
Neoliberal trajectories in mining: Comparing Malmfälten and the Pilbara

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Abstract

We compare the iron ore sectors and mining regions of Malmfälten in Sweden and the Pilbara in Australia. Both are physically isolated and the product is economically vital, but we find differences in industrial relations which accord with what would be expected in coordinated and liberal market economies. A closer examination, attentive to history and geography and in which changes in institutional form and function are highlighted, reveals, however, that these differences are more apparent than real, and that there is a common neoliberal trajectory. This analysis also suggests that changes in these sites at times drive transformations in national industrial relations.

Keywords

Australia, comparative industrial relations, geography, history, mining, neoliberalism, region, sector, Sweden

Introduction

Over the last 30 years, industrial relations have been transformed across the world. State support for unions and collective bargaining has declined, while employer discretion in workplaces and overall profitability have increased. A rich body of work has sought to

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explain this trend, including comparative studies, typically assessing regulatory difference at the national scale (Baccaro and Howell, 2017), or in the fate of national trade union movements (Frege and Kelly, 2003; Gumbrell-McCormick and Hyman, 2013). We situate our work in these traditions but we approach comparison differently. Our investigation is underpinned by two claims: examining particular sectors (Bechter et al., 2012) and assessing geographic scales other than the national (Herod et al., 2007) yield useful insights in understanding changes in national industrial relations.

Our focus is on two iron ore mining regions, Malmfälten in Sweden and the Pilbara in Australia, countries often seen as archetypes of different ‘varieties of capitalism’ (VoC; Hall and Soskice, 2001). The importance of resource sectors such as these is often neglected in analyses of ‘post-industrial’ societies (Bridge, 2008; Dicken, 2011: 43), but this needs to be corrected for national cases such as these two. In Malmfälten, the iron ore mines of the state-owned Luossavaara-Kiirunavaara Aktiebolag (LKAB) delivered a profit of nearly 15 billion SEK (€1.4 billion) in 2011, playing a significant part in the almost 10 percent of Swedish exports stemming from mining and steel. In the Pilbara, at the height of the most recent mining boom, iron ore, practically all of it from the Pilbara, was responsible for 20 percent of national export earnings. The biggest operator is the global giant, Rio Tinto, whose Hamersley Iron Mine Site has long been regarded as ‘the jewel in the crown’ of the company’s operations (MacDonald et al., 2016 [2006]: 302), a term highlighting the wider importance of the sector and the place and precisely echoing the words used to describe LKAB’s place in the Swedish state (Eriksson, 1991: 359).

In our comparative analysis, we show how the Pilbara, once a union stronghold, was quickly transformed, with the liberalization of both institutional form and function. At first sight, Malmfälten is different, mainly because the forms of ‘the Swedish model’ remain. We argue, however, that a sector-specific and spatially informed analysis of historical development demonstrates that the functions of the model have been seriously eroded. The differences between these two regions are evident, but also more apparent than real, revealing a common neoliberal trajectory in industrial relations. We also explore how these geographically peripheral places can be central to national economic development and change.

Varieties of industrial relations: sector, place and history

The VoC approach claims that there are stubborn pluralities of capitalism, based on a binary between ‘coordinated market economies’ (CMEs) and ‘liberal market economies’ (LMEs), Germany and the United States being the respective archetypes (Hall and Soskice, 2001). Almost by definition, VoC scholars tend to focus on difference, arguing that national institutions retain their character despite global, chiefly liberalizing, pressures (Baccaro and Howell, 2017: 8–9). A rich body of work inspired by the original VoC formulation has shifted the focus from clear-cut dichotomies to the precise nature of change. Central to this latter tendency is Thelen’s work (notably 2012, 2014), arguing for ‘varieties of liberalization’. She specifies different measures of liberalization – in broad terms, coordination as against ‘egalitarianism’ – and argues that, while liberalization is taking place, it plays out in very particular ways, across different benchmarks in different countries. Of most relevance to this article is her assessment of Germany, liberalizing

without comprehensive ‘deregulation’ but with increased inequality, as against Sweden where equality has been maintained despite extensive deregulation (Thelen, 2012).

In contrast, Baccaro and Howell (2011, 2017) go further, arguing that there is a common neoliberal trajectory in European industrial relations: ‘we are not arguing that industrial relations in Sweden or Germany today resemble ... those in Britain ... However ... the trajectory is the same’ (Baccaro and Howell, 2011: 526). They note that ‘Sweden “is a difficult case for the argument”’ (Baccaro and Howell, 2017: 143) but has also been transformed on most measures: more egalitarian than other countries but less than it was and with decentralized bargaining expanding as union power is eroded within existing institutional forms (Baccaro and Howell, 2017: 169–171).

We do not chiefly focus on these debates, but we refer to them to draw attention to two premises which shape our work: the historical sweep and the analytical approach. Baccaro and Howell (2017) examine a period of nearly 40 years in order ‘to capture the break in post-war political economy that began ... in the 1970s’. This shift from ‘snapshots’ or specific moments of change is vital in arguing for a ‘common neoliberal trajectory’. Over this time period, Baccaro and Howell assess the ways in which not only institutional form but also function changes. Institutions may be dismantled but the existing ones may also change function, becoming, in particular, ‘employer discretion-enhancing’. Baccaro and Howell (2011) argue that a ‘resilience of institutional form is perfectly compatible with convergence in institutional functioning’ (p. 522).

It follows, then, that ‘neoliberalism is a protean project, compatible with a wide range of institutional forms’ and that ‘a focus on institutional forms is likely to miss the malleability of institutions ... and thus the extent of institutional convergence’ (Baccaro and Howell, 2017: 551, 15). Their working definition of neoliberalism is one on which we rely:

the generalized weakening of unions or even the substitutions of unions with other collective actors, the erosion of bargaining coverage and the transfer of ever more regulatory matters to the firm level, and the increase in the heterogeneity of negotiated provisions to match a similar heterogeneity in market conditions. (Baccaro and Howell, 2011: 550)

This is to say, the trajectory of interest is quite specific: enhanced employer discretion. We use this as the central measure of liberalization in comparing these cases.

Most debates in comparative political economy are concerned with changes in institutions at the national, rather than sectoral or regional scale. There are, however, important exceptions, two of which guide our work. Laying the base for sectoral studies, Katz and Darbishire (2000) examine two industries (telecommunications and automobiles) in seven countries. They show that there was increasing variation *within* countries but similar trends *between* them (hence their use of the much-cited term ‘converging divergence’) in terms of union strength and material outcomes of institutional change, including inequality. More recently, Bechter et al. (2012) build on this approach to ask ‘whether industrial relations systems vary more by country or by sector’ (p. 189). In a study of nine sectors in 27 EU countries, they show that sector ‘differentiations’ can be marked, making plain unevenness *within* national systems. They conclude that ‘we cannot derive the kind of industrial relations that affect a company, or a group of employees, simply by the

country in which they are located; we must also know in what sector they operate' (Bechter et al., 2012: 199); this is critical to framing our analysis.

We go a step further, arguing that there is an implicit *spatiality* to sector-level analysis. Paraphrasing Bechter et al., 'we must also know in what *place*' the processes of industrial relations unfold. This argument is inspired by the work of economic geographers, for whom all social relationships are necessarily spatial because capital and labour inevitably transform places when they become sites of production. Distinguishing between 'the industrial' and 'the spatial' is therefore impossible (Massey, 1995 [1984]: 4, 49). On this reading, we cannot think of a sector without its geography.

Sectors have distinct geographies. Much of the discourse around globalization is cast in terms of the mobility of capital and what this means for 'convergence'. Crucial to our conceptual framework is the contrary view: that even 'the most flighty of capital must come to ground at some point' (Herod et al., 2007: 253). This is so, however temporarily, for all production and for large sections of the service and care sectors. It is markedly so in mining where firms' operations are necessarily place bound because of the fixity of resources: 'the dependency on natural production limits ... spatial flexibility' (Bridge, 2008: 412). Furthermore, resource operations are 'embedded in the proprietorial, institutional and cultural-political structures of the nation-state' (Bridge, 2008: 412–413). Local conditions and, from time to time, state policies are therefore critical to even the most powerful of multinational corporations or state-owned enterprises seeking to control labour and organize production (Ellem, 2006). A second element follows from this geographical perspective: mining's sites of production are often remote from urban centres, as in the cases studied here: the sparsely populated Malmfälten lies inside the Arctic Circle, 1200 km to the north of the national capital Stockholm; the Pilbara mining centres are in near-desert country, 1600 km from the State capital, Perth. This local geography may also shape industrial relations.

This emphasis on the geographical peculiarities of mining is only half the puzzle. These features, fixity and isolation, are in tension with mining's *integration* with political economy at both national and global scales. We do not, therefore, treat mining regions as places in themselves: their existence as sites of production is predicated on product markets which are typically export based, so these places are shaped, as geographers insist, not only by 'their own internal characteristics and histories, but also from their dialectical relationships with other places' (Herod et al., 2007: 255). In Malmfälten, state ownership, with mineral deposits classified as a national interest by the government, brings the sector to the heart of national politics, as does the fact that the Pilbara is the single biggest site in the generation of Australian export income.

To synthesize: we take up the call by Bechter et al. for sector-based comparison, doing so inspired by the attention of Baccaro and Howell to history and the distinction between institutional form and function, and by insights from economic geography around the spatiality of production. This approach helps explain why differences between places in different countries are less obvious than they first appear, and why the relationship between mining sites and the national scale can be significant in explaining transformations of industrial relations, particularly enhanced employer discretion.

Method

The comparative strategy in the selection of the two cases draws on what Flyvbjerg (2006) calls the search for critical cases: ‘when looking for critical cases, it is a good idea to look for either “most likely” or “least likely” cases; cases likely either to clearly confirm or irrefutably falsify propositions and hypotheses’ (p. 231). Our cases are critical in revealing a neoliberal path. Instead of ‘either or’, however, we have pursued the selection of both a ‘most likely’ (Pilbara) and a ‘least likely’ (Malmfälten) case, again following Flyvbjerg (2006) for whom ‘the various strategies of selection are not necessarily mutually exclusive’ (p. 233) and, in so doing mirroring the ‘orthodoxy’ of VoC types. We have several years of our own fieldwork in these regions (since 2000 in Malmfälten; since 2001 in the Pilbara), drawing on interviews, site visits and meetings, but here we rely on secondary sources. There is a considerable body of work on Malmfälten and the Pilbara, in both cases enough to allow for the kind of synthesis and comparative overview we provide here.

We consider iron ore mining as a distinctive sector, rather than mining overall, with its many different product markets, firms and technologies. The chosen sites represent virtually the whole iron ore sector in each country. The scope of the study is also firm specific: the biggest Malmfälten operator is LKAB; in the Pilbara for most of the period examined two major global firms, Rio Tinto and BHP, were the main employers.

One way of illustrating their apparent differences (and also some similarities) is presented in Table 1, comparing the structural similarities between the Pilbara and Malmfälten at the start of our analysis. Any comparative table is useful as a snapshot, but it is just that, temporally specific, or as Howell puts it in another context, ‘snapshots of difference ... that are outdated almost as soon as they are taken’ (Howell, 2015: 401). How each site came to be as it is and how it is changing are more complex matters. The form of the industry has not changed as much as have the functions within it, particularly in industrial relations as we shall show.

Table 1. The Pilbara and Malmfälten, late 1960s.

	The Pilbara	Malmfälten
Geography	Remote, hot, harsh, indigenous land, long distance to port, owners and urban centres	Remote, cold, harsh, indigenous land, long distance to port, owners and urban centres
Mines	Iron ore, open-pit	Iron ore, underground
Ownership	Publicly listed MNC	State owned
Capital expenditure	Loans, equity, internal	Solely internal
Products	Blended ‘lumps’	Blended ‘lumps’, fines, some pellet
Product market	Mainly Japan	Mainly Europe, some USA
Market position	Main global players	Main European player
Labour process	‘Scientific management’	‘Scientific management’
Local sites	‘Company towns’, rich community life	‘Company towns’, rich community life
Industrial relations	Fully unionized, collective consultation	Fully unionized, collective consultation
Workforce	Mostly male, 50% fly-in/fly-out	Mostly male, local

Detailing the main changes in form and function in industrial relations in the two iron ore regions, we explain how they have been at times distinct *from* but also central *to* the national development of industrial relations. We show how such apparently divergent cases over time have some common, increasingly neoliberal features. Hence, our account is structured as two distinct historical narratives, where changes to the workforce and industrial relations play out differently in different time periods while still displaying a common trajectory. We begin with the Pilbara case, where enhanced employer discretion is more obvious, and then move to the more challenging task of explaining liberalization in Malmfälten.

The Pilbara: wholesale neoliberalization

Few resource regions are as physically isolated or reliant on one industry as the Pilbara. The landscape is harsh and the weather extremely hot almost all the time; it was, and remains, sparsely populated. The iron ore industry did not export until the mid-1960s when an embargo was lifted. Until then, state policy-makers accepted that the country's iron ore stocks were limited in scope. After speculators, Japanese steel interests and investors and at least one transnational company, Rio Tinto, pressured the Australian government to lift the iron ore embargo, the Pilbara was transformed (Dufty, 1984). When mining began, there were almost no white workers in the region. Indigenous families had lived in the area for 40,000 years or more but were excluded from the mines and the towns. The industry was built upon indigenous lands but employed almost no indigenous workers. The mining workforce was almost all male, as had become the case elsewhere in Australia (Ellem, 2017).

Physical geography was problematic for the companies: there were no adequate harbour facilities, no railways, scarcely a town and the roads were poor. A production process had to be organized across vast spaces, the ports being up to 400 km from the mines. Labour was hired from outside the region. Social reproduction was the responsibility of the companies: governments required them to build 'company towns' near each mine and for each port, about half a dozen in all (Dufty, 1984). Global from the outset, the first two companies to mine iron ore in the Pilbara did so, like their successors, with international investors. Mount Goldsworthy was the first to ship exports, in June 1966 (Court, 1976: 25), followed just a few weeks later by the bigger Hamersley Iron (part of the Rio Tinto corporation). Mount Newman Mining Company (now BHP-owned) and Robe River (now in the Rio Tinto group) followed. Goldsworthy closed in 1993 but otherwise the operating firms were unchanged until the 'China boom' of the 21st century.

Managers organized work to minimize costs and integrate the production process. The labour process was broken into stages which were substantially unaltered for 50 years save for some automation. The open-cut mines were capital intensive from the beginning, with some of the biggest shovels, trucks and trains anywhere in the mining world. After drilling and blasting, the ore was loaded by shovels into trucks and then crushed. Loading the trains at the mine and then unloading, 'reclaiming' and ship loading were mechanized from the beginning. Skilled maintenance workers and other strategically placed workers could exercise power over the whole production process and, in these

circumstances, the firms were happy to try to buy industrial peace (Ellem, 2017; Tsokhas, 1986: 154, 160).

The companies' labour strategies were constrained by state-sanctioned conciliation and arbitration and, with that, union recognition. Unions quickly won almost complete coverage of the workforce and labour law allowed them to apply for 'awards' (collective agreements) which set minimum wages and conditions, in this case company by company. In practice, there was little variation from one site to another. Union power was thus partly based on national norms but it was also locally specific, literally grounded in physical isolation and local communities. Tight labour markets underpinned union growth; local social networks reinforced the unions' workplace powers. The more militant unionists aimed to deliver not only high wages but also workers' control over the mine sites and the towns (Dufty, 1984). Despite their attempts to buy peace in the 1970s, managers had 'become accustomed to strikes and ... to regard many of them as inevitable' (Court, 1976: 161).

Neither high strike levels nor the rapid growth in wages should blind us to the limitations of union power. The local unions did not overcome spatial or organizational fragmentation. There were up to nine different unions at each site; the companies worked very different parts of this huge space; in each case, workers at mines and ports were isolated from each other. Disputes between and within unions were common. Nonetheless, it not only made sense to speak of the Pilbara as a union space but as a *certain kind* of union place, distinct from urban centres and more moderate unionists (Dufty, 1984; Ellem, 2006).

How did this unravel in the face of neoliberalism? From the mid-1980s, all the structures which had shaped this landscape were remade. As elsewhere, post-Fordism saw the state reframe regulatory structures and employers change their orientation to unions. In this context, the weaknesses of the Pilbara unions became clearer. The leadership of the Australian labour movement adopted a corporatist politics around the 'social wage', wage moderation and cooperative workplace change in large part inspired by Sweden (Scott, 2009). 'Managed decentralism' or in European parlance 'organized decentralization' was central to this for about a decade from 1987 under a Labour government. Some employers, notably in manufacturing, supported this agenda; others did not. The Business Council of Australia argued for enterprise-based, not sector-level, bargaining, by which they meant a very different form to that which the local unions had driven. Anti-union lobby groups urged employers to take the offensive against militant unions (Cooper and Ellem, 2017). The Pilbara became the site of one of the most important of these struggles in 1986.

A change in Robe River's ownership introduced managers from outside the Pilbara with no tolerance for workers' control. In July 1986, managers regarded as 'union-friendly' were dismissed; the unions were told that henceforth 'management would manage'. When a decision went against the company in the State's arbitration tribunal, there was a shocking break with local practice: the workforce was locked out (Swain, 1995: 11). This signalled an attack not only on a local union but also on state systems of regulation. As in the UK, neoliberalism began to play out in union heartlands, not in sites of weakness.

It was widely accepted at the time that this attack heralded wider change, again akin to those seen in the UK a little earlier; but, despite a rhetoric of solidarity, most labour leaders were troubled by these militant workers, one deriding them as the 'stupid

ultra-Left, mindless' unionists (quoted in Read, 1998: 350). When national union leaders brokered a settlement to a Robe River strike in the summer of 1986–1987, local unionists felt betrayed. The State tribunal ruled that most of the local work practices the unions had won were illegitimate, and for years after this, the employer reduced entitlements and changed work practices. Twelve-hour shifts and fly-in-fly-out labour began, undermining both unionism and community (Oliver, 2003: 349–352). In 1993, the unions were finally broken when new State-based laws allowed companies to offer individual (non-union) contracts to workers.

Agitation by iron ore employers had driven this fundamental change in government policy. Robe River managers had been high-profile proponents of this. So too were Rio Tinto's. Facing competition from Brazil and no longer content to accept unionism, Rio Tinto reasserted control over its worksites. In the same year that the Robe River unions collapsed, Rio Tinto's Hamersley Iron managers persuaded the workforce to accept these contracts. This battle had begun when the unions took strike action over something then unthinkable: the employment of a non-unionist. Many union members lost confidence in union leadership; others were intimidated by what had happened at Robe River; some were threatened with damages under common law (Ellem, 2017). Unionism collapsed almost overnight.

Two of the three companies mining the Pilbara had come, then, to the same point at the same time, quintessential moments of liberalization: 'offering' the workforce new individual contracts and eradicating once militant unions. Press coverage suggested 'this dispute may be geographically remote, but the issues at stake reverberate across the continent' (Allen, 1994). As we shall see, this was certainly the case as these local changes played into the liberalization of national regulation.

BHP was now the Pilbara's only unionized operator. In 1999, it offered its workforce individual contracts. Over the next 5 years, unions campaigned to retain their last foothold in the Pilbara. The national state was vital to the outcome: a court ruled against the unions in deciding that, while workers were free to join unions, companies were free to ignore those unions' representative role (Ellem, 2006). By this time, national labour law had been rewritten (in 1996) to reduce union and tribunal power, fundamentally breaking with nearly a century of law and practice around collective and mostly centralized bargaining (Cooper and Ellem, 2017). On the ground, automation of production expanded to driverless trucks and trains, both cause and effect of reduced union power (Ellem, 2017).

The Pilbara had been remade on the eve of what became iron ore's biggest ever boom. Enhanced employer discretion gave the companies almost uncontested control. With changes to the legislative framework and the spatial and temporal organization of work, they had overcome the constraints of being place bound.

Malmfälten: incremental neoliberalization

Malmfälten, or 'The Ore Fields', is a sparsely populated and resource-rich region in the north of Sweden, well above the Arctic Circle, as cold as the Pilbara is hot and as far from metropolitan centres. The region is a significant part of Sápmi, the land of the indigenous Sami people, whose traditional reindeer herding has become increasingly difficult to maintain because of mining. The region includes the towns of Malmberget (established in

1888) and Kiruna (established in 1896), both in the direct vicinity of the mines. The towns grew as a consequence of the activities of the mining companies LKAB and Aktiebolaget Gellivare Malmberget's (AGM).

Solely because of iron ore exports from Malmfälten, LKAB (state owned since 1957) has been one of the most important sources of income for the Swedish state, seen as 'the jewel in the crown of state ownership' (Eriksson, 1991: 359). The company constitutes the iron ore sector in Malmfälten and is the largest producer in Europe (76 percent of all iron ore in the EU). The subtitle of its recent anniversary book is revealing: *The National Treasure of Sweden* (Viklund et al., 2015).

As in the Pilbara, mining in Malmfälten is the reason for the construction of a regional technological mega-system, with harbours for export in Luleå and Narvik (Norway), railways for the ore trains to reach both harbours, hydropower to energize the system, and the mines and mills in Malmfälten, with the system completed in the early 1900s. At the same time, national employer and union federations emerged which later developed the 'Swedish model', involving collaboration between employers and unions without direct government involvement. To compare with the Pilbara, we concentrate on the post-war years. Iron ore from Malmfälten was in high demand (as it had been during the war), and in 1957 the state decided on 'the abolition of all previous mining and export restrictions' (Viklund et al., 2015: 153), a few years before Australia did so. As in the Pilbara, labour predominantly came from outside the region, in this case from Finland and Tornedalen (the border area between Sweden and Finland). The population lived in the two 'company towns' with LKAB as the patron, and social reproduction was of utmost importance to the company. The culture was patriarchal: no women were allowed in the mine until 1957 (underground from 1978). All workers, with few exceptions, were members of the local branches ('clubs') of the Miners' Union.

Important as the industry and this physically isolated place were to the national economy, the state 'did not interfere with the day-to-day business of the mines and LKAB essentially functioned in the same manner as any ordinary private company' (Eriksson, 1991: 333). In this way, the industry was more liberal and less coordinated than might be thought. In the late 1950s, management put into practice 'a "scientifically" analyzed pre-planned flow-production process' (Eriksson, 1991: 360) causing a growing disapproval among workers and a sentiment that the unions did not do enough to resist. The tensions in Malmfälten erupted in December 1969 in one of the most famous wildcat strikes in Swedish history:

For 57 days some 5 000 miners, massively covered by the national press and in the eyes of the television cameras, loudly voiced their criticism against LKAB, the traditional system of negotiation and the role of the local and national unions. During huge mass-meetings they strongly condemned the wage policy of LKAB and its rationalization measures, such as the time and motion studies. (Eriksson, 1991: 362)

The strike 'seemed to threaten some of the basic premises underlying the hitherto successful and unquestioned "Swedish Model"' (Eriksson, 1991: 361), and 'Swedish consensus politics in general' (Thörnqvist, 1999: 78). The company's official history notes that other strikes were inspired by Malmfälten and goes on to highlight the wider impact:

LO [the central union confederation] took steps to have a raft of new labour market laws introduced, such as the Employment Protection Act, the Employment (Co-Determination in the

Workplace) Act, the Worker Protection Act, the Work Environment Act and the Trade Union Representative (Status at the Workplace) Act. (Viklund et al., 2015: 187)

At local level, piecework, which had caused considerable stress among the workers, was removed. While productivity went down, costs and wages went up and, contrary to what the employer had anticipated, so did total production and profitability (Alalehto, 1992; Eriksson, 1991; Johansson, 1986). The local clubs also achieved ‘a local settlement with terms much more favourable than those prescribed in the central agreement’ (Thörnqvist, 1999: 78–79).

In the late 1970s, the steel industry went into recession and, after peaking in 1974, LKAB’s output and profits fell (Viklund et al., 2015: 153). The recession intensified competition with the Pilbara and Brazil and made Malmfälten more vulnerable to the effect of the global economy. This led to fundamental change. The government even contemplated mine closure, but instead supported ‘the company with some six billion SEK (€ 600 million) to save it from bankruptcy (Eriksson, 1991: 365–366). This crisis forced a giant leap in corporate strategy from mass production, as in the Pilbara, to quality “value-added” pellets. The company introduced differentiated wages to attract skilled workers (engineers in rock mechanics, machine technology and materials technology). Alalehto (1992) claims that the local unions were ‘naively’ positive about product development and could not leverage their power because of lack of competence in evaluating the suggested technology and in proposing alternatives. Instead, they concentrated on traditional issues, such as protecting wages, health and safety and the control of core operations in the mine.

Hence, the iron ore sector in Malmfälten became part of the trend initiated by the union (which merged with *Metall* in 1994) to prioritize sector-specific deals. ‘It was Metall which in 1983 became the first union to agree a settlement at industry level, without first awaiting any central agreement’, a move that also implicated LO at peak level where it balanced the interests of affiliates with its own unity (Thörnqvist, 1999: 81). Bergholm and Bieler (2013) refer to these ‘particularistic demands’ as ‘undermining multi-sector bargaining based on solidarity and a compressed wage structure’ (p. 58). Thörnqvist (1999) summarizes the wider tensions and unintended consequences:

Paradoxically, it seems as if the ordinary worker – at least in manufacturing industry – did profit from the pressure that wildcat strikes and the threat of militancy put on local negotiations in the 1970s and 1980s in Sweden ... On the other hand, the unions as organizations lost both power resources and the employers’ confidence in them as a bargaining partner. (p. 83)

From the wildcat strike on, Malmfälten had been at the heart of these emerging transformations of the Swedish model. Further changes followed: the SAF (the main employer association, which LKAB left after the strike but returned to in 1993) became more hostile to the model and campaigned ‘against the “perils of creeping socialism”’ (Bergholm and Bieler, 2013: 57). By the early 1990s, the Swedish state had abandoned the goal of full employment, seemingly ‘accepting key neoliberal understandings of how the economy worked’ (Bergholm and Bieler, 2013: 58). The Swedish model, some therefore claim, ‘all but collapsed in the decade between 1983 and 1993’ (Baccaro and Howell,

2011: 543). The role of the iron ore sector in these national transformations is not one of a direct influencer, but rather a willing collaborator.

The sector's 'fixity', remoteness and state ownership might lead us to see its impact as limited but it played an important role through the strike and thereafter through continuous workplace changes. This union heartland was the site of enduring, structural change post 1980s towards enhanced employer discretion. The company introduced a form of 'management by objectives' (later 'process optimization' and 'lean') and work shifts more tailored to contracting and commuting, although the workforce remained predominantly local. With automation and remote operations came safety improvements but fewer 'hands' to extract more ore, also transforming the workers' skill sets and the union's power (Alalehto, 1992; Eriksson, 1991: 368).

In the new millennium, as the market for iron ore boomed, employment and investments increased in Malmfålden. There was also a massive urban transformation of both Malmberget and Kiruna because the expanding mines had made the town sites unstable but the state generally left these projects to LKAB and the local municipalities. At the same time, the company had become less dependent on local, social reproduction, to some extent overcoming a key dilemma tied to the remoteness of the mines. IF Metall noted the ageing workforce in Malmfålden, the depopulation in the rural north and the 'negative societal development' associated with fly-in-fly-out labour (IF Metall, 2015: 65). Like the Pilbara, the iron ore sector in Malmfålden had slowly become a place for increased commuting, albeit by car and train rather than plane. The remaking of Malmfålden as a site for the generation of state revenues grew stronger and the local clubs were not perceived as fighting this development (just as at the time of the strike), despite facing an increasingly dispersed 'collective', more difficult to organize. The tension between sectional gains and solidarity with other workers became more pronounced, but wage increases appeared to dampen local and worker criticism.

When the Chinese steel boom drove the iron ore boom around the world, LKAB, the state's jewel, delivered record profits. Nonetheless, management still pursued greater flexibility in and control over work. As early as 2007, the company brought contractors into *core* operations; after that, it outsourced more of its operations, reduced direct employment and increased the number of commuting workers. By 2011, contractors were represented in *all* professions and types of work (Fagerlönn, 2011: 33). Metall reported that the mining industry in Sweden, in this apparent union heartland, enrolled a *larger* share of contractors than other industries. In 2013, entrepreneurs represented 45 percent of the work time in the Swedish mining industry (IF Metall, 2015: 42).

In 2015, as the iron ore price dipped, the state appointed a new CEO from a Swedish private mining company and *not* from Malmfålden. Major cuts were announced, all management positions were made 'temporary', and *all* contracts with contractors were recalled (demanding renegotiation and price cuts). The local pressure on the unions was clear: the clubs in Malmberget and Svappavaara voted to reject an agreement offered at this time while Kiruna signed it without a member vote, undercutting the other two. A parallel story involves Northland Resources, which in 2012 opened an iron ore mine 200 km southeast of Kiruna. In 2014, it became the largest private bankruptcy in Swedish history. The mine re-opened in 2018 by Kaunis Iron (former LKAB managers) and is

covered by the same sector agreement but from the outset relying solely on contractors, planning to leave the mine dormant in times when the iron ore price dips.

As in the Pilbara, this state of industrial relations was unthinkable in Malmfälten a generation ago. One reason that there has not been a stronger resistance is that high unionization (contractors also have to sign collective agreements), sector agreements, comparatively high wages, and formal procedures and representation (see also Dolvik and Marginson, 2018: 9), meant that the *forms* of union strength – the Swedish model – remained, in this sense not as overt and far-reaching as the strike, or as the disputes in the Pilbara. As Bergholm and Bieler (2013) claim: ‘Neoliberal restructuring did not eliminate the institutions of the traditional Swedish model’ (p. 58). However, as Baccaro and Howell show at the national scale, its *functions* had been remade.

Discussion: putting neoliberal trajectories in their place

Our account of change in one sector which dominates particular regions in two different countries reveals more similarities than might be expected. In both regions, the companies have developed effective ways of undermining unionism through changes in language and strategy (defining mining firms as knowledge companies or logistics businesses), technology (through automation), the labour process (contractors, spatial fragmentation of workers, dividing unions) and, most obviously in the Pilbara, through de-unionization. Workplace control was more important to the companies than wage costs which meant that above-average wages, both industry and place specific, could be paid as other changes were made in the workplace. Markedly in the Pilbara but increasingly so in Malmfälten, the companies also overcame some of their geographical problems, using fly-in-fly-out labour which fragmented the workforce and allowed physical isolation to be a source of employer power. Remoteness no longer works for unionism; that workers are reproduced locally is no longer a condition for mining.

Table 2. The Pilbara and Malmfälten today.

	The Pilbara	Malmfälten
Products	Blended ‘lumps’	The ‘green’ pellet
Product market	Mainly China	Mainly Europe, some Middle East and China
Labour process	Lean production, ‘logistics’	‘Process optimization’
Local sites	No new towns for 40 years, constructed as hostile	Towns transforming and depopulating, constructed as attractive
Industrial relations	Almost wholly non-union, no collective consultation	Fully unionized (including contractors), collective consultation
Workforce	Mostly male, 100% fly-in/fly-out on all new mines	Mostly male, commuting increasing, contractors increasing

We can now return to the key points in Table 1 and update it with a contemporary snapshot in Table 2, showing those aspects that have changed. Each site remains, in physical terms, peripheral and home to a small labour force which, in these ‘post-industrial’

societies, contributes disproportionately to export incomes. The products and markets of the two regions differ but they are alike in being globally connected.

At first sight, the regions and their mine operations seem to be archetypal instances of LMEs and CMEs, in terms of ownership, industrial relations and work organization. Similarly, our historical analysis seems to confirm the strength of these ideal types, markedly so in the Pilbara where the local assault on unions echoed the Thatcher attacks on coal miners and was the harbinger of national decollectivization. In the case of Malmfälten, however, we argue that liberalization has also taken place, providing an important locally-specific as well as industry-specific instance of the need to move beyond institutional forms to examine ‘the malleability of institutions ... and thus the extent of institutional convergence’ (Baccaro and Howell, 2017: 15). In both cases (as in coal mining in the UK), workers’ militancy was contained or used as a pretext for an assault – or both. The nature of the workforce, from the wildcat strike by a large local collective, is changing, as is work itself, without serious contestation by the local unions. Membership remains high, sector agreement remains salient, but the unions’ position is fundamentally defensive. Malmfälten today is *not* the Pilbara but nor is it the Malmfälten of the past.

We also suggest that these sectoral, local trends *at times* drove national change, albeit more explicitly so in the Pilbara than in Malmfälten. In Australia, there were marked national implications of the power the companies had won over their Pilbara workplaces. These national impacts were perhaps unsurprising, given iron ore’s export value and the market dominance of the world’s major mining companies. The mining companies had shown what militant anti-unionism could achieve at Robe River in the late 1980s and had thereafter lobbied for legislative change and used those changes to drive de-unionization at Hamersley Iron. Those State laws the companies had championed were the template for changes in national labour law in 1996 and 2005. Even when subsequent government abolished individual contracts, the companies continued to exercise control by moving between political jurisdictions, dividing unions and finding loopholes in the legislation (Ellem, 2017, ch. 9).

In Malmfälten, the local history from the strong and local collective in 1969 to the fragmented workforce increasingly made up of commuters and contractors grounds the argument about neoliberalization in Sweden made by Baccaro and Howell (2011), as ‘the archetypal case of corporatism, marked by centralized and coordinated bargaining between the peak organizations of labour and capital’, but that it has become a case of ‘decentralized wage setting and a high degree of individualization’ (p. 543). The Swedish model, by some declared dead in the early 1990s, has to some extent re-emerged, but this

has gone hand in hand with a fundamental decentralization and individualization of bargaining to the firm level. This outcome is mitigated to some degree by the organizational strength of labor, such that unions remain highly influential in wage determination. (Baccaro and Howell, 2011: 545)

The iron ore sector in both places has been transformed. Both these mining regions had been ‘union places’ of a particular type and part of a remaking of national industrial relations. The proponents of union militancy in the Pilbara and the ‘pure’ Swedish model with strong unions were unsuccessful in seeking to leave an enduring imprint on the regions and the national economy. The Pilbara was at once both cause and effect of national change; Malmfälten was a cause and over time an effect.

In summary then, the Pilbara is a case of ‘wholesale reconstruction of institutions: the replacement of existing institutions with a new set of institutions’ (Baccaro and Howell, 2011: 525). The Malmfälten case is more about a ‘gradual and incremental transformation, in which an accumulation of small, barely perceptible changes becomes transformational over time’ (Baccaro and Howell, 2011: 525), which is why it is more complicated to explain. As Baccaro and Howell (2011: 526) argue for national comparison within Europe, ‘the trajectory is the same’ across space and across variety, where changes in work organization and control and regional industrial relations have been on a common path in the two places, *without* being identical.

Conclusion

Comparing industrial relations at the sector level does enrich our understanding of national, political change. The ‘Australian model’ and the ‘Swedish model’ were remade across the national landscapes partly through the changes in this apparently peripheral resource-based sector. In the Pilbara, this was more obvious, took place earlier and was part of an explicit national shift; in Malmfälten, it has been more recent and opaque, a change more of function than form. We can turn from the changes in form and function in the Pilbara and Australia to ask afresh how different Malmfälten is. To repeat, we do not for a moment suggest that the path and the present are identical in the two cases but we suggest that not only are there contextual similarities but also there have been processes of liberalization in the sector in both cases.

Our focus on this important sector and these regions brings us back to the question of national variety and a more tentative observation. Analysing the political economy of this sector and its impact on national politics and industrial relations leads us to suggest that Sweden and Australia exhibit some perhaps surprising commonalities. Unusual among both (European) CMEs and (Anglophone) LMEs, they rely on resource-based production, export earnings and revenues. The impact of change in this sector plays out differently in each country but there are similarities between their paths, making both countries distinct from many of the countries with which they are usually categorized. Understanding ‘varieties of resource economies’, literally grounded in distinct regions, is essential for understanding trajectories of national change.

We have responded to Bechter et al. (2012) by comparing change in the same *sector* in different countries while also showing that the *geography* of a sector shapes its industrial relations – markedly so and in complex ways in mining – and that employers and unions have sought to define those sites of production (and living) for their own purposes. To this focus on sector and geography, we have added two vital components to our comparative sector-level analysis: *history* and *form and function*. We have moved beyond the short term to examine the sector across boom-and-bust periods, 60 years of state ownership in one case, 50 years of exports by transnationals in the other. We have also used insights from Baccaro and Howell’s (2011, 2017) work to emphasize that, particularly in CMEs, we must be mindful of changes in the function as well as the form of industrial relations institutions as employer discretion is enhanced. This kind of approach can of course be applied to other sectors with different histories, different geographies and different connections to national institutions.

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