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Polishness as entrance ticket and barrier to an altered labour market in the Danish construction industry

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ABSTRACT

Nationality was of very limited importance in the Scandinavian labour market during most of the 20th Century, as was also the case for other 'identities' such as ethnicity or religion. The labour movement and the workers' unions possessed immense influence over the supply of labour and were able to prevent the uncontrolled influx of workers and maintain union membership as the only prerequisite for employment. Thus the few immigrant workers in the labour market became internalised in the existing union system and worked under the same general conditions as other workers. Following the collapse of the Eastern bloc and the success of a neoliberal political and economic regime, this state of affairs has altered fundamentally. One consequence of this has been a revitalisation of nationality as a distinguishing marker. Taking its point of departure from ongoing research on Polish migrant workers in Denmark, this paper shows how nationality has become a means to gain access to the Danish labour market, mainly through the willingness to accept a lower wage. A reduction in pay also takes place when new workers are contracted within the Danish labour market system, previously renowned for its egalitarianism. The paper discusses how this apparent dilemma can be understood and whether it might be an unavoidable outcome of the transformations that have taken place on the labour markets in the new economic and political landscape.

Scene 1: A Danish construction site in Zealand, Denmark

It is a cold and wet November day in 2012 at a construction site in Zealand where several rows of three-storey buildings are being erected. They are in different stages of construction; some buildings appear more or less finished, while other sites are still being prepared for the foundations to be dug. Work is carried out both indoors and outdoors. The buildings and their interiors are prefabricated units, made at a plant in Jutland, in the western part of Denmark.

Both the prefabrication of these elements and the employment of the crews that put them together are subcontracted and they are conveyed to construction sites

around the country. The workers posted from Jutland commute from their homes to work once a week. Their work in Zealand is concentrated into three and a half days a week and they have a similar period of free time at home. These employees erect the different elements of the buildings and complete all indoor finishing work. Their responsibilities cease when they have finished the buildings and applied a waterproof finish.

All outdoor work is carried out by other workers. The site director contracts this work. The employees here are all of Polish origin (except for a small Danish digging team). Their tasks include everything from pouring the concrete foundation to finishing the roofs, facades and terraces.

Under this arrangement, two groups of workers work during the same hours at the same site in almost total separation. Even the portable cabins that provide rest facilities for the staff are divided. This division is not in itself a sign of a novel labour market demarcated by nationality. Rather, it is an outcome of the way in which Danish construction companies have developed the concept of prefabrication, which includes the posting of their own workers as part of the overall contract.¹

What is new, however, is the deployment of teams consisting solely of Polish workers as part of a systematic pattern. These workers are deliberately chosen by the employer on the basis of their 'Polishness'. As such, they represent a reduction in costs, and this undergirds their entrance ticket to the Danish labour market as illustrated in the way the employer refers to them in the following quote:

If they are level [in terms of wages] with the Danes then we will just choose Danes instead... We tell them that they need to do this and that much to be as valuable as a Danish worker.²

It should be noted, though, that in general the Polish employees are content with their place in the labour market. Moreover, the particular workplace studied here is actually considered a fine example of inclusiveness in the Danish labour market. All employee arrangements are formalised; the Polish workers are all members of the trade union; and the wages and working conditions are approved by labour market organisations – the employers' organisations and labour unions. Yet, it seems that one group of workers is perceived differently because of their nationality, and consequently

1 For an analysis of the development within construction during the neoliberal transformation since the 1990s, see Lubanski, 1999.

2 Interview conducted on November 27th, 2012 ('Hvis de ligger helt oppe ved det danske [lønniveau] så tager vi bare nogen danske i stedet for, hvis de ligger på det samme jo... Her får de at vide, at de skal altså bare nå at lave så og så meget fordi de skal kunne være lige så funktionellem som en dansk håndværker'). A large part of the fieldwork that provides the material for this paper was carried out together with associate professor in ethnology Marie Sandberg. Since 2011 interviews have been conducted with Danish members of the European Parliament and with union representatives in Denmark on both local and national level. In Poland interviews have been conducted with union representatives from Solidarnosz, Budowlani, and KPZZ as well as with a representative from the employer organisation of Temporary Working Agencies, Forum HR. In order to assess the perspective of Polish migrant workers in construction a handful of Polish construction workers have been interviewed. Observation studies have been conducted on two different construction sites, and two of the workers have been visited at home in both Denmark and Poland. Observations have also been made at trade union meetings. The investigation currently continues within the framework of the collaborative project The Neo-Culturation of Life-Modes during the Current Transformation of State System and World Economy. In this project, wage-earners' changed conditions and probable family and work organisation are scrutinised as well as those of career professionals, self-employed workers and investors; see www.lifemodes.ku.dk.

contracted and working on terms different than those of the Danish employees. What is going on here? Has nationality become a legitimate criterion for differentiated status and working conditions in the traditionally well-ordered Danish labour market?

Scene 2: People's Meeting, the island of Bornholm

On the island of Bornholm, Denmark's easternmost land area in the middle of the Baltic Sea, much of the Danish political establishment is gathered, including high and low ranking representatives from influential organisations and confederations together with campaigners from less powerful associations. The so-called People's Meeting (*Folkemødet*) is underway in a small waterfront town called Allinge. It is the third time that this gathering has been held. The idea behind the prominent and yet unpretentious meeting is to enhance dialogue and democracy by giving influential Danish figures an opportunity to meet and exchange views with each other and with ordinary Danish inhabitants. Over four days, more than 1,200 sessions are held at over a hundred different venues. All events are relevant to current social issues, and in 2013 quite a few of the debates addressed current challenges in the Danish labour market and the consequences of open borders and increased competition within the EU. These events are typically organised by Danish employers' and workers' organisations. One of the panel debates was entitled '*Let's fight social dumping*' (*Til kamp mod social dumping*). In this panel two members of the European Parliament (from the Danish Social Democracy party) are matched with the director of the Danish Construction Association (*Dansk Byggeri*), an employers' organisation, and the chairman of the United Federation of Danish Workers, the trade union which organises workers in construction. They are leading figures in the organisations that shape the employment conditions at the Zealand worksite described previously.

The panel participants are in agreement about the central theme of the discussion: the importance of ensuring equal terms of competition in light of the increasing overall competition that is an undeniable part of the current and future labour market context. During the discussion, the four panel members repeatedly emphasise that foreign workers are welcome in Denmark as long as they work under completely equal terms with Danish workers. This is actually not surprising. It resembles the general public discourse.

After the four presentations the floor is opened for questions from the audience. As one of the spectators, the author of this article asks whether workers from the former Eastern bloc might encounter problems if they were not able to increase their attractiveness in the labour market by working for slightly lower wages than the Danes. If they do not, the Danish workers could otherwise easily outcompete them, because of their familiarity with work customs, language and the like. Based on the case described in Scene 1 above, I suggest that such flexibility might be a means for the unions to gain support from foreign workers who would feel better represented and understand the rationale for union membership. Alternately, the unions might lose foreign workers to the black market.

The answers from the members of parliament, union representative and employers' organisation are a unanimous 'no'. They all insist that terms of employment must be absolutely equal for all workers. The employers' representative puts it in this way:

I think that approximately 10% within our member companies are employees with a foreign background. And what we can observe is that these [employees] work on completely similar terms with their Danish colleagues... We in The Danish Construction Association strongly back up freedom of movement and the possibility to cross borders. That counts for companies... and it counts of course also for foreign workers when they want to work on the Danish labour market... There should be orderly conditions.³

These two scenes clearly illustrate an apparent paradox. On the one hand, unions and employers' organisations support an official creed that there should be equal terms for all workers. On the other hand, studies of specific sites show that workers seem to face dissimilar terms, despite the fact that these workplaces are ones where employment conditions have been arranged in accordance with the agreements reached by these employers' organisations and unions.

The Nordic labour market model and transformed European labour markets

This paper investigates the proposition that this paradox is rooted in the huge transformations that European labour markets – including the Danish market – have undergone during the last two decades. In order to do this, and to place developments in north-eastern Europe in a wider perspective, it is first necessary to describe the key transformations in the labour market during these decades. Only with this background is it possible to untangle the apparent inconsistency described above.

Traditionally the Danish labour market model – more or less in line with the other Nordic countries – has been known for the extensive autonomy that it provides to the social partners (unions and employers' organisations). Terms and conditions of employment have been agreed upon by these partners to the largest possible extent. The state has merely played a backstage role, taking action only when tensions in the labour market have risen to the level of serious conflict. This arrangement was shaped in the last decade of the 19th century and developed throughout the subsequent century (Jul Nielsen, 2002). Labour market agreements have typically been reached through collective bargaining covering a three-year period.

A significant component of this model has been a very high level of organisation. This provided both employers' organisations and unions with legitimacy and led, in Denmark – as in the other Nordic countries – to a relatively stable labour market. This situation contrasted with many central and southern European countries where the numbers of organised workers were smaller, conditions were laid out in more detail by national legislation, and there was less union representation, resulting in labour markets that were less controllable and disciplined (Esping-Andersen, 2013; Hyman, 2001).⁴

3 June 15th, 2013 ('Vi har vel ca 10% - det er det bedste bud vi har - af de medarbejdere vi har i vores medlemsvirksomheder, de er af udenlandsk oprindelse og det vi ligesom lytter os til, det er at de arbejder fuldstændig på lige fod med deres danske kolleger... vi er stærke tilhængere i Dansk Byggeri affri bevægelighed og man skal kunne bevæge sig over grænserne. Det gælder både virksomheder, der søger ud og ønsker at etablere sig i udlandet og det gælder selvfølgelig også når udenlandske arbejdstagere kommer til Danmark og vil arbejde på det danske arbejdsmarked. Men det skal ske på ordnede forhold, det skal ske på ordnede vilkår').

4 Poland is an example of a country with a labour market mainly regulated by law. According to Jakub Kuz, Union Secretary in the Polish trade union Budowlani, this is highly problematic not least within the construction

Regulation taking place within national frameworks greatly influenced European labour markets throughout most of the 20th century – whether based mainly on negotiations or on law. Following a period around the turn of the 19th century when there was a relatively open border labour market regime (Kolstrup, 2010; Wimmer & Schiller, 2002), World War I marked a turning point, with a shift in the state of affairs during the period between the two world wars. The labour organisations, which were strengthened from World War I, favoured the fight for labour rights within national borders in order to avoid competition. This continued after World War II, when labour organisations became even more powerful as a consequence of political alertness to the livelihoods of workers. What politicians in the West feared more than anything was a radicalised labour population, which could develop into a dangerous weapon in the hands of the main enemy in the East.⁵ This put labour organisations in a strong position and provided them with massive bargaining power in the decades after the war. In Denmark and other Nordic countries the Social Democratic party (which, in contrast to the Communist party and later also other radical left wing parties, guaranteed reforms within the framework of capitalism) had the power to set a very labour-friendly agenda.

An important element in the ongoing struggle for improvements for workers in social and labour market politics was the maintenance of closed borders. When the north-western economies faced a shortage of labour at the end of the 1960s, it was only after resistance and hesitation that the labour organisations accepted limited numbers of guest workers from southern European countries. Moreover, the unions had the power to ensure that these new employees were incorporated into the existing labour market system on similar terms to national workers (Hansen, 2003). During the 1970s crisis the programmes were shut down again and no more guest-worker quotas were established. Thereafter, new inhabitants consisted of spouses from the first waves of guest workers and later, in the 1980s, also refugees (Hansen, 2003).

During the final years of the 1980s, the system of strong labour organisations that had lasted for more than half a century began to disintegrate. The transformations that took place in the following years – and especially after 1990 and the breakdown of the Eastern bloc – were crucial for the development of 21st century work patterns.

Since around 1990 a neoliberal agenda has heavily impacted the European – not to mention the global – economy. In 1993 the unified European market was formally established. As a consequence, European governments' ability to protect national companies (and consequently also their workers) from international competition was significantly weakened (Pedersen, 2013: 41, 44). The founding of the World Trade Organization (WTO) in 1995 was an important outcome of this development. The WTO was established with the objectives of ensuring that internationally-settled liberal agreements would be completed and preventing protectionism (Crouch, 2011, p. 7).

industry: 'From the point of view of the construction industry law is detailed, but not very useful... it's not elastic. So we have a problem because there is very limited compatibility between legal regulations and the reality of the construction industries in particular' (Interview from April 16, 2013).

⁵ In the book *Mellem storpolitik og værkstedsgulv* (Between high politics and workshop floor. The Danish worker before, during and after the Cold War) this close interrelatedness between the conditions of workshop floor culture on the one hand and the agenda on the international political scene on the other is scrutinised (Jul Nielsen, 2004). For a brief summary of some of the conclusions, see Jul Nielsen, 2014.

In the 1990s the so-called 'four freedoms' (freedom of labour, capital, commodities and services) were also established. Under the terms of the Maastricht Treaty, European Union citizenship gave all EU citizens the right to live, move and work freely in all member countries. These rights are critically important in the context of this paper because they significantly enhance the potential for competition among workers from different member states. These developments have generally weakened trade unions across Europe. As Crouch put it: '...neoliberals are unequivocally hostile to trade unions, which seek to interfere with the smooth operation of the labour market' (Crouch, 2011:18). In some countries – including northern European ones such as Germany – there has been a general worsening of working conditions, if not outright social dumping, together with an increase in the number of so-called 'working poor' (Andreß & Lohmann, 2008).⁶

In the context of this article it should be emphasised that labour migration did not impact Denmark much during the first decade of the new era. It was not until the enlargement of the European Union (EU) in 2004 that the sea change came about. At that point ten new countries entered the Union, including eight former Eastern Bloc countries. What particularly stood out as a challenge was the fact that working conditions and wage levels in these new member states were significantly below the prevailing standards on the Danish labour market.

Confronted with the prospect of social dumping, the Danish labour organisations – as was the case in other western European countries – managed to persuade a majority of the parties in the Danish parliament to agree that there should be a transition period with restrictions on access to the Danish labour market for Central and Eastern European workers. This so-called 'East Agreement' terminated in 2009, but, despite the restrictions, more than 44,000 migrant workers, mainly from Poland, obtained work and residence permits during that period, a number by far exceeding expectations. In 2009 it was estimated that the average Polish wage per hour was 24 DKK (Danish kroner), approximately a fifth of salaries at the very low end of the Danish wage scale (Arnholz & Wesley Hansen, 2009). Since then the level in Poland has increased slightly and in 2013, according to Eurostat, average labour costs in Poland were close to a quarter of the Danish level.⁷ Due to the short distance between Denmark and Poland, employment on the Danish labour market is not only obtained by Poles living more or less permanently in Denmark but is often embedded in a circular migration pattern, with frequent commuting between Poland and Denmark, and sometimes also other countries. Construction, manufacturing and agriculture are the typical sectors that employ Polish workers but many also work in service industries, such as cleaning and restaurants, where Polish workers are commonly found (Arnholz & Wesley Hansen, 2009; Kolstrup 2010).

It can be concluded that during the 20th century unions gained the ability to set a social agenda but today, national workers' associations, if they are not entirely

⁶ The notion 'working poor' refers to people who despite being in full-time employment live below the poverty line because wages have decreased so significantly.

⁷ http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/File:Hourly_labour_costs_2013_%281%29_%28EUR%29_YB14_II.png, retrieved 2014-12-07.

marginalised, at least exert considerably diminished authority.⁸ This also holds true for the traditionally powerful Scandinavian labour organisations. An expression of this is the marked increase in competition in Scandinavia from so-called ‘yellow unions’ that are not under the umbrella of The National Federation of Trade Unions (LO). Previously these played a very marginal role.

This article argues⁹ that the shift to open borders and weakened trade unions has had the consequence that nationality can play a significant role for wage workers who are challenged to make a living in more competitive labour markets.

Thus, the labour market systems in Scandinavia that have conventionally been able to avoid discrimination based on nationality and critical competition from unorganised labour are currently being forced to adjust to a weaker bargaining position, increased competition among workers and rivalry from alternative suppliers of labour organisation. The contradiction between actual practice and official statements must be seen in this light.

Analysis: how nationality came to play a constituent role in a system supposed to be based on formal equality

Though currently subjected to serious challenges, the institutional system of the Danish labour market still maintains its position as the main regulator of wages and working conditions throughout the country. Considering this, it is intriguing to explore how a situation like the one outlined in Scene 1, which does not represent an isolated case, can occur. As mentioned, at the construction site in question labour relations are organised in accordance with legislation and by agreement between employers’ organisations and unions. In the subsequent analysis this article will also draw on insights and examples from another workplace that illustrates an almost identical case. At the end of the analysis the perspective will briefly be broadened by referring to quantitative data generated by a Danish sociological research department. It is important to reiterate that this article is not about illegal labour, workers working in the black market, or foreign sub-contractors who bring in their own staff and underpay them. The focus of this analysis is on foreign workers working under ‘orderly’ conditions within the Danish organisational system.¹⁰

The positions of the parties in question

To begin with, it is pertinent to outline the different groups represented with their varying – if not contrasting or conflicting – interests.

The *employer* wants to keep costs low. Costs related to labour include wages, equipment, workers’ facilities, etc. Moreover, the employer has an interest in a stable and

8 A discussion of what lies behind the development of ‘globalisation’ and neoliberalisation is not relevant to this article. I have argued elsewhere that a changed production pattern and the end of the Cold War are probably the two most important reasons (Jul Nielsen, 2004). What is important here is that these trends embrace the challenge of migration with a primarily new framework as compared to the 1960s, 1970s and 1980s.

9 See also Jul Nielsen and Sandberg 2014; Jul Nielsen 2013; Jul Nielsen 2014.

10 In the cases used for this article the employers are contracted by the municipality. Hence they are requested to arrive at agreements with the union. Though it is beyond the scope of this article, it is relevant to briefly mention that employers themselves can share the union’s interest in formally and organisationally based agreements in order to avoid internal competition on unequal terms. In Denmark employers within the construction sector are usually organised through the umbrella organisation Dansk Byggeri (The Danish Construction Federation).

accountable workforce. Also important are concerns regarding operational efficiency in the workplace as well as relations with authorities and regulations on which the employer is also dependent. The principal concern is to hold and maintain manoeuvrability in order to organise production and manpower at the lowest possible costs.

In a formalised system such as the Danish one this requires open relations with labour organisations, since neglecting these relatively powerful players could lead to tensions (whilst some Danish employers do try to evade open relations with unions these are not included in this investigation).

The *trade union* has one principal concern. It wants to maintain its status as the counterpart *vis-a-vis* the employer and thus be included in the negotiations. When these negotiations are completed, the aim is to obtain as much as possible for the workers in terms of wages and working conditions. However, this has to be combined with paying attention to a variety of crucial imperatives: there is an important balance to be maintained between different groups of workers such as skilled and unskilled groups, various crafts, and different branches and sectors. In addition, negotiations have to be carried out in accordance with the general agreements, which are concluded through collective bargaining by the Danish Confederation of Trade Unions and its different nationwide counterparts. Apart from this, though, there is significant space for making local agreements where the single employer and the local trade union department compromise on specific terms that lay out the conditions for the agreement period, typically three years.

The interests of the *Polish workers* are obviously aligned with those of the trade union in terms of gaining the best wages and working conditions possible. As stated above, wages in Denmark are significantly higher than in Poland, and Danish wages are desirable for workers from the former Eastern bloc even when they are at the low end of the scale. However, as will be outlined below, they may have concerns that can alter their priorities.

Had we been at Danish construction sites in the 1960s or 1970s, the situation would have been straightforward. Non-Danish workers were contracted as part of a special arrangement between Denmark and the sending country. And, importantly, in terms of their formal status in relation to the trade unions and at the workplaces in question, these foreign workers were treated like Danes. They might have been exposed to discrimination, and they might have been assigned the less attractive jobs, but they worked on the same terms as Danish workers in similar positions.

The situation for the trade union today is not that simple. Facing both competing unions and increasing questioning of the legitimacy of the traditional system, unions must make leeway for employers' requests to contract labour that is cheaper than 'the Danish level'. The legal influx of labour from countries with wages and expenses that are well below those in Denmark has thus shaken the system significantly. But before rushing to conclusions it is important to bear in mind that labour organisations have always faced internal competition between different groups of workers – for instance, between rural and urban, skilled and unskilled, men and women workers (Jul Nielsen, 2002; Galenson, 1952). However, the opening of borders between countries with such greatly dissimilar labour markets, as is the case between the former Eastern bloc countries and a country like Denmark, represents a fundamentally new situation. In

order to maintain some level of control and bargaining power – and retain their status as the legitimate negotiating body – the trade unions must adjust to these new challenges. That becomes very clear in the local cases we examine here.

The developments that have taken place in recent decades have put employers in a good bargaining position. Not surprisingly, they understand the situation as a natural development from a preceding stiff trade union system to one that is better adjusted to the current market. One of the two employers expresses it in this way:

Undoubtedly some of them [the union representatives] have started to realise that this is an open market and 'we need to be flexible'; however, many of the older union representatives do not agree... there has been a lot of struggle with them they wouldn't accept it – they think that 'they [migrant workers] stole the workplaces from the Danes'.

This employer has experienced the transition from a situation where the unions tried to prevent foreign workers from competing with Danish workers to the current state of affairs where this is no longer an option. Foreign workers are now an integral part of the new European labour market.

The important question is whether this will result in downward pressure on wages and working conditions – including within the organisational system. As indicated, this seems to be unavoidable. The employer above continues his statement drawing this conclusion: 'However, if the Danes are inflexible and exorbitant in their demands on wages, obviously you employ someone else.'

Although here it is the Danes (and their unions), who are the focus of attention, the statement in fact resembles the quotation from Scene 1 in which the employer argues that Polish workers must accept lower wages in order to compete. In both cases a national dividing line is drawn between Danish and Polish workers.

The trade union cannot ignore the implications of this new situation, despite the dogma of similar wages for similar work. Either Poles will have no chance of being chosen by the employer, or the unions will lose bargaining power as a consequence of their lack of flexibility that will not be accepted by the employers.

These cases are used illustratively. It is not assumed that they represent the situation in every workplace. The purpose of the article is to point out how a novel principle of differentiation has apparently surfaced as a consequence of the structural transformations of the labour market.¹¹

Concrete solutions

Is it possible to reconcile the paradoxical views that on the one hand criteria for employment that differentiate workers (apart from skill level, trade and the like) should be ignored, while on the other hand nationality could potentially play a constituent role in determining wages and working conditions?¹² First, the situation at the construction sites under investigation here is outlined briefly.

¹¹ The author of this article is well aware of the complexity within the labour market and hence also of how in some branches it is possible to employ new workers, such as Poles, under Danish conditions. This is for instance the case in the Copenhagen scaffolding branch, as demonstrated in Jørring and Køhn 2014.

¹² It should be underlined that 'nationality' here is understood not as related to genetics but as a socially constructed category, arising from a fundamentally dissimilar background outside work – such as a home in Poland and much lower costs of living than in Denmark. However, making divisions between nationalities leaves

At one of the workplaces the Polish workers have been provided with the minimum wage for a bricklayer or a concrete worker, approximately 130 DKR (Danish kroner) per hour. For that type of work, Danish craftsmen usually earn at least 150 DKR per hour, in other words 15% more. However, the union representing these trades has accepted the system on condition that the Poles do not do these types of jobs (including mounting Leca insulation blocks or installing tiles) *as their primary occupation* – in that case the construction site would be blocked by the union. Yet the Polish workers are allowed to undertake these tasks for part of the time and consequently this kind of work is actually carried out for reduced wage costs.

At the workplace portrayed in the introduction, the arrangement has been squeezed even further. Apart from the posted staff from Jutland employed by the subcontractor and a Danish digging team, the only workers at the site are Polish, undertaking all the outdoor work, from pouring the foundations (usually done by concrete workers) to constructing wooden terraces and facades (usually done by carpenters). Again the wage is around 130 DKR. Further, seen from the employer's perspective, this system brings even more cost reductions related to the flow of work. This is a consequence of the fact that the same Polish staff are deployed to a number of different tasks. This enables the employer to avoid contracting and starting up new groups of workers when new tasks have to be completed.

When exploring rationales of workplace organisation it is important not to focus only on wages. What employers repeatedly state when asked about labour-related issues is that it is not only the flow of work, as in the last example, that is significant. The quality of the work is also important. In the case of migrant workers this is especially relevant. The integration of workers who lack Danish language skills, are untrained within the Danish vocational system, unfamiliar with security issues and with the Danish system of management of construction teams could be challenging and time consuming. As a consequence, it takes more time to manage Polish workers. This situation should be taken into account when comparing costs. It explains why 'if they are on level [in terms of wage] with the Danes then we will just choose Danes instead...' On the other hand, it is obvious that a general wage gap of at least 15% does not necessarily reflect a genuine difference in the attractiveness of Polish versus Danish workers.

The two cases here illustrate how Polish workers, despite being trade union members working within the Danish system of collective agreements, earn less than their Danish colleagues. As a consequence, work is done for lower pay by Polish workers than would be the case if Danish workers had been contracted.

Before considering the explanation for this situation – and whether it can be considered a feasible way to overcome the challenges of a new labour market order – these two examples will briefly be qualified by referring to quantitative data from the Danish Employment Relations Research Center.¹³ In a study published under the title *Danske virksomheders brug af østeuropæisk arbejdskraft* ('The use of eastern European

out the Poles trying to make a living in Denmark, an issue of crucial importance for future integration across European borders (Jul Nielsen, 2013; Jul Nielsen and Sandberg, 2014). Moreover, such divisions are further challenged by the narrowing gap between the costs of living in Denmark and Poland.

13 FAOS: Forskningscenter for Arbejdsmarkeds- og Organisationsstudier. http://faos.ku.dk/pdf/boger-og-rapporter/2013/Danske_virksomheders_brug_af_østeurop_isk_arbejdskraft.pdf/.

labour in Danish companies) more than 10,000 Danish companies in different sectors were asked about their use of eastern European workers. A tenth of these responded, and their answers provide the material for the analyses. These data confirm the conclusions above: the average wage for eastern European workers was 128 DKR.¹⁴ Importantly, the study found that the wage for Danish workers in construction is 16% higher than that of eastern European workers. Three out of four companies stated that the skills required were similar for the two groups.

Rationalities and prospective

Despite the general claim that eastern European workers should be employed on the same terms as their Danish colleagues if they are to be regarded as part of the Danish labour market system, it can be observed that these new workers might actually be working below 'Danish' standards, even though they are trade union members and thus working according to an agreement made by the labour market partners.

The question raised by this seemingly inconvenient paradox is what this situation actually entails for the different actors. Could it be a way to resolve the challenges of open borders and large discrepancies in the costs of living among workers coming from different countries? Since these transformations are a significant feature of what is currently taking place in European labour markets, it is worthwhile to investigate what is involved for each actor in the transformations.

The advantages for the employer are apparent from the description of how working conditions and wage are organised. For them this represents an opportunity to contract workers for lower costs than would otherwise have been the case, at least when this does not compromise the tasks underway at the worksite. The employer clearly benefits from the increased internal competition between different groups of workers.

The trade union's perspective is less obvious, since unequal working conditions apparently contradict the principle of equal wages for similar work. It has been argued that the special agreement made – in this case – for the Polish workers is a way of maintaining bargaining power in a situation where the union would otherwise risk harsh criticism for being inflexible; it could risk losing its legitimacy altogether. By negotiating (and accepting less profitable terms) the union achieves several objectives: Polish workers become union members, which is generally a challenge; the new workers are provided with an entrance ticket to the Danish labour market; and informal agreements are avoided (which the Poles might otherwise prefer).

What is the perspective of the Polish workers?

Firstly, they have the opportunity to be considered as an attractive workforce, as evidenced by the quotations above in which the employers bluntly state that the Polish workers would have been of no interest if they demanded the same employment conditions as the Danes. Consequently, if they worked on equal terms with the Danes they would have difficulty finding employment and could be outcompeted on several parameters, including language skills and familiarity with customs and work organisation.

Secondly, the Polish workers express the view that they are grateful to be treated respectfully and to work under 'orderly conditions' protected by the union system,

¹⁴ For construction workers it is, surprisingly, slightly higher (139 DKR), maybe due to a small data pool; only a few of the replying companies within construction state that they employ eastern Europeans (p. 183).

despite having a less favourable agreement than the Danish workers (though the potential for future tension remains). During the fieldwork this was illustrated by one of the Polish workers through a historical comparison. After Poland was opened up, following the collapse of the Soviet Union, some workers aimed to increase their standard of living by working abroad on construction sites in other European countries. At this time they experienced horrific treatment due to weak union representation and their marginalised position as illegal workers in the period prior to the 2004 EU enlargement. One Polish worker compared the working conditions during this period with the current status of the Polish workers:

In 2004 the Polish country came to the Europe. Before it was not allowed to work legal in the west. I was working black in Germany, because it was not possible to become [get] legal work... This is the difference [between Germany then and Denmark now]: In Germany we were only the tools. For using, eating and throw out!... [here] we are the humans, not the tools.

Though it seems contradictory and contrary to official statements, a cautious conclusion could be drawn that the new workers are actually satisfied to have the opportunity to work under 'orderly conditions', even though these are slightly below Danish standards.

The question remains whether this type of flexibility within the labour union system might be the key to maintaining bargaining power in the current state of affairs.

At the same time, it is imperative to emphasise that an extremely delicate balance has to be struck when such arrangements are made. It is crucial to avoid a situation where (different) 'Danish' and 'Polish' standards become a permanent arrangement. This balance has to be renegotiated continuously. It might be that the flexibility of the Danish system – where local negotiations take over when general agreements are made – has the capacity to adjust to changes in the balance of power between the workers and their employers as well as the changing circumstances of the foreign workers (such as rising living costs in their home country) which alter their motivations for seeking work.

In summary, the examples scrutinised here can be seen as one possible response to the consequences of the EU's open border regime and the neoliberal challenge to the traditional labour market. On the one hand, the unions must compromise on minor – though not insignificant – aspects of the Danish labour market. On the other hand they avoid social dumping, which could eventually lead to an increase in the number of working poor, by maintaining their bargaining position and (some) control of working conditions.

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