to emigrate in order to seek better opportunities – including high-skilled workers and educated young people – leading to skills depletion<sup>7</sup>. Over one third of the nationals of the Western Balkan regions now live abroad<sup>8</sup>. By some estimations 10 million of Ukrainian workers migrate in search of job. More than 10% of the country's GDP comes from remittances. The despair is so high that workers, even knowing that they can face exploitation and abuse, are nevertheless ready to take risk. High levels of income inequality also carry significant risks, including low social mobility, underutilisation of human capital, eroded confidence in institutions, and reduced social cohesion<sup>9</sup>.

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<sup>6</sup> IMF (2015) Caucasus and Central Asia Regional Economic Outlook

<sup>7</sup> International Institute for Applied Systems Analysis ( 2016) Labor market and migration across the Eurasian continent, workshop report

<sup>8</sup> ILO (2017) What Future for Decent Work in Europe and Central Asia

<sup>9</sup> See for instance World Bank (2016) Poverty and Shared Prosperity; IMF (2015) Causes and Consequences of Income Inequality: A Global Perspective; Wilkinson and Pickett (2009) The Spirit Level: Why More Equal Societies Almost Always Do Better

39. While there is recognition that tax evasion and tax erosion should be addressed by global leaders (G20) and particular measures have already been discussed and taken by the OECD, taxation policies of many countries continue contributing to the growth of inequalities and do not serve as a fairer wealth redistribution mechanism. Eastern European countries are plagued by flat taxation, while some Western countries continue providing “favourable” conditions to MNEs, while SMEs often have to resort to under-the-table payments, not being able to bear the fiscal and social contributions burden. In search of additional sources of income, the governments usually introduce additional indirect taxes, the burden of which is different for those in poverty and those who are better off. The yellow vest movement was born out of increased taxation of diesel for consumers.
40. Collective bargaining has been in decline the last decade, with “troika-dealt” countries losing centralised collective bargaining, while in other countries, with some exceptions, the level of collective bargaining coverage has decreased. That needs to be addressed, both in the context of de facto violation of the ILO Convention 98 by most of the countries of the region, as well as in the context of rebuilding workers’ wages and building fairer wealth redistribution policies.
41. On the basis of ITUC and ETUC policy guidelines, PERC can further take a more in-depth engagement with the challenges – in particular, contexts, with various combinations of factors involved. Policy responses and actions will require much more comprehensive, system-oriented approaches, as targeting separate aspects on their own may not be very efficient in many cases. PERC can facilitate development of such approaches with interested organisations along the lines of a “decent work” agenda, SDGs, and a New Social Contract:
  - Cooperating with the ETUC in advancing decent work within the EU Neighborhood Policy, integration, migration and development policies of the European union, based on SDGs, and promoting the ILO as the international institution that has unique competence in the labour migration area;
  - Promoting policy options that include minimum living wages, and direct labour market policies, and improve international taxation to ensure MNEs (including GAFA) pay their fair share of taxes where they create value and employ people; denouncing fraud and fiscal evasions and make states take up their responsibilities;
  - Initiating and supporting actions for more redistributive taxation and the establishment of more progressive tax systems linked to each citizen’s ability to contribute, and through the limitation of indirect taxes;
  - Supporting and promoting campaigns to increase minimum wages to living levels, by sharing methodologies for establishment of benchmarks for negotiations, such as consumption baskets, etc., by targeted joint actions and alliances building on sub-regional levels, e.g., in SEE countries;
  - Facilitating collective bargaining mechanisms and frameworks by implementation of the ILO Convention 98 and supporting ETUC wages and collective bargaining campaigns, including in the countries outside the European Union;
  - Maintaining the networks of trade union experts in law, economics and labour relations to continuously build and expanding the capacities of the organisations to develop strategies in this area and facilitate implementation;

- Confronting company and geographically based inequalities – type and size of company (access to credits, innovation, skills and management support), MNCs and global supply chains, investment/FDI concentrations in clusters, regional disparities, country differentials;
- Communicating information and confronting attempts to push through anti-labour conditions in IFIs' rescue or stabilisation programmes;
- Facilitating union participation in development of national policies for social protection through networking activities and specific targeted assistance, as well as policies that build on investment into quality public services such as child and elderly care, family-friendly work arrangements for women and men and paid parental leave for both mothers and fathers;
- Advancing workplace OSH policies and worker participation through the networks of trade union OSH experts, and take preventive measures against sexual harassment at workplace;
- Equalising regimes of operation of economic actors – tackling informality and corruption/state (policy) capture;
- Contributing to adoption of the United National Binding Treaty on Business and Human Rights to ensure compliance with labour, social and environmental standards within global supply chains, supporting development of national or European binding due diligence legislations;
- Regulating economic power of MNCs on country development strategies, particularly on labour market segmentation, wages convergence and on employment and labour standards; similarly, confronting the undermining effects on social cohesion of individual communities and among economies in various parts of the European region;
- European parts of global supply chains of MNCs in Europe to advance the respect for labour and social standards and human dignity in their operations around the world; promoting due diligence as well as assist in building cases for MDB guidelines as well as relevant national legislative or corporate checks on supply chains;
- Actively confronting the rapid expansion of Export Processing Zones and similar unsustainable business models created to circumvent established international and national legal and collectively bargained frameworks and to promote tax evasion; and
- Distributing relevant information from affiliates and European/international sources (IFIs) to all PERC members.

### **III. *Global shifts: just transitions, sustainable development and investments in people***

42. Economic indicators in Europe have surpassed pre-crisis figures. The employment rate has increased, and the unemployment rate has decreased. However, the recovery does not mean creation of quality jobs: there is the development of non-standard workplaces, ready and on-call, part-time and zero-time contracts, as well as accelerated spreading of digitally mediated employment forms. Furthermore, economic forecasts indicate reduction, suggesting that the world is walking towards the next phase of the crisis or a new crisis.
43. Schoolchildren march in the streets unified in demand for a climate action to those who can make their future bright or who can just leave them behind, hiding in irresponsibility, as ten years ago when financial greed destroyed well-being and the perspectives of millions. It cannot be repeated, or we will leave scorched Earth to the next generation. Just Transition is critical in this process, premised on an inclusive approach that brings together workers, communities, business and governments in dialogue towards concrete steps needed for climate-friendly cities and that protect our forests and green spaces, and that support sustainable economies and sustainable consumption.

44. Technological progress necessitates development of adequate regulatory civil, industrial and employment policies. The nature of working relations and the business models are changing with widespread digitalisation. The report of the ILO Commission on Future of Work calls for establishment of the universal labour guarantee, which would ensure that all the workers, regardless of their recruitment status, have fundamental rights, health and safety, control over working hours, living minimum wages, and social protection floors. It calls for investment in people, institutions and decent work. That provides a guideline for unions of Europe in claiming a Just Transition that leaves no one behind. Lifelong learning and dynamic VET systems are vital.
45. Social protection, quality public services and education are investments in people, equal chances, inclusiveness, fairness and sustainability of societies. Governments need to design and implement pro-employment macroeconomic strategies supported by progressive trade, industrial, and infrastructure policies, including investment in skills and lifelong learning, equality and the care economy. After a decade of austerity measures that has put many in Europe on the edge of poverty and further increased inequalities, investments and expansionary policies are needed. That should include robust actions to invest in people, to end tax evasion and tax avoidance, to fight corruption, and to put in place redistributive policies through fair taxation, which will reinforce the social contract between the state and citizens.
46. Trade union policies need to mobilise all creative potential and prepare to face diverse combinations of challenges along these lines, further complicated by important contextual variations and competitions on country/sub-regional basis. These will shape the interests of the working people and inevitably press trade union policies in particular orientations. PERC can assist the search for solutions through the following:
- Promoting the “New Social Contract” with a universal labour guarantee; equally supporting the Global Deal;
  - Piloting just transition dialogues with unions and the broader community in selected countries or sub-regions; facilitating and promoting climate change, greening of economies, sustainability strategies and community-based initiatives;
  - Demanding guarantees for transitional measures based on social justice, investment in industrial and environmental policies, coordinated at the local, national, European and global level, creating decent jobs as defined by the ILO and respecting international labour standards;
  - Ensuring the effective protection of health and safety at work in the private and public sectors and ensuring adequate protection of workers’ health in the face of changes in work due to the new model of work organisation and digitalisation;
  - Campaigning for the development and the adoption of a new standard for a Just Transition in the world of work towards environmentally sustainable economies and societies for all;
  - Further contributing to the SDGs and Paris agreement implementation and promotion on national, sub-regional and European levels;
  - Targeted capacity building (in cooperation with ETUI and other sources of expertise) to maintain and upgrade the effects of the regional networks of trade union experts in SEE and NIS and connecting them as much as possible to events and professional discussions in the rest of the PERC area/ETUI/ETUC on issues of “wages setting policies”, revamped “flexicurity” approach,

youth employment and life strategies, new technologies' effects on the nature of work, fiscal and pension reforms, etc.;

- Protecting and improving the efficiency of public services as stabilising economic factors and enabling responses to the investment/employment puzzle and revitalising the welfare-state effects in the new conditions;
- Integrating trade union responses to climate change problems and sustainable development in the diverse contexts of the region, while promoting Just Transition in sectoral and regional transformation processes;
- Interregional cooperation and development projects of the type of the “Danube strategy”, the network of capital cities in Europe, involving different countries as well as social partners and other stakeholders;
- Tackling the issues of “informality” in the contexts and prospects of new forms of business operation/models, often in inefficient/corrupt rule-of-law governance regimes;
- Organising discussions/training and expert support for organisations facing particular challenges in reforming social protection policy, e.g., pension systems reforms; and
- Working with relevant institutions (e.g., DG Employment or European Training Foundation) to advance partnerships and dialogue on VET and lifelong learning.

#### ***IV. Equality: confronting rising and multiple inequalities, gender, wage and social protection gaps; taxation policies; migration in Europe***

47. Equality between women and men is a fundamental principle enshrined in the international treaties and fully endorsed by ITUC. Trade unions have built on existing gender-equality legislation on national and international levels and used it to promote further equality between men and women through collective bargaining and social dialogue. This applies to equality between men and women in the labour market, in the economy and politics generally, as well as between women and men within home and family life. Despite all efforts, gender-based inequalities remain substantial in all spheres.
48. Addressing persistent gender-based gaps such as the pay gap, the pension gap and representation in decision-making are essential to consolidating trade union identity and a crucial factor for the success of other trade union initiatives, i.e., it must be mainstreamed in all trade union policies. That includes also the empowerment of women in leadership to achieve real gender equality in unions and societies.
49. Recognition of the need to address violence and harassment at work by adoption of ILO Convention 190 provides space for unions to campaign for violence and harassment-free working places. Low-wage and beggar-thy-neighbour policies that some countries of the region implemented for decades after transitioning to market economies have brought millions of working people and their families to poverty or to emigration. All Eastern European countries experience a devastating level of brain drain, with some of them losing one third of their population, particularly, young and skilled people who leave their mother countries in search of a decent life – with decent wages, secure employment, quality public service and strong institutions – abroad. While the economies of the countries of that region grew faster than, for example, in Western Europe, that growth is unequally shared due to low minimum wages, poor collective bargaining, unfair and flat taxation policies, widespread corruption and the informal economy.

50. Dramatic outflow of young people from SEE countries has reduced unemployment, but has also led to a decrease of the working-age population, hence intensifying pressure to increase the pension age, already on the agenda due to an increase in life expectancy. In Croatia, the unions mobilised against a increase of the pension age to 67 and forced a national referendum.
51. Meanwhile, Central European countries have started experiencing a lack of a qualified workforce and have engaged in flexibilisation of migration policies in search of non-EU workers. Millions of Ukrainians have moved to Poland. Integration and non-discrimination of migrants, ensuring equal treatment and fighting against xenophobic attitudes, is an imperative.
52. Technological developments and the need for matching skills is vital for Just Transition. While young workers face precarious conditions and risk being “interim for life”, older workers face challenges of coping with the pace of changes. Intergenerational solidarity, better understanding and representation of workers of different age groups require trade union policies for Just Transition, adaptation and integration, but also for development of comprehensive work-life balance solutions, social protection schemes and quality public services, including child and elderly care.
53. To these ends PERC and its organizations will work (or undertake activities) to accomplish the following:
  - Development of a proactive approach based on policies for sustainable and inclusive growth, more equal societies, non-discrimination, and decent work;
  - Confronting income and wealth inequality directly through employment/quality policies, collective bargaining that effectively improves terms and conditions of work, information and consultation systems, social protection floors and reliable pension systems, fair and efficient tax systems, adequate public services and a developing care economy;
  - Confronting specific types of overlapping forms or multiple inequalities – gender-based employment and the gender pay gap, age-based employment and pay, lack of investment in the care economy, ensured paid parental leave for both genders, ethnic/cultural divides, precarious and informal work arrangements, migrant status;
  - Advancing women and young people to leadership and decision-making positions at all levels, starting with internal trade unions structures, is a widely recognised necessity but a still insufficiently used channel to reinforce efforts in confronting inequality and discrimination in the labour market and wider society;
  - Addressing the mounting challenges and fallout effects of migration pressures in the different contexts of origin and destination countries within the PERC region;
  - Placing the care economy as a priority area for investment and development, but underlining risks of exploitation and abuse and the need to combat it;
  - Advancing union policies to represent different categories of workers, including domestic workers, the elderly and the young, workers with disabilities and special needs; and fighting discrimination on any ground;
  - Tackling the causes of labour migration in the countries of origin;
  - Promoting policies that facilitate regular and safe labour migration, a fair recruitment and access to formal employment and social dialogue on these policies;
  - Building the capacities of unions to engage in labour mobility negotiations at national and regional levels and in social dialogue on migration policies;

- Fighting discrimination, inequality, racism and xenophobic attitudes towards migrants; development of community sensibilisation campaigns and training on development, cultural diversity, and inclusion, also among trade union members;
- Promoting the protection of women migrants in the labour market with special attention to domestic workers and tackling the risk of abuse, violence and exploitation they face;
- Promoting good trade union practices for raising awareness of migrants about their rights, assisting in integration processes through organising, collective bargaining, support services and cross-border union cooperation;
- Running ratification campaigns on relevant ILO standards, including Convention 183 on Maternity Protection, Convention 189 Domestic Workers and Convention 190 on Violence and Harassment at work, Conventions 97 Migration for Employment and 143 Migrant Workers.
- Stepping up our efforts to eliminate violence, including at work, through international standards, awareness programs and campaigns in the workplaces, unions and communities.

#### ***V. Organising and organisational development – the way to real power***

54. With a couple of exceptions, trade unions in Europe have continued to lose members, and still quite a number have found it difficult to engage in active organising initiatives. At the same time, again with a couple of exceptions, trade unions have witnessed a loss of positive public perception and trust in societies. PERC can facilitate efforts for organising through the following:
- Following successful activities in the organising of individual affiliates and spreading the experience throughout the region and helping to develop relations/contacts between similar organising experiences;
  - Developing efficient communication channels inside organisations and with working people/communities and joint actions – training with the ITUC Organising Academy where conditions allow, particularly in view of focusing on attracting working women and young people to trade unions;
  - Efforts to restore and promote labour rights, collective bargaining and social dialogue with a view to facilitating the expansion of the base through organising new members;
  - Working for organisational change, for more gender-sensitive trade unions, which mainstream gender equality in their agendas, plans and programs, for empowerment of women for taking leadership in unions decision-making bodies and actions;
  - Working with young people in the education system to develop perceptions of society and the world of work conducive to interest in collective activities and the role of trade unions in society;
  - Outreaching to workers in the informal economy and working to transitioning toward formalisation of work, through campaigning for the universal labour guarantee and and by searching for different patterns and a framework to engage and to represent all the workers, regardless of their recruitment status and by requalification strategies.
  - Developing a communication officers' network in SEE and NIS to boost trade union outreach, internally and externally.
55. Cooperation with organisations providing financial support for trade unions, e.g., ILO/ACTRAV, the Friedrich-Ebert-Stiftung, Union2union and national solidarity support organisations needs to

continue along well-established patterns of joint planning and operation. The general trend of the shrinking of available resources for trade union activities in the last years can be expected to continue, so the support from these partners can only grow in importance. PERC needs to maintain project development and project running skills in the affiliates to develop their autonomous channels to tap existing and so far missed chances for financing of their own initiatives.