THE PILBARA IRON ORE INDUSTRY: MINING CYCLES AND CAPITAL-LABOUR RELATIONS

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1. Introduction

This paper examines the relationship between the mining cycles in iron ore production for export and the evolution of capital-labour relations in the industry. Mining cycles in the industry are a direct function of the derived demand for iron ore by steel producers in other nations of the world, in particular, the Japanese. Other determinants of iron ore production include government policy with respect to royalties, subsidies and the provision of infrastructure; the activities of competitive producers of iron ore such as Brazil and India; as well as the state of the national economy which affects the costs and revenue of companies, e.g., interest rates, exchange rates and labour costs. Among the above factors to date it is the Japanese steel industry which has exerted the most significant impact on the development of the industry, the rise and fall of exports and therefore, the mining cycle of iron ore output in the Pilbara.

What is more, the evolution of capital-labour relations in the industry has followed a pattern of change that can be correlated to the boom and bust of the industry. 'Capital-labour relations', as used in this context, is meant to imply a struggle for control of the labour process and over the distribution of value created by the application of labour power to capital. This is a class relation in which management, as an agent for capital, is in fundamental conflict with labour.

The interrelation between the mining cycle and capital-labour relations drawn in this paper is meant to portray the fact that class conflict is not something that people do in a purely voluntarist fashion. Rather, it is as Marx argued:

> "People make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly found, given, and transmitted from the past."[1]

For analytical purposes three phases can be identified in the development of the Pilbara iron ore industry. First, the phase of construction and early development, 1966-1972; second, a phase of consolidation and growth, 1973-1980; and third, recession and rationalisation from 1981 to the present. This analytical device helps clarify both the economic relationships between the Japanese steel producers and Australian iron ore companies, and how changes in the relationships provide for uniquely different capital-labour relations in each stage.

In Section 2 below each phase is presented in historical perspective. In addition, the more complex and diverse interrelations within and between the iron ore companies are explained. In Section 3, the development of capital-labour relations, in each phase, is examined, with particular reference to a number of disputes and industrial relations processes. It will become evident that capital-labour relations have developed within particular historical parameters. Section 4 concludes with the projection of a new era of capital-labour conflict in the Pilbara. The era will most likely be characterised by sophisticated legal processes incorporating writs, injunctions and the application of Section 45D of the Trade Practices Act.

2. Iron Ore Industry

The iron ore story is one of changing competitive conditions with steel companies and industrial countries carving out economic spheres of influence in order to assure their supplies. The dominance of steel-producing companies and countries can be identified by the pattern of iron ore trade. Ore-producing countries typically sell to one steel-producing country, while the monopsonistic steel-producers can draw on several sources of supply. Japanese steel producers, for example, purchase iron ore from Australia, Brazil, India, Chile and Peru. The mining companies in these nations are all dependent on the Japanese Market for their long-term survival. Given widespread ore reserves, increased world productive capacity, and continued stagnation in steel demand, ore-producing countries have little opportunity to overcome the monopsonistic powers of the ore-purchasing countries.

The rapid growth of iron ore exports from Australia since 1967 is a direct result of the rapidly expanding Japanese steel industry. Three-fourth's of Australia's exports go to Japan. The continued survival and growth of the Pilbara iron ore industry depends more on Japanese decision-making than any other factor.

Pilbara iron ore production can be divided into the three major phases mentioned above. That is:

1.	Construction and early development phase	1966-72
2.	Consolidation and growth phase	1973-80
3.	Recession and rationalisation phase	1981-Present

The periodisation is very general and does not take into account the yearly vagaries in the production cycles of individual companies due to such factors as industrial disputation or cyclone damage. It does, however, provide a framework in which development and change can be examined.

Phase 1: The early development stage, or "take-off" is directly attributable to the rapid growth of the Japanese steel industry from 4.8 million tonnes in 1950 to 119.3 million tonnes in 1973. All of the original contracts for the export of iron ore were negotiated with the Japanese steel makers. Throughout this period Japanese steel output continued to increase rapidly and the iron ore companies were desperate to increase capacity to keep up with the demand. For instance, Goldsworthy Mining doubled its output between 1967 and 1972 from 3.1 to 6.2 million tonnes. During the same time period Hamersley Iron increased output from 3.7 to 21.7 million tonnes. Mt. Newman Mining which began production in 1969 was producing 21.2 million tonnes by 1972, and Robe River began production in 1972 with 1.4 million tonnes of output. Overall, the Pilbara was producing 6.8 million tonnes in 1967 and five years later this had been increased more than 700 per cent to 50.5 million tonnes per annum.[2]

Phase 2: Reasonable growth continued between 1973 and 1976, but the rapid growth of the previous five years could not be sustained. This was a period of consolidating gains made in the Japanese market and opening up new markets in Europe, and most particularly, in other Pacific Basin nations such as Taiwan, South Korea and China. An output plateau was achieved in 1976 with a total Pilbara production of 80.84 million tonnes. For the next four years production oscillated around this figure until reaching a new high of 81.4 million tonnes in 1980. The following year brought the full onset of recession and the justification for company "rationalisation". The impact of the energy crisis and the slowdown of Japanese output was now to be felt in the Pilbara. Some companies had been affected much earlier. Mt. Newman Mining began to feel the squeeze in 1974 when total sales declined and never fully recovered the promise of growth given in the early 1970's. The decline in Japanese steel exports and iron ore imports continued until a major profit collapse hit the steel-makers in 1982-83. Since then both the derived demand and prices for iron ore have been under consistent pressure.

Phase 3: From 1981 to the present the Pilbara iron ore companies received four major price reductions for ore shipments in 1983, 1984, 1986 and 1987. The overall decline in prices during the period amounts to approximately 30 per cent. The price reductions have been offset by the devaluation of the Australian dollar in 1982, the appreciation of the US dollar in 1984, and the free-fall depreciation of the Australian dollar in 1985 and 1986. Given the fact that all contracts are negotiated in US dollars, the profitability of the iron ore producers has remained very healthy. The Carajas mine in Brazil suffered from delays in coming on-stream and will not pose a serious competitive threat until the end of the 1980's. In 1984, serious industrial disputation in the Indian iron ore industry and a slight increase in the output of Japanese steel, permitted increases in Pilbara output and shipments. These factors reduced the overall effect of recession (in price terms), but the umbrella of long-term uncertainty and decline continues to pervade the thinking of management in the iron ore industry. The companies have begun a programme of rationalisation to reduce their dependency on a depreciating Australian currency. This rationalisation includes a paring down of the workforce; dredging and expansion of port facilities to handle jumbo iron ore carriers; quality control; computerisation of maintenance facilities; shut down and mothballing of the highly energy-intensive secondary procession pellet plants at Robe River and Hamersley Iron; a re-examination of work practices; and an intensive search for alternative markets in Europe, China and other Pacific Basin nations.

During this phase a number of other factors have been introduced into the environment of capital-labour relations. While outside the scope of this paper, the "Prices and Incomes" Accord has played a role in reducing industrial disputation. One example is that a struggle for the 36 hour week was destroyed in its final stages by official union acceptance of the Accord and its mandate that there be no reduction of weekly hours below 38 for any reason whatsoever. Moreover, the Federal and State Governments under the direction of Senator Peter Cook with the support of the Prime Minister himself, have established an Iron Ore Consultative Council (IOCC). The IOCC draws on the popular image of consensus and is provided with State and Federal money. Its purpose seems to be to provide a setting where government ministers and company officials talk and trade unionists sit and nod their heads. The IOCC had the first of its quarterly meetings in October, 1984, with representatives from Federal and State Governments, Companies and Unions in attendance. Judging from the proceedings the main purpose of this meeting seemed to be getting your photo taken with the Prime Minister in various sycophantic poses. Although this mini-summitry will not accomplish much, even on its own terms, it will provide an institutional facade to portray a spirit of cooperation and dialogue to interested observers, particularly the Japanese.

These additional factors implanted in the Pilbara during Phase 3 do show that government and union officialdom are consolidating control over what has been euphemistically described as the "militant Pilbara workforce". So-called "militant workers" are being pressured from all sides to pull in their heads for the benefit of company profitability and competitiveness. Company "rationalisation", government sponsored "councils" and the "Prices and Incomes Accord", represent a significant cosmetic face-lift for Pilbara industrial relations. Whether or not this cosmetic treatment of consensus, summitry and pretence will be more than skin-deep still remains in the hands of the rank and file.

3. Capital-Labour Relations

Phase 1: Construction and Early Development (1966-72): The construction and early development phase began with the agreements reached between four companies (Goldsworthy, Hamersley, Mt. Newman and Robe River) and the nine unions (Australian Workers Union, Federated Engine Drivers and Firemen's Union, Amalgamated Metal Workers Union, Electrical Trades Union, Australian Society of Engineers, Transport Workers Union, Operative Painters and Decorators, Plumbers and Gasfitters, and the Building Workers Industrial Union). In 1967 an interim award was set by the Western Australian Industrial Commission. This was replaced by a more comprehensive award agreement in 1969.

The 1969 Iron Ore Award established site union structures, and at the same time, laid the foundation for a degree of mistrust and suspicion of State union officials which remains in evidence to this day amongst rank and file unionists in the area.[3] The Award contained the first formalised grievance and dispute procedure to apply specifically to the Pilbara. This procedure recognised the right to shop stewards to involve themselves in matters relating to working conditions. A number of union officials opposed this role for shop stewards at the time, seeing it as a threat to their authority and official union representation. The irony, as it turned out, was the companies insisted that the procedure be included on the premise that it would enable their industrial relations teams to gain control over the growing power of informal site union structures and the shop stewards. The considerable shop floor control enjoyed by Pilbara unionists throughout the 1970's is often attributed to the companies not taking a harder line by refusing to recognise site union structures.

Relative full employment in the late 1960's and company haste to meet the demands of the Japanese steel industry put individual workers and unions in a unique bargaining position vis-a-vis capital. The result was high wages, primarily due to lengthy overtime rosters; control over the shop floor by shop stewards; and the development of 'customs and practices' favourable to unions. 'Managerial prerogative' was nowhere near as important to management as keeping a stable workforce to fulfil rapidly increasing orders for iron ore. The 'frontier of control' was definitely being taken over by union action on site. However, while there is evidence that unionists were aware of their power, there was no understanding of the cyclical nature or foundation of that power.

In 1969, combined union committees were established on all of the iron ore sites. These committees are normally comprised of convenors who coordinate and consolidate claims against each company at each site. The convenor operates as a 'first among equals' with the shop stewards and is seen as both a representative and leader of the rank and file. All shop stewards are elected by the membership and the convenor is selected by the shop stewards from amongst themselves. As we shall see, it is the power of each convenor in particular, and the combined union committees in general, which have been both a source of significant gains for workers and the focus of company attacks in phases two and three of the mining cycles.

<u>Phase 2: Consolidation and Growth (1973-80)</u>: During this period management became aware that the phase of rapid growth had concluded and companies had to prepare for a leveling out of production and sales. This was to have repercussions on the workforce in terms of extending managerial prerogative and loosening the hold over the workforce enjoyed by convenors at their respective mine and port sites.

In terms of wages, conditions and management policy this was a period of significant tension between the representatives of capital and labour. On the one hand, workers saw increases in output, profits and efficiency as each year went by. On the other hand, the companies became aware of declining sales to the Japanese, the increasing competition from Brazil and the beginning of a world recession. The ensuing recession meant, of course, that the companies were not as concerned about the scarcity of labour as had previously been the case. Attempts were made to eliminate, control or manipulate the shop stewards. However, the shop stewards had progressively gained in experience and confronted management with increasing skill and support.

By 1979 all of the companies were determined to reduce the power of union committees and 'militant convenors' A number of convenors were even becoming legendary figures with reference to their abilities in challenging management prerogative. Moreover, as Dufty has correctly noted, their allegiance to the rank and file surpassed any allegiance they might have had to state officials. This resulted in direct negotiation between shop stewards and front-line management, resulting in numerous unofficial, and in many cases, unwritten agreements.[4]

The three major occurrences which took place during 1979-80, that represent the full spectrum of capital-labour relations at that time and give some indication of developments in the years to follow, were the Hamersley Iron dispute, the Goldsworthy experiment with site working committees, and the Robe River pellet plant shutdown.

In a confidential memo to management hierarchy, the head of industrial relations for Hamersley Iron outlined his objectives for 1979. The objectives included the following:[5]

1. Encourage local convenors towards activities which will constructively occupy them and channel their efforts away from strike agitation whilst satisfying their egos and desire to be seen to be active in the union movement.

2. Take progressive steps to increase the level of charges made for various domestic services (in company controlled towns), ... to reduce their ability to afford to engage in strikes.

3. Pre-empt all overtime within 14 days of work resumption after a strike even if that decision causes some operating problems for the company.

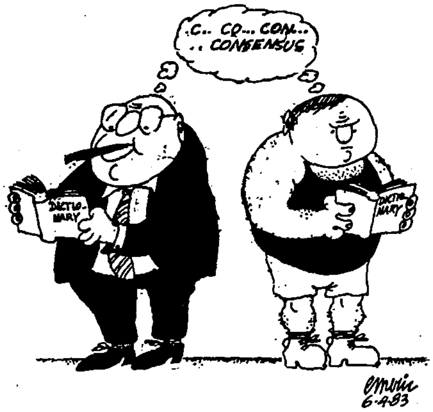
4. Ensure a greater stockpile of resources at the port to increase industrial security.

This memo clearly shows a detailed *plan* for battle so as to weaken the union position. On May 22, 1979, a dispute ensued over a log of claims by the unions which was rejected by the company. After 10 weeks this particular dispute was resolved largely to the benefit of the unions. This, as we shall note below, only intensified management attempts to reduce trade union power on Hamersley sites by attacking the combined union committees.[6]

A more subtle and carefully considered procedure was adopted by Goldsworthy Mining, albeit to achieve the same goals as those outlined by the Hamersley industrial relations officer. In 1979, management at Goldsworthy initiated the "Programme to Maintain Good Industrial Relations". The buzz word for this programme was 'communication'.[7]

From 1976 to 1978 Goldsworthy Mining Ltd. (GML) had lost an average of 12 to 15 days per year per worker through stoppages. According to the general manager of Goldsworthy, Mr. Alfred Kobar, West German industrial co-determination had been a success and he saw the conflict on his sites as a result of insensitive leadership and poor communications. His approach was to follow a textbook style of the 'human relations' school of management. This style posits good morale and high productivity as a function of good communications, good leadership, high quality supervision on the shop floor, and a good system of informal relationships. The 'team' or 'family' spirit eliminates the need for conflict while firmly endorsing the position of management at the head of the team.

The basis of the Goldsworthy programme was a five-part hierarchy of meetings that recognised the authority and power of the union convenors; and at the same time, tried to channel that power in a 'responsible direction' as defined by management. On the lowest rung of this hierarchy was a site committee made up of convenors and supervisors meeting fortnightly to discuss suggestions on improved workplace conditions and cooperation. Next came the union convenor's meetings held seven days after the site meetings to plan an agenda for the next site working committee.



An all-sites working committee met monthly with two convenors and two company representatives getting together with senior management and union organisers available in the Pilbara. A monthly meeting was then held with the workforce to explain the progress and results of discussions. Finally, every three months the company paid to bring union officials from Perth to meet with management and convenors to discuss the programme. These meetings were combined with plenty of food and drink to allow informal discussion in an atmosphere of camaraderie.

This programme allowed management to channel all complaints from mine sites, work shops and the port into acceptable managerial processes. In effect, the convenors were co-opted as another tier of managerial control. Foremen and convenors were forced to discuss their problems in front of supervisors and union officials. In this way an appearance of 'communication' and 'harmony' was cultivated while decision-making power still rested firmly in the hands of upper management; only now management had a clearer understanding of the effects of their decisions, as well as better knowledge of just who were the leaders and power brokers among union convenors.

Publicly, both union officials and management representatives said that they saw the programme as a success in reducing the level and intensity of disputation. Between 1979 and 1983, average days lost per worker through stoppages fell to between one and three per year from a previous high of 15 in 1978. However, it is obvious that the programme had nothing to do with co-determination or the sharing of decision-making power with the convenors. From the beginning, most convenors clearly understood that they were being used by the company. At the same time they saw the possibility of gaining more information for workers and resolving smaller issues like canteen food quality or delayed home maintenance without losing time or money. Union officials from Perth, on the other hand, were quite glowing in their praise for the programme. Not only were they wined and dined every three months, but their workload was reduced considerably in an area where they normally face innumerable thankless tasks. The programme has continued in much the same fashion to the present. The major difference is that, since the main mine at Goldsworthy was closed in 1983, the workers have become more concerned about redundancy schemes than control over their jobs. Mining continues at Shay Gap and a number of smaller mines but output has been reduced drastically since 1983.

While Hamersley and GML were devising schemes to control their workforce, the workers at Robe River faced an immediate problem of job loss as a consequence of the recession in the Japanese steel industry. Because of rationalisation in the Japanese steel industry, energy intensive iron ore pellets were being replaced by sinter fine ore to reduce costs of steel output. The Robe River plant at Cape Lambert, one of the largest pellet producers in the world, produced 4.3 million tonnes per year in the 1970's. However, by 1978, capacity utilisation had fallen to 3.3 million tonnes. In April, 1980, negotiations with the Japanese resulted in an agreement to completely replace pellets with a larger tonnage of sinter fine ore in bulk.

In March 1980 Robe River gave six weeks notice to close the pellet plant which meant the loss of 250 jobs. On April 11, the company offered a voluntary redundancy plan, giving the workers four days to notify the company if they were interested. A number of convenors took the position that accepting voluntary redundancy was a form of selling jobs, and was therefore unacceptable, but they were unable to prevent individuals from accepting the package that was offered.

By the end of May, 250 workers had accepted voluntary redundancy, and the unions were in disarray. Convenors were resigning, inter-union communication had totally broken down, and two unions, the Transport Workers Union and Australian Workers Union, were engaged in a pitched battle over a demarcation issue. Using the world steel recession to quick advantage, Robe River, in a well-calculated scheme increased efficiency and profits before the unions knew what had hit them.[8]

The events of 1979-80 were the result of a clear division of power established by the unions and management by the end of the 1970's. Capital and labour had come to know each other fairly well by this time. The second phase of the mining cycle was coming to an end and they were about to enter into a new era of economic circumstances and resultant struggle. The closure of the pellet plant and the new initiatives of management can be seen as making the end of phase two.

Phase 3: Recession and Rationalisation (1981-Present):
By 1982, the iron ore industry was locked into the prolonged world steelmaking depression. Japanese importers were reducing their purchases, demanding higher quality ore and negotiating long-term contracts with Brazilian exporters. Sharp declines in domestic demand and exports were taking their toll on Japan's steel producers. In 1982 the crude production of steel in the "Western World" declined by 11 per cent, and long-term growth for the next 20 years was forecast at close to zero. In 1983 and 1984, Japanese steel producers took a hard line and negotiated successive price reductions for iron ore.

Due to this economic situation and to the belief on the part of Hamersley management that excessive power had been gained by unionists in general, and convenors in particular, a major confrontation was initiated by the Hamersley industrial relations division in 1981. Without consulting the unions involved, Hamersley replaced shovels at the mine face (covered by the FEDFA) with front end loaders (legally covered by AWU drivers). When the FEDFA went on strike as a result of this unilateral action, Hamersley withdrew from all industrial relations procedures and refused to recognise the authority of all union convenors.

The fact is that in 1980 Hamersley's dispute record was the best that it had been in four years. Total production time lost in 1980 due to disputation and union meetings amounted to 2 per cent. This compares with 6.6 per cent, 18.5 per cent and 10 per cent in 1978, 1979 and 1981 respectively. The 1981 dispute had nothing to do with the company decision to refuse to adhere to negotiated industrial relations procedures. The real concern was that increased participation by the rank and file through their convenors was threatening managerial power and control. The goal was to reduce the power of convenors and to push decision-making powers back to the foremen. In June 1981 Tom Barlow, Hamersley general manager, said that "in some sections we got to the stage that we found shop stewards and convenors had become virtual de-facto union officials. They did no work for the Company at all and spent their time organising union meetings". Obviously the company felt that control over the workforce was diminishing. Barlow went on to say:

> "If you take the company's position, most believe that the union executive is the legal entity that we have to deal with. At the beginning of the year (1981) management had come to the realisation that we had a hollow, useless system which had to be done

> away with ... We don't refuse to talk to local people. But everything is more disciplined now".

He continued in a more fatherly tone to show that he understood the genesis of the problem:

> "We might bleed a bit over the changes. I hope not. I really hope that the sensible people in the union movement will see what the company is doing is for the benefit of everyone. I suppose like many other companies, what we are suffering is the penalty of a changed education system. We have basically a young workforce who have grown up doing their own thing. They believe that they are entitled to things - that everything is their right ... they haven't got the discipline to understand that they are part of a broad community and that there is a need to mould attitudes and requirements to the norm that exists in the community ... But as youngsters they are taught that they are individuals and that their rights are paramount"[9].

Hamersley's management then proceeded to challenge the unions in the Industrial Commission over a large number of work practices, refusing to consult or negotiate with the convenors on site. Over a period of six months many of the on-site "sweetheart agreements" negotiated with convenors were abolished or settled in favour of the company by the Commission. Bruce Yuill, principal of Management Assessment Pty.Ltd., who was closely involved with management's plan to redress the balance of power, has argued that the situation at Robe River in 1986 was almost identical to the conditions at Hamersley in 1981. The main difference between the two is that Hamersley achieved its goal over time with a well thought out plan; whereas Robe River moved too quickly and nearly lost control of their action to wrest control of the labour process away from the unions.[10]

Hamersley was not able to totally destroy the combined union committees through this action. In one sense, the committees have become stronger, particularly in preparation for negotiations around longer term strategies. What management has been able to accomplish is to force the unions more and more into the legalism and complexity of the arbitration system. By placing the emphasis on regulations, and the highly formalised nature of awards and statutes, Hamersley is forcing the unions to struggle on company turf, under company and commission controlled guidelines.

While Hamersley was bureaucratising its industrial relations process, Robe River brought out a carrot of cooperation. In 1982, a consultancy team was called in by management to devise a cost-reduction programme which ostensibly invoked worker participation. From 1979-81, 42.6 per cent of all time lost in disputation at Robe River was defined statistically as being over the issue of "management power". In comparison, Hamersley lost 16.9 per cent over the same issue and Mt.Newman and Goldsworthy lost 29.2 and 28.6 per cent respectively. Management saw a 'Common Interest Programme' as one way of both reducing disputes and reducing the costs of production.

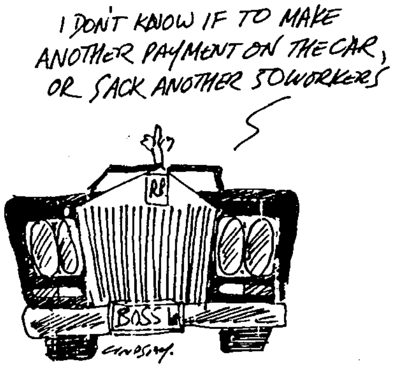
The objective of the 'Common Interest Programme" was to get workers to participate in the improvement of productivity. Any improvement in reducing costs per unit of production was then to be shared 50-50 between the company and workers. The 50-50 split was given and not explained. The cooperation necessary to accomplish this would supposedly eliminate the 'we' vs 'they' philosophy and replace it with a 'common interest'. The level and type of participation was to be limited by management only to those areas which workers controlled - hourly costs, material wastage and maintenance. All other decisions would, as usual, be made by the employer.

A measurement base would be devised by outside consultants and all performance measured and monitored against this base would be translated into dollars. Only that information necessary to achieve higher productivity in these terms would be released. In sum, it was argued that the programme provides both psychological and financial rewards for the workers.

The possible effects of the Programme were spelled out clearly by consultants based on past experiences. Some of these effects included: technical improvements are more easily introduced; strikes and stoppages are reduced; demarcation breaks down as iron-workers help electricians and fitters help operators to load machines, production records are broken, militants are isolated, wage demands are deflected, and the influence of union leadership is reduced.

After a great deal of discussion by convenors and rank and file over the costs and benefits of the programme, it was rejected. Two arguments carried the day for those opposed. First, in return for everyone acting like a foreman, supervising themselves and their mates, they would receive only about 25 per cent of the costs they saved, after taxes. Second, and more importantly, they recognized that the savings would intensify work in the long run through "natural wastage" or the disappearance of jobs from the site. For new people coming into the remaining jobs, new 'customary practice' would have significantly reduced the control of their work activity.

However, in spite of the rejection of its common interest programme, Robe River continued to take what was seen as a 'soft' line to industrial relations relative to the other companies in the Pilbara. This was to change dramatically after Peko Wallsend purchased a majority share from the American company Cleveland Cliffs in 1985-86, and took over managerial responsibility. On July 31, 1986, Charles Copeman, chairman of Peko-Wallsend, sacked the top level executives and industrial relations staff of Robe River; and the new management put in place announced that convenors were no longer to be recognised. In addition, management provided a list of 280 work practices, customs and agreements that would no longer be tolerated on site. As did Hamersley in 1981, Robe River threw down the gauntlet. Similar to the Hamersley decision, the goal was to reassert control on the shop floor and mine site and take a hard line in opposition to convenor power.



For a number of reasons, the recent gamble taken by the Robe River management to initiate an "unexpected short, sharp shock" has paid off. The combined union committees on both the port and mine sites have been decimated, convenors' authority has been severely curtailed, and there has occurred a significant shift in economic and political power at the "frontier of control" in favour of management. The three major reasons for this management victory were: (1) the refusal by the company to agree to conciliation or negotiation on any work practice, arguing managerial prerogative in the Commission; (2) the use of writs to sue for damages and the threat of Section 45D and E of the Trade Practices Act to end the strike; and (3) the curtailment of rank and file action to confront management during the dispute. Let us now consider these three points in more detail.

(1) On August 11 1986, the company locked out its entire workforce for three weeks rather than abide by a Commissioner's order to reinstate workers who had been sacked for "disobeying lawful instructions". The company argued that the Commissioner had interfered with managerial prerogative. On September 3, the Industrial Appeal Court ordered the company to end the lock-out and take its case on work practices through the Commission. After 65 days of Commission proceedings in Karratha and Perth, the Commission, primarily on the basis of managerial prerogative, found in favour of the company on 29 out of 32 work practice issues brought before it. The Commission then summarily ordered that some 250 additional work practice changes made by the company would also stand unless the unions could successfully

show the Commission reasons why they should continue to exist. By refusing to conciliate or negotiate, the company won an outstanding majority of the issues in arbitration.

(2) From September 3 to December 16 the management of Robe River callously transferred and re-classified workers, sacked workers, gave warnings for swearing and slamming doors, brought police on site to remove convenors for trying to speak to their members, ignored the few Commission decisions that had been won by the unions, and harassed union officials coming on site. On December 16 the rank and file went on strike. By January 1987, 10 unions and 18 unionists had been served writs to be sued for unspecified damages. Most seriously however, under threat of a writ of mandamus by the company, a Federal Commissioner ordered the three maritime unions back to work. These included the Merchant Services Guild, the Australian Institute of Marine and Power Engineers and the Seamen's Union. The MSG and AIMPE were employed as contractors. Should they have failed to return to work, Robe River could have used Section 45D of the Trade Practices Act. Should the Seamen's Union have failed to return to work, the company indicated it was prepared to bring in outside labour to move the tugs and ships. These accumulated writs against unions and unionists can be said to have provided most of the pressure to end the strike on January 25.

(3) From the beginning of the lock-out on August 11, 1986, the power and the wherewithal to respond to management's attack had been removed from the hand of the rank and file on the sites. State and Federal government officials, Iron Ore Consultation representatives, and union officials from the Perth-based Mining Union's Association swept into the Pilbara to prevent the workers from initiating any "militant response" or allowing the dispute to escalate. Union officials, speaking on behalf of governments, the Japanese, the other companies, and the iron ore industry convinced the workers to place their welfare and destiny in the hands of the Western Australian Industrial Relations Commission, which the company had treated with contempt. Coal miners working in Peko-Wallsend mines in New South Wales and a group of convenors from sites throughout the Pilbara had indicated that they were prepared to initiate supportive industrial action if requested. This offer of assistance was again greeted with a solicitor's opinion that such action would be met by injunctions and action under 45D of the Trade Practices Act.

In the past, all major disputes in the Pilbara were organised and run by convenors with the authority of the rank and file. In the recent Robe River dispute both convenors and the rank and file took a back seat at Commission and court hearings while union officials and government representatives argued their case. Given this pattern of events, the processes of consultative councils, trilateralism, consensus and the Accord do seem to be having an effect. The effect is to remove both the ability and the experience of struggle from workers on the job. Debate and struggle is becoming centralised and bureaucratised in an area where the rank and file become observers rather than participants. Whether this is a short or long-term reality remains to be seen.

4. Conclusion

Since 1967 the four Pilbara iron ore companies have invested a total of over $4 billion in industrial and social infrastructure. They provide at least nine-tenths of Australia's iron ore output and one-tenth of total world production. The major constraint preventing even greater output is limited demand from a relatively stagnant world steel industry.

The severity of the present economic stagnation of the steel industry in Japan was not foreseen by forecasting agents in the early 1970's. However, hindsight enables us to identify a few of the reasons for stagnation in Japanese steel output. During the 1960's as much as 25 per cent of Japanese steel output was consumed by the expansion of the steel industry itself. This had to end at some point. Secondly, domestic demand for steel declined in line with a fall of the growth of reduction in real disposable income and a saturation of the consumer durable market in Japan. Likewise, a neo-mercantilist fever swept the United States and Europe as successive administrations reduced Japanese imports, many of which had a high steel content. Finally, high energy prices in the 1970's had the effect of moving production towards light-weight, energy-conserving materials such as plastics and aluminium. In all likelihood these constraints to the growth of steel output will persist for the rest of this century. Since the demand for iron ore is derived from the steel industry, the immediate effects on the Pilbara are obvious. When the increased competitive pressure from iron ore producers in Brazil and India is taken into account the situation is even more serious.

Given the cost-efficiency and price-competitiveness pressures faced by the Pilbara producers for the rest of this century, it is likely that pressure will continue to be brought to bear on trade unionists in the area. The balance of power is definitely shifting towards management on the Pilbara mine and port sites. It has been our goal to identify this power shift in Pilbara capital-labour relations.

We have seen three historical phases of development in the iron ore industry. Further, it has been shown that the capital-labour struggle in the Pilbara has been interrelated with the economic development of the iron ore industry, which has in turn been interwoven with the development of the international steel industry. Phase

I, 1966-72, a period of rapid growth and development saw the establishment of strong trade union organisations on site, little concern for "managerial prerogative" on the part of the companies, and the recognition of convenors as leaders and representatives of the union membership. Phase II, 1973-80, was a period of slower growth and consolidation by the companies. During this period, the combined union committees under the guidance of union convenors established a strong power base for union organisation in the Pilbara. Both management and unions engaged in forays against one another in various attempts to capture an increased proportion of the wealth created and increased control over the work process. Neither side maintained their offensive through the entire period. However this period shows significant learning curves for both sides. Phase III, 1981 to the present, is a period of recession in the industry. From the Hamersley dispute of 1981 to the Robe River dispute of 1986-87, trade unionists have been under continual attack. "Managerial prerogative" has been of major concern to the companies. The Industrial Commission has been used by companies to enforce "their right to manage". Convenors and combined union committees have been under continuous pressure, not only from management, but also the Commission, State and Federal governments, and indeed a growing list of union officials. "Cowboys of the north", "lemming-like convenors", "militant stirrers" are epithets thrown at the workers in the Pilbara by politicians, management, and a few union officials. In sum, the power built up by trade unionists in the Pilbara has significantly diminished in the past few years.

The Robe River dispute is significant for two reasons. First, it was an exceedingly strong attack on trade unionists. The company has, more than any other company in the Pilbara, rolled back the power of convenors and the combined union committees. Second, and more importantly, the Robe River dispute could be the initiation of a new fourth phase of capital-labour confrontation; a pattern of confrontation which could spread far beyond the Pilbara. Peko-Wallsend carried through the management of the dispute with a "new right" political and ideological message. The chairman of the board of Peko, Charles Copeman indicated from the beginning that industrial relations is a political process. Along with this political-ideological position, the company made use of the court system. Unionists and unions faced writs, threat of injunctions, the invoking of section 45D of the Trade Practices Act, and damage suits. This powerful combination of ideology and judicial power has shown the unions and workers to be in an extremely weak position. Some of the most powerful union organisations and militant shop stewards in the Pilbara have been made to look almost pathetic in their response to the frontal assault by Peko-Wallsend in the Robe River dispute. This should be a lesson for unions and workers in the rest of Australia. It has almost certainly been a lesson closely followed by agents of capital.

Footnotes

1. K. Marx and F. Engels, Collected Works, Volume 11, London: Lawrence and Wishart, 1979, p.103.

2. Western Australian Department of Mines, Annual Report

3. See Errol P. Lovett, "The Structure of Industrial Negotiations within the Pilbara Iron Ore Mining Industry", Unpublished MA thesis, Monash University, 1980, p 76.

4. N.F.Dufty, "Strikes in the Pilbara Iron Ore Industry", paper delivered at the 53 ANZAAS Congress, Section 28, Perth, 1983, p.3.

5. T.P. Lynch, "1979 Operating Budget Review for the Industrial Relations Department", December 14, 1978.

6. For a complete analysis of this dispute see H.M. Thompson and Don Bartlem, "The Hamersley Iron Ore Strike", Arena, No. 55, 1980, pp.15-31; and N.F.Dufty, "The 1979 Hamersley Strike", Australian Bulletin of Labour, 8, 1982, pp.210-228.

7. Jan Mayman, "The Goldsworthy experiment pays off", Australian Business, March 26, 1981, pp 59-60.

8. For a complete analysis of this situation see H.M. Thompson, "Shorter Working Hours or Redundancies: Class Conflict in the Pilbara", Arena, No. 56, 1980, pp 113-127.

9. Pat Huntley, Inside Trade Unions Newsletter, June 5, 1981.

10. John van Os, "Did Peko act rashly", The Miner Newspaper, August 25-September 7, 1986, p.1.

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