Abstract

This paper aims to explain and understand how structures of labour markets, conditions of citizenship and conditioning of collective bargains rest behind a concrete conflict that occurred within the European Union in 2004. Thus, this paper explores the Vaxholm conflict in Sweden and its relationships with those aforementioned issues in relating the conflict of broader contexts and conditions. Therefore, this paper will explore the conflict both at a theoretical level and at a materialistic level. In using selected insights about capitalist markets and discourses in reference to citizenship with a focus on working conditions and national conditioning of collective bargains, this paper outlines both ideas on emancipation inspired within Critical Theory and broader understandings of postmodern conditions within Critical Management Studies.

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Introduction

Transformations and new dynamics of labour markets and working conditions are shaping new spaces of social conflicts within the global capitalist economy. Thus, labour markets and working conditions are among the most discussed issues when thinking of the current process of global integration and its consequences in specific geographical areas. In such a context, the European Union and its regional integration scheme is a political-economical space in which movements of workers and transnationalization of firms are creating multi-level conflicts regarding labour rights both at a discursive and materialistic level. Furthermore, the EU has recently experimented one of its most critical moments in terms of popular rejection through the results in the French referendum about the European Union Constitution. In this perspective, one of the political notions that have deserved special attention is the so-called European citizenship. As an emergent condition of citizenship that notion is currently being constructed both politically and socially. Thus, labour power regulation, both in its individual and collective level, and material conditions of citizenship are two components of a process through which the European labour markets are being politically constructed, motivating processes of resistance or acceptance to the rules emanated from the European organs. Such processes are connecting and opposing antagonist social forces in a way that somehow reflect the dynamics through which the EU has been formed. Hence, the configuration of the European policies regarding labor power appears to be key factors when defining the way through which European Union members are facing their own process of integration. Under such circumstances, labour rights established through collective bargains, new conditions of citizenship and the national labour markets show critical relations as well. These issues, being related to the sphere of complex social, political and economic relationships are components of the current configuration of the political economy of the EU. As such, they are deeply related to decision-making processes, integration strategies and problem-solving mechanisms. To be part of the current structure of the political economy of the EU means that such relationships are related to conflicts and contradictions. In facing those conflicts and contradictions, the EU has structured a set of political and juridical mechanisms oriented both to avoid their effects and to bring institutional solutions. In spite of these mechanisms, signs of conflicts that are especially difficult to manage within these institutional frameworks have appeared in a broader public sphere. These conflicts have revealed some
important issues often occulted through the grand narratives of integration, globalization and capitalist markets that conform the ideology of the EU as a model of regional integration. The Vaxholm conflict in Sweden in 2004 is one of those moments that make the contradictions within the current stage of capitalist development within the EU evident. This paper aims to understanding that conflict in terms of management practices localized both at national, regional and international structures of the current political economy of the European integration. In so doing, the paper focuses on understanding the Vaxholm conflict and its relations with the management of labour markets, collective bargains and conditions of citizenships within the EU.

Critical Management Studies (CMS) has developed a wide and critical understanding of conducts and actions that organizations and firms carry out in the process of reaching their objectives (see: Alvesson and Willmott, 1999, 2003; Alvesson and Deetz, 2000; Grey and Willmott, 2005). In so doing, CMS puts attention both to the internal dynamics of the firms’ processes and the external consequences of the firms’ operations. Thus, inherent conflicts associated with the process of production and labour power management are thus investigated taking discourses and management strategies into account. Assuming itself as a multidisciplinary theoretical approach CMS tries to grasp the complexities related to the modern or postmodern processes of production and consumption. The consequences of production processes and discourses adapted for companies regarding working conditions have been specifically dealt with in CMS in a way combining insight and empirical findings within relevant investigations about labour process theory. CMS also aims at investigating how power relations have become a matter integrated in firms’ management and how it is addressed to political strategies within firms. In doing so, this field of studies has integrated various levels of analysis towards concrete and defined case studies. Taking and using perspectives that come among others from Critical Theory and Postmodernist Theory, CMS has tried to apply them towards CMS’ research programs regarding crucial and emergent issues within labour organization processes. Additionally, CMS aims at using critical research methods that focus on the dynamics of unequal power positions of actors involved in management processes. Within this framework, issues arisen in the Vaxholm conflict offer significant perspectives and contexts that can be connected with CMS.
European Union development and the Vaxholm conflict

European Union member states are characterized by their uneven social and working conditions. Wage levels are among the most salient (Avery and Cameron, 1999; Hakkala, 2006). As it occurs in many other areas of the capitalist world where some national economies can offer higher incomes, attracting workforce from others (often neighboring) countries, this also happens in the EU. Within this structure, and though not being either a new phenomena nor statistically very significant as in other areas of the world, processes of workforce migration are also a phenomena between EU member states and they can have specific characteristics (see: Heikkilä, et al., 2004; Traser, 2006, Åslund, 2006; Dicken, 2007)

Generally speaking, the ways through which workers try to immigrate have usually been classified as legal and illegal ones. The first is characterized by the use of legal mechanisms and rights, thus following established procedures in order to get the permission and rights to work abroad. Between such immigrant workers the realities once being in the destination countries are quite varying and they depend on many factors. The second form of immigration is characterized by innumerable strategies to get into those countries that are seen as having better working and living conditions without having official permissions. Once being inside those chosen national territories, if they have not died or been deported during the way, those workers will surely obtain jobs through accepting imposed conditions based on their status of immigrant and illegal workers. In comparison with the labeled illegal immigrant workers, there are an increasing number of immigrant workers that can get fully legal rights to work abroad either as temporary or as permanent workers.

Although not being very significant in terms of number of workers, one concrete tendency that show the complexity of process of immigration is given by the flows of workers from poorer EU member states in eastern Europe to richer EU member states in Scandinavia. In the case of migrant workers with full rights to work abroad, their decisions can be related to new legal and political conditions that make it easier to start the process of immigration. Moreover, to send remittances to their countries and to maintain narrower contact with the homeland through frequent travels and visits appear somehow easier than before. Sweden, a worldwide model of strong welfare state, is witnessing this process in a way that is deeply marked by special characteristics of its welfare model. Besides, the historical relevant role of trade unions in
building the Swedish welfare state makes and important point in the regulation of the Swedish labour market.

Sweden is one of the EU member states that has not imposed “transitional” restrictions on migration from Easter Europe and the fact is that after the enlargement of the European Union on 1\textsuperscript{st} of May 2004, workers from some new EU members arrived to the country, in a process that has continued during the last years (see: Heikkilä, et al., 2004; Traser, 2006, Åslund, 2006; Dicken, 2007). A significant number of those workers that have come as workforce to Sweden are Poles, Lithuanians, Latvian and Estonians. Sometimes, companies that are headquartered in those new EU members have hired them in their own countries while others they have traveled to work as self-employees, after getting or simply knowing about job offers. In other cases they are workers without any previous contacts in Sweden and they have tried to take advantage of the possibilities of freedom of movement as citizens of the EU. However, this process has implied conflicts regarding working conditions and wages and some of those conflicts have led Swedish trade unions to deal with complex scenarios when they have tried to force foreign companies to sign collective bargains in Sweden (Persson, 2006). This was the case of a small size construction company from Latvian that got a contract to rebuild a municipal school in Sweden. The conflict is known as the Vaxholm conflict.

The Vaxholm conflict: wages and working conditions within a small size Latvian construction firm that was rebuilding a municipal school during 2004 in Vaxholm, Sweden

In November and December 2004, workers organized in Swedish trade unions blockaded the workplace at a school that was being rebuilt. In the Swedish systems a blockade means actions at the workplace and also the fact that other workers do not work at the workplace where the negotiation is occurring. The blockade started as a mean of pressure in order to get collective bargains for the Latvian employees in that workplace. Through their branch in Sweden, the small size Latvian construction firm \textit{Laval un Partneri}, had obtained a contract to rebuild the school. This happened after a public process in which Laval finally was considered as offering the best conditions to the municipality. Thus, one of the main scenarios of that conflict was the very workplace at that Municipal school in Vaxholm. There, the company and about 35 Latvian workers, started to carry out the contract in the way accorded with the municipal authorities. In
that context, the Swedish Building Workers’ Union started negotiation with the firm in order to get a collective bargain that was aimed at regulating working condition and wages for the Latvian employees. In the process of negotiating such collective bargain, the trade union blockaded the workplace. Other trade unions joined the building union’s actions and the conflict became bigger. These kinds of actions are accepted as one of the measures that trade unions can carry out according the Swedish system. In this case, the blockade implied that Laval could not carry out some of their activities. The firm started a legal defense of what it considered its rights and went to the Swedish labour Court to get legal protection. That Court supported the trade union rights but also referred the case to the European Court. After failed negotiations with the Swedish Building Worker’s Union, the Latvian company and the municipality annulled the contract. The firm could not afford an incrementation of the wages that a collective bargain would have implied. Neither, the unions fees were part of the cost considered by the firm. (According to the Swedish Building Workers’ Union, Laval could have afforded the costs of the collective bargain and it would not have produced a real problem to the firm’s budget). The firm left the country and the European Court of Justice is dealing with the case until today. As the firm finished its operation in Sweden after the conflict, the Latvian workers employed to work in that project also returned to Latvia.

The conflict has many scenes and it can be placed within the context of negotiations to sign a collective bargain between a national Trade Union and a EU firm. Laval affirmed that it had subscribed a collective bargain with the Latvian Building Workers’ Trade Union and the Latvian workers were being paid in Sweden according that collective bargain.

The national media informed about the conflict as a matter of European repercussions. As the media reacted, so did other actors as for example politicians that highlighted the relevance of the conflict in its European Union dimension. The Confederation of Swedish Enterprise took side and supported the Latvian company’s interest. That was not only a symbolic gesture and the Confederation of Swedish Enterprise also provided legal assistance and economic aid to the Latvian company in order to solve costs of the legal procedures associated with the conflict. The conflict also motivated a reaction from the Latvian government, which protested for the passivity of the Swedish government before the case. Some relevant aspects associated to the conflict are the following:
a) *Laval* is a small firm that at the moment of the conflict had already carried out several operations in Sweden. One of the ways through which the company ensures the quality of its services is showing some letters of recommendation emanated from among others some European countries embassies in Sweden in its website. During the conflict, the firm appealed to EU legal rules that would give rights and legal protections to its interests.

b) *The Swedish Building Workers’ Union* tried to extend Swedish wages levels to the Latvian workers. The case has been difficult in terms of information strategy since some actors have denounced that the Union and its members were acting in a nationalist way and were opposing the right of other European workers to work in Sweden. Then, the main declared objective of the union, namely to give the Latvian workers similar working conditions that the Swedish workers had at that moment was questioned. Furthermore, individual expressions of workers saying for example “*Go Home*” outside the workplace in some parts appeared to be the official objectives of the union. (If one reads attentively the antecedents of the case, it is clear that it was not the objective of the unions).

c) The role of the *Court of Justices* is a relevant issue in this conflict. The Swedish Labour Court, in acknowledging rights to the Trade Unions, supported their actions in legal/practical terms. The consequences of its resolution were highly relevant because it played an important role in the cancellation of the contract between Laval and the municipality of Vaxholm. However, the Swedish Labour Court declared that the matter was an issue related to European Unions’s rules and therefore the European Court must also revise the case. Thus, the Swedish Labor Court decision implied that the European Court should finally decide about the matter but only in certain aspects of it. There is not a decision yet and during 2007 the parties presented their arguments before the European Court. The questions that the European Union Court of Justice is dealing with are the following: a) “Is it compatible with rules of the EC Treaty on the freedom to provide services and the prohibition of discrimination on the grounds of nationality and with the provisions of Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services for trade unions to attempt, by means of industrial action in the form of a blockade, to force a foreign temporary provider of services in the host country to sign a collective agreement in respect of terms and conditions of employment such as that set
out in the above-mentioned decision of the Arbetsdomstolen [Swedish Labour Court], if the situation in the host country is such that the legislation intended to implement Directive 96/71 has no express provisions concerning the application of terms and conditions of employment in collective agreements?" (EU Court of Justice, 2005) b) “Do the rules of the EC Treaty on the freedom to provide services and the prohibition on discrimination on grounds of nationality and the provisions of Directive 96/71 constitute an obstacle to an application of the latter rule - which, together with other parts of the lex Britannia also mean in practice that Swedish collective agreements become applicable and take precedence over foreign collective agreements already concluded - to industrial action in the form of a blockade taken by Swedish trade unions against a foreign temporary provider of services in Sweden?” (EU Court of Justice, 2005). The role that the EU Court could definitely play is still a mystery. However, as recent as May 23, 2007, an important stage of the case took place when the attorney that had to give a legal opinion about the case maintained that the blockade was not against EU regulations. Once again, the right of the trade union obtained recognition through legal procedures. The attorney’s legal opinion also contains a consideration about “the proportionality of the collective action”, an issue that has been presented during the discussion. A final decision for the Court is to be adopted within the next few months.

As the brief and synthetic explanation of the Vaxholm conflict shows, there are different actors involved at the different moments of the conflict. Clearly the Latvian firms Laval and the Swedish Trade Unions appear as central ones. But it seems quite obvious that in considering only both as the main actors in the conflict, the more complex and broader relationships involved in the case cannot be understood. If the conflict has to do with the collective bargain that Laval refused to accept, then the position of the Latvian workers is the core issue within the conflict since it is precisely based on their condition of lower – paid workers and immigrant workers with certain rights to move within the European Union. Those are rights that have precisely constituted core aspects of the so-called European citizenship. Then, this aspect of the conflict cannot be darkened through placing the conflict as one associated with a foreign firm and a national trade union. Moreover, associated to those actors, we should keep in mind that among others both the Latvian and the Swedish government, The Confederation of Swedish Enterprise, two Court of
Justices, the national and international media, politicians from both Sweden and Latvia and Eurocrats representing the EU, all of them have contributed to configure a complex web of movements and strategies around the conflict. In such a context, strategies, decisions and actions that those actors used to defend and deal with interests and political positions during the conflict show how EU integration on one hand implies conflictive situation of transnationalization and on the other hand how national internal rules and internal tension regarding the process of European integration are expressions of current capitalist contradictions within the EU. This latter contradiction is given by the fact that the whole conflict is about wages and working conditions, both dynamics that are essential factors in a given political economy of capitalist labour markets. In this case, both wages and working conditions arose a conflict associated with the management of a collective bargain that had as subject a group of European union-citizen-immigrant-workers. This combination of factors suggests that the Vaxholm conflict is a remarkable conflict that encompasses collective bargains as sources of labour rights, labour market policies and new conditions of citizenship within an EU member state and reflects a critical trend in the European labour market. The Vaxholm case, together with some other cases that have involved immigrant workers in Sweden that are citizens of member states in the EU, implies the emergence of a type of conflict that connects specific regulations of the labor markets within the EU (Persson, 2006; Kjellgren, 2006; Bieling, 2003). So, a common conclusion is that the Swedish labour market is facing pressures both from inside and outside its national borders, borders that through the process of European integration have become much more confuse at one level and clearer at others. The next parts of this paper will deal with issues and broader contexts involved in this case.
Markets are essential and inherent structures in the process of capitalist development and accumulation. Nonetheless, discussions about the origins of capitalist markets can show different historical periods to date the beginning of them. It is possible to affirm that through a historical process of constitution, market economy became synonymous with capitalist economy (Braudel, 1985; see: Plattner, 1989). The concern about capitalist markets has been a central issue within different expressions of critical thinking. In *Capital* and in other works, Marx (1978) interpreted capitalist markets as essential factors within the process of capitalist expansion. According to Marx, capitalist markets need to reach both new territories and new workers, in searching for new spaces to create capital accumulation and reproduction. Many years after Marx’s interpretation of the role of markets, Harry Braverman pointed out that the universal market was one of the most fundamental results of the process of monopoly capital (Braverman, 1974). Although the expression universal can maybe be replaced by the notion of global markets, Braverman offers a diagnosis of the main forces and features that the capitalist markets show today, more than 30 years after his books were published. Braverman focused his interpretation on the expansive character of capitalist markets, thus echoing Marx thesis of the capitalism’s incessant search of new scopes to its development. In relation with Braverman’s observation, some commentaries regarding the relationship that Karl Polanyi (1954) set between markets and labour power are constructive. In his book *The Great Transformation*, Polanyi argues against the idea that considers markets only as economic processes. Polanyi sustains that constitutions and transformations of markets are essentially social processes in which states and other actors act actively in order to create and regulate markets. This interpretation is demonstrated through historical cases in Polanyi’s book and in that way Polanyi’s interpretation has notably inspired varying case studies of concrete constitution and transformations of markets. In *The Dialectics of Enlightenment*, Adorno and Horkheimer (1994) pointed out that through the market the capitalist economy multiplies its inherent violence in an expansive way, therefore expanding its power both towards new objects and subjects involved for such violence. Immanuel Wallerstein (1980) and others have reconstructed and explained concrete historical processes of violent expansion and...
political management of capitalist markets, which also gives a historical perspective to support Adorno and Horkheimer insights.

In the concrete case of labour markets, both Clauss Offe (1985) and Chris Tilly and Charles Tilly (1998) have offered relevant reconstructions about the characteristics and consequences of capitalist labour markets. Offe points out: “In capitalist societies the labour market is the main institutional solution to a dual allocative problem that must be solved in all societies: on the one hand, the production system must be supplied with the labour inputs it requires; on the other hand, labour power must be provided with monetary (income) and social (status), means of subsistence (Offe, 1985:14)”. He continues: “The important point is that the labour market organizes production and distribution as an exchange relationship of wages and labour inputs, and that here, as in all other markets, suppliers and buyers of ‘labour’ stand opposed (Offe, 1985:14)”. In relation to the position of workers within capitalist labour markets, Offe affirms: “An initially important peculiarity of labour power, therefore, is that while it is indeed treated as a commodity in the market, it enters this market for reasons other than those of other commodities. One could thus speak of a structural handicap of labour power in the market, for the supply side has no way of controlling its own volume of supply in a market-strategic manner (Offe, 1985:17)”. Chris Tilly and Charles Tilly explain that: “In the process of forging industrial capitalism, capitalists became creators, managers, and advocates of labour markets (Tilly and Tilly, 1998:25)”. Those central characteristics of capitalist markets, pointed out within different works of critical thinking, show how movement and transformation are basic elements of capitalist markets. As historical creations and results of social conflicts, capitalist markets are also central aspect within postmodern conditions. Within this framework, there is also an understanding of postmodern conditions that has much to do with the current stage of capitalist development and specifically capitalist markets. Such approach to the issue comes from among others Fredric Jameson (1991) and David Harvey (2005). In his book Postmodernism, or, the cultural logic of late capitalism Jameson dedicates one chapter to deal with issues centered in the logics of markets and the logics of postmodern conditions. He especially deals with authors that reaffirm that the capitalist markets are the structures that can bring social intermediation to the human needs. In so doing, he detects how markets are constructed in relation with the notion of totality. He points out: ”The force, then, of the concept of the market lies in its “totalizing” structure, as they say nowadays: that is, in its capacity to afford a model of social totality.
David Harvey, in *The Condition of Postmodernity* points out the omnipresence of the incentives towards capitalists markets as follows: “The incentive to create the world market, to reduce spatial barriers, and to annihilate space through time is omni-present, as is the incentive to rationalize spatial organization into efficient configurations of production (serial organization of the detail division of labour, factory systems, and assembly line, territorial division of labour, and agglomeration in large towns) circulation networks (transport and communications systems), and consumption (household and domestic layout, community organization, and residential differentiation, collective consumption in cities) (Harvey, 1990)”.

These notions of omni-presence and totality related to the markets have become core aspects within postmodern condition of capitalist integration. At this point, these interpretations of markets within postmodern historical conditions, and together with modern approaches to the capitalist market structures, appear to be complementary tools especially when understanding the capitalist markets and their current developments. A scheme of such current developments can be exposed as follows:

a) Capitalist markets have become expansive forces and pillars of the capitalist integration and its postmodern logic. So, the current process of capitalist integration and postmodern conditions have strongly reinforced the belief that markets, and specifically labour markets are the only alternative to make the intermediation between human work and social production possible.

b) Together with a historically constructed disciplinarian force, capitalist markets are central ideological aspects of capitalist value-laden discourses that emphasize capitalist integration/globalization as providing new opportunities of jobs and employability. Thus, social processes that some countries went through in the past are now being reproduced in a global scale again. The working conditions in countries experimenting violent transformations in order to shape some of the world biggest national labour markets confirm clearly what Marx and others have said about capitalist developments (see: Freeman, 2000; Biao, 2007; Overbeek, 2003).

c) Both capitalist integration and postmodern conditions, as logics and results of capitalist processes of accumulation, reproduce markets on a material and symbolic level. Furthermore, one can quite often observe that processes of
capitalist expansion are presented as new human progresses and that global markets would give new opportunities of good life to workers. The point that should be emphasized clearly is the following: the expansion and deepening of capitalist markets is a basic aspect both of the ideology of the capitalist globalization and its ideologically rejected crises.

d) Being part of the capitalist market logic, labour markets are one of those markets facing the processes of capitalist contradictions and crises. In understanding such ideology in a deeper way, the notion of postmodern historical conditions as associated to the development of the capitalist system provide a useful framework to interpret those contradictions and crises.

The whole conflict that occurred in Vaxholm has correctly been related as a conflict regarding the management of a national labour market. Furthermore, the conflict can be inscribed within postmodern relationships that reflect a given stage of the global capitalism. In this context, it is remarkable that even according to a speech by the director of the International Labor Organization at one of the last meeting of the World Economic Forum in Davos, it is possible that we will witness new social crises originating from unequal work conditions in the future (Somavia, 2006). The rise of new markets, the free trade agreements and the regulation of labor markets all generate complications when states and firms set the political conditions in which those should be managed. Thus, national regulations of labor conditions are being targeted both by governments and firms. In the Vaxholm conflict, trade unions acted in defense of a concrete model to regulate the working conditions within a given labour market. Such a market, nonetheless being welfare-oriented is basically a capitalist model. Moreover, that crisis noted by ILO’s director is deeply incrusted within the EU. So, the past years have seen fierce debates about the future of the labor markets and the impact of the EU and its rules in the member countries (Åslund, 2006; Overbeek, 2003; Thedvall, 2006). It is in such a context where the conflicts originated in the working conditions of workers coming to Sweden from low-income countries within EU should be placed. In order to continue the interpretation of the Vaxholm conflict, it appears useful to consider the role of collective bargains within the Swedish labour market, a factor that have endowed the Swedish welfare state with special characteristics.
Collective bargains and specific national conditions

Associated to labour market structures, labour rights are the expression and the result of historical social conflicts and capitalist transitions. As mechanisms to protect workers and reduce capitalists’ power, many of the labour rights today taken for granted were reached as a result of social violence, workers’ mass-movements and rebellions. However, those historical conflicts behind the concrete legal regulations of working conditions are not always an issue clearly highlighted. Today, through conflicts associated to the current capitalist globalisation such issues are emerging dramatically. With labour rights being essential aspects of the labour markets, those are sometimes quite overlapped with it. In order to clarify the differences one can note that labour rights are one of the regulatory aspects of the labour market structures. From a legal standpoint, labour rights are specific regulation about duties and obligations within employment relationships. Moreover, labour rights can sometimes depend on particular processes of negotiation between parties. It does not mean that the state is not part in those particular processes of negotiation since it also appears here in a secondary or subsidiary role. Generally speaking, labour rights have sources in legal norms, individual contract and collective bargains. Thus, labour rights can be understood as the specific way of regulating specific conditions of work through which workers obtain certain retributions for their labour power that is exploited through capitalist labour processes. In the case of collective bargains, those deal with specific retributions to determined groups of workers (see: Flanders, 1969; Sisson, 1987).

The Swedish system of labour rights is well known for its strong dependence on collective bargains between trade unions and industrial organizations. Since about 85% of the workforce belongs to some trade union, the role of the unions is still a real source of political power when negotiating working conditions. Within this situation, there is not national and standard minimum wages and wage levels are mainly decided through collective bargains. Therefore, collective bargains are sources of similar benefits to employees in similar economic sectors. This peculiar system gives both trade unions and collective bargains a predominant role in producing sources of labour rights. In a broader political term, the role of collective bargains is also considered as a part of a bigger social agreement, which is related to the core employment structure in Sweden. So, trade unions have certain control over the way in which wages are been regulated. In addition, it gives a key position to the unions in organizing workforce. It is an exceptional form
of regulating working relationships, on one hand it is related to the high number of members that the trade unions have and on the other hand, it is related to the construction of the welfare state, which is historically interpreted as a result, in the context of social conflicts in the past, of agreements between workers represented by trade unions and employers. The latter has as milestones the Law on Collective Agreements in 1928 and the Law on Freedom of Association and Right to Negotiate in 1936. Moreover, in 1938, trade unions and employers reached the so-called basic agreement, often remembered as the agreement of Saltsjöbaden (see: Sisson, 1987). That agreement was aimed at establishing rules, procedures and institutions in order to get peace in the relation between workers’ interest and employers’ interest. The determination of working conditions through negotiations is also the scenario of unions’ actions in order to pressure the employers, measures that are recognized and regulated in the Swedish legislation.

Generally speaking, collective bargains are means of management within capitalist companies (see: Burawoy, 1979). The whole process of negotiation and the application of the rules in the workplace, together with the problem-solving mechanisms it contains are determined for managerial objectives. Both unions and employers have a role in such management. To manage a collective bargain is also a mean to manage collective wills and to translate them into internal rules, which imply political decision about working conditions. Collective bargains have been historically limited to national borders. In this sense, they somehow reproduce the national economic conditions in the sphere of labour rights. Moreover, and having a national labour market as condition of possibilities, collective bargains mean to accept the general condition that those labour market imposes but negotiating some of its consequences in relative terms. Nation-states specific situation within the global economy are still determining the logic of collective bargains and it means creation and reproduction of unequal working conditions within the capitalist system (See: Dicken, 2007). Moreover, the uneven development of the capitalist system is well notorious when comparing the benefits that workers can get through collective bargains in different countries. The fact is as follows: wages and living condition of workers that are doing exactly the same work and working in equivalent, or even in the same economic sectors, in some countries are far better than those obtained for workers in other countries. It illustrates how the capitalist system has created both uneven labour markets and uneven social conditions. In the Vaxholm conflict, those aforementioned conditions of collective bargain managements show how a firm could not internalize the values of the labour power it could have reached in the country.
where it was operating. Taking advantage of the possibility of contracting a group of workers that could freely move to another place of the capitalist labour market, the Latvian firm simply tried to fulfill its rights within the EU. This latter commentary also serves as a starting point to deal with the role of the condition of citizenship and some of its current possible meanings in the EU context when understanding the Vaxholm conflict.

**European citizens within the European Union**

In May 2005, almost six months after the Vaxholm conflict had become quite known, French voters rejected the European Union Constitution in a referendum. The debates pre- and post-referendum mobilized many of the most influential political philosophers active in the European scene. Jurgen Habermas was among them. Habermas’ compromise with the project has been reflected both at a theoretical and political level, especially in the context of that referendum in France. His article *Why Europe needs a Constitution* has become a recurrent standpoint when discussing about the theoretical and political aspects not only of the European Constitution but also of the whole process of European integration. Two remarkable arguments are interesting in relation with this paper. First, Habermas points out the fact that trade unions could start to open offices in Brussels. Secondly, he argues that one of the fundamental issues of the Constitution was the very idea of European citizenship. Both aspects are considered by Habermas as factors in the new phase of political constitution of the EU and the path beyond a ‘mere market’ (Habermas, 2001). As it will be explained, the notion of market has also gained a place within the discourses about the European citizenship. In order to offer a partial reconstruction about the condition of citizenship in Europe, we can take some relevant points that are pertinent to consider when interpreting and understanding the European citizenship.

a) As common when dealing with controversial political terms, during the recent years there has been a flourishing in concepts and discussions on citizenship. One scholar, for example, recognizes at least eleven different approaches to the idea of citizenship (see Close, 1995). In this context, the discussion about notions as European citizenship, global citizenship and corporate citizenship are only a few examples that show how discourses, and also legal rules on citizenship are facing a moment that could be interpreted in different and contradictory ways. From some
researchers’ perspectives, we now stand before a productive transition and the conditions of citizenship are still important ones at the moment of deciding about political issues and in giving sense to political processes. Others see this state as a crisis in the concept of citizenship both on a theoretical and on a practical level, a crisis that can mean a definitive lost of the notion’s whole political relevance.

b) The formation of the different welfare states in Europe was an important phase for building conditions of citizenship and the welfare state has also given a new image of the citizens. In this context, T.H. Marshall’s classical text puts the citizenship in the context of welfare states on three levels, namely, civil, political and social. For Marshall the situation of citizenships and its importance consist, among other things, in the fact that the citizenship can put regulation between the human aspiration towards the state system: “Citizenship is a status bestowed on those who are full members of a community. All who possess the status are equal with respects to the rights and duties with which the status is endowed. There is no universal principle that determines what those rights and duties shall be, but societies in which citizenship is a developing institution create an image of an ideal citizenship against which achievement can be measured and towards which aspiration can be directed (Marshall, 1994:17)”. For Marshall, the citizenship and its development in the welfare state changed the model of social inequality. But this element is not enough for suppressing the social differences between citizens who can fulfill their citizenship and citizens who cannot do that and are deprived of this ability; between citizens who have the political and social power and citizens who do not have this kind of power. With this phenomenon, the very idea of citizenship needs to set out new links with real forms of social inclusion. The conflict is one that Paul Close express as follow: “Citizens are those people who have acquired full citizenship rights- the full range of legal rights necessary for full membership of (for full inclusion within) society. But, such rights by themselves are insufficient for real citizenship (Close, 1995:52) ”.

c) The welfare states have been built with a deep connection to a strong concept of citizenship. The matter here is that the welfare state model of citizenship is facing a crisis in many European countries and this crisis also reflects changes in social
conditions of citizenships inside those states. In this context we can observe that citizens today can even be considered both in theoretical and practical terms as voters, tax-payers and consumers. The political traditions that ascribe active participations in political decision-making to the citizens are facing acute theoretical problems for justifying their political premises in this context. Furthermore, the perseverance of the national citizenship depending on the national states as a strong political reality, makes the possibilities of new conditions of citizenship quite difficult.

d) If the citizenships’ situation is already affected by a crisis in the welfare states, the European Union puts a new problematic scenario as well. As Ralf Dahrendorf observed in regard to the European Community, the situation of new “underclass” and minorities are problems that Europe has failed in dealing with: “Europe, by which I mean the European Community, has so far signally failed to provide rights of citizenship on a wider scale (Dahrendorf, 1994:17)”. On a practical level there are people that in spite of being citizens appear as non-citizens groups or legal citizens without social citizenship. So, in the context of the EU the inclusion of the notion of European citizenship has both a political and a legal dimension. Lawrence Rose notes the following about the relations between the empirical and the normative realm of the citizenship in Europe: “In concluding, it is appropriate to turn from the empirical to the normative realm. For it is important to make clear that a consumer orientation is not, in its own right, illegitimate. It is as much a component of contemporary citizenship as that being a taxpayer or politically active voter, to mention the two other orientations considered here. The problem for democratic citizenship arises when one such role orientation becomes so dominant it may overwhelm and weaken other role components-in particular should a consumer role gain such prevalence that it overshadows the taxpayer/producer and citizen/voter role orientations (Rose, 1999:145)”. According to Anna-Karina Kolb there is also possibilities that the citizens more than anything else, become considered as consumers of social benefits: “The European Union offers a list of new ’goods’ to citizens, including political and social rights. The notion of consumer has the privilege of being universally
understood and applicable, unlike the concept of ‘citizen’ and ‘welfare state’, it also covers more categories of people than the concept of ‘worker’ and therefore expands the beneficiaries of social rights (Kolb, 1999:179).”

The issues above mentioned are important ones in the debates about the citizenship and the shapes it adopts within the EU and they show how problematic the path of the citizenship is nowadays in the political context caused by the materialization of the EU. In this situation, the political inclusion of the legal concept of European citizenship implies a political project and a proposal that arises in a historical moment in which the political union process had experimented the beginning of the awareness about the so-called democratic deficit of the EU (see: Weiler, 2004). Additionally, the roles ascribed to the European citizenship are efforts for generating policies in a scenario marked by the fact of the social exclusion of many citizens in European countries, acute problems with ethnic minorities, social segregation and the demand of people from comparatively underdeveloped member states of the EU. This mechanism also appears as one of the answers given by the political elite for overcoming the democratic deficit of the Union. Within this framework, the mechanism was conceived for fulfilling this goal together with a procedural mechanism: a process of Constitution-making on a European scale. The two mechanisms, namely the constitutional moment and the new regulation of a European citizenship, were therefore created in order to reach newer and wider forms for formal political participation. This was at least the proposal that came from the European organs and from a large list of politicians who started a strong defense of both mechanisms. In this context the citizenship was invoked for a twofold reason. First, it was invoked in order to give a stronger political support to the Union. Second, it was aimed at causing political interest in the European population about the process in which their governments were long ago actively involved. So, the concept of European citizenship has been developed beyond legal texts and it is also an institutional change and must be interpreted in the framework of the EU as a normative area (see: Therborn, 2001). In that context the idea of a European citizenship appears to be a measure to reduce the “democratic deficit” of the European Union both on a legislative level and on a political level. In understanding the issue, Dora Kostakopoulou has suggested a schema that offers conceptualizations of European citizenship. Such a schema considers the following citizenships: Market Citizenship, Civic Republican European citizenship, Deliberative European citizenship,
Corrective European Citizenship and Constructive European Citizenship. The first notion is in part understood as: "Drawing on the individualistic variant of liberalism, this mode depicts European citizenship as comprising a core of entitlements designed to facilitate market integration (Kostakopoulou, 2005: 6,7) ".

Since one of the rights that such a condition of citizenship offers is the “right to move and reside freely within the territory of the Member States”, how this right is associated with process of immigration within the EU is a complicated issue. One of the consequences is the contradiction between to be a European citizen but to be an immigrant worker within other EU member states. Moreover, some processes of workforce immigration are highly determined because the EU has created and offered concrete possibilities of making it as European citizens. One kind of consequences are new conflicts when EU citizens and workers can pass the national borders easier in searching for new labour markets where they can offer or allocate their labour power. In situations as the Vaxholm conflict, those legal and political dimensions also reflect the contradictions in which such notion of citizenship is being constructed.

In understanding the Vaxholm conflict, the market-oriented notion of European citizenship that has been highlighted above, can be perfectly applied to the situation of the Latvian workers. In this case, the conflict also reflects the complex connection between the condition of citizen and the condition of worker, a relationship that among others Marx and E.P Thompson have pointed out as following workers struggles long ago (see: Marx, 1987; Thompson, 1989). Within the framework of the EU, a market-oriented notion of formal political participation represented in the notion of European citizenship is being politically constructed. It is also being presented to workers as a new opportunity to improve their conditions in a way that works hand in hand with the fact that their citizenships can also serve as a form of using their labour power within the EU more easily.
Reflections arising from the Vaxholm conflict and connected with issues within CMS

A main assumption of this paper is that the Vaxholm conflict and its consequences should be interpreted and understood considering the conflict as determined by logics associated to the management of labour markets, collective bargaining and conditions of citizenship within the EU. After having revised some aspects related to these issues, it is possible to affirm that in this specific conflict some conditions of possibility were especially relevant. Firstly, the management of labour markets within a process of capitalist integration. Secondly, possibilities of a market-oriented management of the citizenship rights. Thirdly, national conditioning in the management of collective bargaining. In synthesizing these conditions of possibility as material elements presented in this case, the Vaxholm conflict can be understood as follows.

a) The Latvian firm Laval, operating through its branch within Sweden obtained a public contract through basing its offer on the management of working conditions in a member state of the EU. Thus the firm entered into a national labour market competing with European Union citizens and at the same time immigrant workers. It means that the firms based its operation and the economic offer to the Vaxholm municipality on those Latvian workers-citizens of the EU. The firm tried to create business opportunities within the EU member state and the conflictive scenario imposed by the trade unions drove the firm to set new strategies in its agenda in order to defend its right to share the Swedish labour market.

b) Using the Latvian workers’ labour power the firm could offer a workforce that could also move to Sweden freely. The latter based on the European citizenship that the workers had. Labour power and individual political conditions were connected in order to offer a workforce within Sweden which values were defined by Latvian standards. The firm could not afford an incrementation of the wages that a collective bargain would have implied. Neither, the unions fees were part of the cost considered by the firm. (According to the Swedish Building Workers’ Union, Laval could have afforded the costs of the collective bargain and it would not have produced a real problem to the firm’s budget).

c) Swedish trade unions defended a national and concrete labour market through trying to manage a collective bargain and national regulations in order to get better working
conditions to that group of workers. The contradictory consequences to the Latvian workers were that they could not work in Sweden.

The Vaxholm conflict suggests that the management of labour markets within the EU is rooted in contradictions that are reflected in the self-defense of national working conditions. The negotiation in order to manage and change condition of the workforce managed with other labour standards through a collective bargain placed workers in a complex and unequal scenario. In that perspective the use of legal mechanism to defend the firm’s interest can be observed as a relevant expression of a judicial management of political conflicts. In this regard, Polanyi could see the relevance of juridical mechanisms and market developments that is interesting to consider. As Polanyi pointed out, the role of lawyers and legal formal procedures are key aspects in the historical processes of integrating markets politically (see: Polanyi, 1954:190). In the case of the Vaxholm conflict, the Courts have given rights to Swedish trade unions and their actions in the case. But, the point that remains is the core political issue in the Vaxholm conflict. To accept that through a juridical decision this political issue can be solved clearly means, to accept the EU way of integration, which is based precisely on the market integration and the consequent democratic deficit.

While the EU addresses this problem, the decision made by its organs will not necessarily solve the practical and theoretical issues in the underlying conflict. The conflicts remain because it is a problem basically placed in the economic, political and normative structure of the EU. In recognizing its democratic deficit, the EU has showed its political critical foundation while maintaining its core principles unaffected: integration through markets and regional and trans-national capitalism. Through legal mechanisms and bureaucratic structures of decision-making, the EU has been a successful model of formal and representative democracy. On one side it is affecting process of workforce migration and on the other side it needs to create social adaptation to transformations of labour relationships within national labour markets in other countries.

In the context outlined above, to recall the meaning of postmodern conditions as being deeply connected with capitalist markets is useful to relate current material and local consequences of capitalist integration within broader contexts. This is because such perspectives of capitalist markets address them in relation to notions as totality and global contexts. It should not be seen as the negation of notions as fragmentation and local struggles since structures of labour markets
within processes of global or regional capitalist integration give space to complementary interpretations of different material realities.

Since in the Vaxholm conflict workers were situated in the scenarios that are imposing capitalist labour markets and political processes of market integration, ideals of emancipation and liberation inspired in Critical Theory are then related to criticize the structures of both market-oriented citizenship and capitalist labour markets. The influential factor is the following: postmodern conditions reinforce the capitalist labour markets as a totality and omnipresence in which many workers should offer and sell their labour power (Harvey, 1997; Jameson, 1991). This totality and its omnipresence with its postmodern characteristics is crossed by global and local contradictions. Such conditions enforce logics of competition that drive workers toward competing positions and it can also produce or reinforce the fragmentation of workers interests. Nonetheless, a number of workers can be obtaining gains and better condition within capitalist labour markets, what has to be contested is the very logic of commodification that such markets represent. In following and accepting the logics of capitalist labour markets, many immigrant workers are suffering the consequences of such a process. In trying to defend national labour markets, other workers are also parts of such suffering. All of these are exposed to different levels of current or potential suffering within labour markets. In this point Adorno, Marx and others are narrowly connected in the objective of emancipation from such structures. One of the most important concerns that leaded Adorno’s philosophy was heavily connected with social conditions of human suffering (Jarvis, 2004). His materialism as well as Marx’s should be understood as a way of liberating the human being from the constraint of capitalist structures and its processes of constant expansion. One can add here that the idea of emancipation from capitalist structures because of the suffering they impose on human being moves the whole project of the negative dialectic, perhaps one of Adorno’s and Benjamin’s most durables legacies. Such a project is aimed at the negation of social conditions that are imposed as natural and everlasting entities though being human historical constructions essentially possible to change. In following that project one should look closer at the current contradictions of capitalist labour markets, in order to clearly negate such structures as the only form of intermediation between labour power and social production. Furthermore, as referred to early, even the notion of citizenship has recently become integrated to market-oriented discourses. This political condition
reveals again the problematic relationship between the condition of worker and the condition of citizen, a relationship that has historically been a contradictory relation in terms of workers social emancipation and workers formal political inclusion.

The conditions of possibility of such a situation are basically based on logics of capitalist separation and division of labour power. In addition, integration in formal political terms through concession of citizenship rights can work hand in hand with capitalist markets. Both structures need to be criticized. One interesting way to carry out such critique is through processes of defamiliarization. Within CMS, defamiliarization has been presented as follows: “A particularly important element in critical research is to avoid seeing the social world as self-evident and familiar, and to conceptualize it as basically or in certain vital respects a rather strange place. Research then becomes a matter of defamiliarization, of observing and interpreting social phenomena in novel ways compared to cultural dominant categories and distinctions (Alvesson, 2002: 91)”. Processes of defamiliarization can be perfectly aimed both to the ideology based on the inevitability of capitalist labour markets as natural intermediation between human beings and social production, and to the market-oriented notions of political participation that follow that ideology. One way of facing such conflicts with a broader perspective is thinking of other forms of intermediation between labour power and social production together with other forms of political participation, both issues being related to each other. Invoking Adorno’s ethic aphorism: “wrong life cannot be lived rightly”. The wrong life can today become highly conditioned and reproduced by the force of capitalist labour markets and their connection with politics of market-oriented conditions of citizenship. Hence, the ideal of emancipation from the wrong life should be interpreted as:

a) The emancipation from the social structures known as capitalist labour markets;
b) The constitution of real political participation aimed to emancipation from capitalism. It should be repositioned in contrasts with top-down imposed and market-oriented conditions of political participation that the European citizenship can imply;
c) The complicated status of collective bargains as means of reaffirming and legitimating national capitalist labour markets should be targeted. In this sense, the strategic and transitory necessity of collective bargains as tools to mitigate capitalist power in the workplace should not only be understood as a way of getting better working conditions but also should be related to the context of wider liberation from capitalist labour markets.
Summary and Conclusions
The conflict regarding working conditions of Latvian workers at Vaxholm in Sweden in 2004 could be considered as one critical moment associated to the management of collective bargains, labor markets and conditions of citizenship in a national process of adapting to the European Union. Although some normative and practical consequences of this case are still unclear the Vaxholm conflict connects issues highly relevant when thinking how political processes of capitalist integration and the forces of labour markets, together with the consequences of new condition of citizenships and the national conditioning of the process of negotiating collective bargains, can put workers and trade unions in complex scenarios. So, the Vaxholm conflict appears to be a sign of a situation that people interested in the rejection of the capitalist labour market must face. In addition, that conflict reveals how conditions of citizenships can become a part in a project of capitalist integration through markets. Within this framework, some issues appear as broader contexts in which CMS approaches are operating or should operate. This can be presented as follows

a) If CMS tries to understand organizations’ strategies and management tactics within a broader context defined both in politicized and in historical terms, then there is one relationship that CMS should specifically deal with today: How labour rights reached through collective bargains and conditions of citizenship are being affected within capitalist labour market policies within new political structures as the EU.

b) If CMS aims to look at and scrutinize the micro-level of conflicts that are taking place nowadays within processes of capitalist development, the role of small firms as actors within those social conflicts is a matter to be studied. Thus, CMS can be useful when proposing wider interpretations of conflicts regarding the way in which small size firms adapt their strategies to legal conditions offered in the context of regional integration schemes as for example the EU.

c) If CMS is becoming a field of study through which among others Critical Theory and Postmodern Theory are been invoked and put together in order to interpret how disciplinarian and managerial structures should be opened up to look after possibilities of emancipation from capitalist structures, then capitalist labour markets, national
conditioning of collective bargains and market-oriented notions of political participation should specifically be targeted.
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