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State regulation of mining in a post-fordist economy: Local vulnerability in the shadow of hierarchy

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ABSTRACT

The paper investigates two Swedish cases of state regulation of profound infrastructural change in relation to mining above the polar circle. An analytical framework of neoliberal depoliticisation and state regulation is used to investigate the extent to which neoliberal logics, especially the logic of distancing, determine the state relation to peripheral communities dominated by extractive accumulation regimes. The paper finds that the neoliberal prerogatives of distancing and flexibility are dominating the state relation to peripheral communities, and that this relation is determined by different aspects of distance. The dominance of neoliberal prerogatives also leads to a questioning of the widely held notion that the Swedish state has adopted an industrial policy devoted to mining expansion since the release of the Mineral Strategy in 2013.

1. Introduction

For several decades, the industrial landscape of the developed world has undergone dramatic changes. A shift from reliance on heavy industries and mass commodity production to value creation by other, less tangible, means has been framed and legitimated by neoliberal ideologies that have promoted deregulation and a withdrawal of the state from a supposedly free market. However, these processes have occurred in a patchy and uneven fashion across the developed world, often breading resistance from social groups and geographic areas left behind when the forms and centres of capital accumulation shifted. States have responded differently to crises in accordance with the specific premises of each region's unique history, culture and socio-economic configuration. This paper uses the literature on depoliticisation as a form of state regulation (e.g. Burnham, 2002; Flinders & Buller, 2006; Hay, 2007; Jessop, 2014) to understand the regulatory approach taken by the Swedish state towards mining development in two municipalities above the polar circle, both of which have undergone radical infrastructural and industrial transformations in the last decade. In both cases, the transformation should be seen in the context of a global mineral markets boom and bust cycle that ended around 2011.

There is an ample literature on different aspects of neoliberal regulation of peripheral communities, describing how municipal governments are left vulnerable when the state retreats from responsibilities that are delegated to the local administration and private business (Barnett, 2003, 2011; Haslam McKenzie et al., 2009; Skelcher, 2000; Sørensen & Torfing, 2009; see Cheshire, Everingham, & Lawrence, 2014; Cheshire, 2010 for the specific cases of mining). This devolvement of central responsibility in the previous decades has been described in terms of "a hollowing out of the state" (Rhodes, 1997), or the creation of an "institutional void" (Hajer, 2003; see further Kooiman, 2003; Rhodes, 2000; Stoker, 2000, 2004).

However, such studies rarely relate their object of study to a comprehensive theoretical framework on the dynamics of neoliberal regulation. At the same time, the literature on depoliticisation, which provides just such a theoretical framework, suffers from a lack of empirical studies of how neoliberal regulation plays out in concrete cases, and especially what happens along different geographical and institutional scales when the state is depoliticised (Hay, 2014). In this paper, we will therefore use the theoretical tools from the depoliticisation literature, together with Bob Jessop's and David Harvey's ideas on state regulation of capitalism, to analyse our two cases as instances of a dynamic interplay between state action/inaction and local governmental attempts to repoliticise areas from which they see the state retreating.

A neoliberal shift in Swedish mining, on-going from the 1990s, has been accompanied by depoliticisation in two important senses:

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a) The construction of a discursive, parliamentary consensus on the benefits of expanding the mining sector for Sweden as whole (see Wood & Flinders, 2014).
b) Deregulation and deferral of responsibility for the oversight and expansion of the sector from the governmental sphere to private, semi-private, sub-state and local governmental actors (see Hay, 2007).

From this premise, we formulate a threefold purpose: 1) To show the extent to which depoliticisation determines the relation of a state historically committed to sustained industrial policy and welfare provision for industrial centres across the country (e.g. Esping-Andersen, 1990; Katzenstein, 1985) – what Jessop terms the "social fix" of capital accumulation (2001, p.13) – to peripheral pockets of Fordist accumulation regimes, and how neoliberal regulation is in itself determined by different forms of distance; 2) To stake the theoretical claim that *re*politicisation should be understood as a response across geographical and institutional scales to which capacities and especially liabilities have been deferred by a neoliberal state whose power remains intact, and that repoliticisation occurs in a continuous boundary negotiation between the state and those actors and agencies to which capacities and liabilities have been deferred (see also Hay, 2007; Jessop, 2014; Kuzemko, 2014); 3) To question the notion promoted both by governmental representatives through the period covered and their critics, that the Swedish state has led an expansive mining policy since at least 2013, when the conservative government adopted its new Mineral Strategy (Swedish Ministry of Enterprise and Innovation, 2013).

The two cases chosen for this study allow for fruitful interrogation of neoliberal regulatory logics for two main reasons. Firstly, there is a number of factors involved that would make a strong state involvement in these mining developments seem likely: the history of the Swedish welfare state with socially deep and geographically wide extensions, the external pressure from the EU, which identified Sweden, the largest mining nation in Europe, as vital to resource security regarding certain raw materials such as iron in its raw materials initiative of 2008 (SEC, 2008), as well as the facts that one of the communities, Kiruna, is home to one of the biggest companies owned by the Swedish state, while the other one, Pajala, became a flagship for the governmental Mineral Strategy of 2013. Secondly, and related to the last point, the difference between the two communities allow for comparison of the state regulatory approach towards two very different types of mining community. Kiruna is a historical centre of Swedish mining where state owned LKAB has played a key role in Swedish state-led industrial development in the 20th century. Pajala is a municipality that has been severely affected by industrial reorientation since the 1980s and was only transformed into a mining community in 2012, as a part of a neoliberal shift in the Swedish mining sector.

2. State regulation of capitalism

Underpinning our analysis is an understanding of capitalism as inherently volatile and in need of state regulation. Capital accumulations and the associated devaluations materialise in different ways across geographical and temporal scales, which means that uneven geographical development becomes a key feature of the capitalistic landscape, both as a figure of speech and quite literally.

Being inherently volatile, capitalism may acquire a degree of stability through the establishment of *accumulation regimes*, a "pattern of production and consumption that is reproducible over a long period" (Jessop, 2001, p.4). The concept of an accumulation regime is macro-economic and describes the broad developmental goals that states pursue as they strive for economic growth, as well as the economic logics and prerogatives leading to the development of institutional structures and regulatory mechanisms. Such structures and regulation technologies, in turn, form a more or less coherent *mode of regulation* that may "stabilise an accumulation regime" (Jessop, 2001). A mode of regulation acts through concrete technologies such as legal frameworks and the banking and credit system, but also through "softer" forms such as the steering of social conduct and norms, thus serving to lend the accumulation regime an aura of legitimacy, inevitability, and permanence (Jessop, 2001; see also; Li, 2007; Mann, 2009).

However, the relative permanence of accumulation regimes does not mean they are immune to the volatility shocks inherent to capitalism. Waves of devaluation spread unevenly within accumulation regimes, just as the regimes themselves are subject to pressures from within and without that may eventually lead to their being impossible to sustain. As devaluations occur, they give rise to crises of different forms and magnitude along spatial and temporal scales. The role of the capitalistic state has largely been to regulate such crises and delimit them in time and place, allowing for the continued reproduction of capital accumulation on a national scale. The key mechanism employed by states in this pursuit has been the spatial and temporal "fix" (Harvey, 2006), which allows states to switch crises across geographical regions and defer them into the future, thus temporarily avoiding a full-blown crisis for capitalism without ever resolving its inherent contradictions. Even in good times, however, the structural contradictions within capitalism continue to generate conflict and social tensions, meaning that states must always deploy what Jessop calls a "social fix" that "partially compensates for the incompleteness of the pure capital relation and gives it a specific dynamic through the articulation of its economic and extra-economic elements, [securing] a relatively durable pattern of structural coherence in the handling of the contradictions and dilemmas inherent in the capital relation" (Jessop, 2001, p.13). Even these social fixes work only "partially and provisionally at best, through the formulation-realisation of specific accumulation strategies in specific spatio-temporal contexts" (Jessop, 2001), and they are therefore in themselves conflict-generating and potential sources of crises (Jessop, 2001).

Many scholars on political geography have argued that the decades since Reagan and Thatcher in the 1980s have seen a structural crisis of the Fordist accumulation regime, which was characterised by growth generated mainly through heavy industry and mass production of commodities, and a state actively involved in the social fix that assures continued value production through different forms of welfare programs (Jessop, 2012; Tickell & Peck, 1995). These new strategies have taken many forms, such as the "knowledge economy", but arguably the most important and, perhaps, least officially articulated tendency has been the rise of a new accumulation regime based on financial speculation, or what Marx referred to as "fictitious capital" (Marx, 1991), facilitated by the promotion of neoliberal ideology and the implementation of deregulatory measures (Harvey, 2005, 2007; Jessop, 2012). A characteristic of this new accumulation regime has been an unprecedented accumulation of capital surpluses in certain geographical centres and among individuals, and, on the other side of the equation, the proliferation of financial crises and devaluations. The breaking down of barriers – legal, temporal and spatial – to the free movement of capital has radically reinforced the crisis tendency inherent in capitalism. However, it has also assured the survival of the new accumulation regime, at least up to now, as it as has proved possible for devaluations to be limited locally and asymmetrically through the mechanism of uneven geographical development. The heaviest cost of devaluation has often been localised in areas lacking the power to influence political and economic decisions (Harvey, 2005, 2006).