

‘We can’t let Tesla get away with this’: why Swedish unions are fighting Elon Musk

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“I disagree with the idea of unions,” Elon Musk said during a rambling onstage interview this week. “I just don’t like anything which creates a lords and peasants kind of thing.” His appearance at the New York Times event may be best remembered for Musk’s diatribe against X’s missing advertisers; but the anti-union outburst shed light on a clash taking place thousands of miles away in Sweden. Musk’s electric car company, Tesla, employs only about 120 workers in Sweden, servicing vehicles for Swedish drivers across several different sites. Yet this small group of engineers is at the centre of a wave of industrial action, in which Swedish trade unions believe the very existence of the country’s long-established model of harmonious labour relations is under threat. Unlike the UK, “sympathy strikes” are legal in Sweden. So the union representing the Tesla employees, IF Metall, has been backed by a string of boycotts and embargos called in other industries – and encompassing far more workers than those at the centre of the dispute. Dock workers are refusing to unload Tesla cars at Swedish ports; postal workers won’t deliver their number plates; electricians won’t service Tesla charging points. Tesla is seeking to take legal action against some of these solidarity strikes, while flatly refusing to budge on the unions’ central demand – that the company signs up to a collective agreement. These agreements, often drawn up between employers’ associations and unions to cover entire sectors, are key to the way Sweden’s labour market has been governed for almost a century. Unlike many other European countries, there is no legally enforced minimum wage, and little statutory labour market regulation. Instead, the system is essentially voluntary – with the baseline for pay and other conditions, including pensions, set by collective agreements. The Organisation for Economic Co-operation and Development estimated in 2018 that almost 90% of Sweden’s workforce was covered by one of these deals. The result is a remarkably peaceful industrial landscape, even by Nordic standards: Sweden lost an average of 8,100 working days a year to industrial action between 2010 and 2021, for example, against more than 120,000 in Norway and Finland. Not surprisingly, given Musk’s attitude, Tesla has flatly refused to sign a collective agreement to cover its Swedish workers, however. After extended but fruitless negotiations, members at IF Metall opted to use the only weapon at their disposal, and call a strike. “We have tried to negotiate with Tesla for the better part of five years, and we have tried to explain to them the benefits with the collective agreement. But if they still refuse then we have the option to take action: and finally we ran out of patience,” said Jesper Pettersson, a spokesperson for IF Metall. German Bender, the head of investigations at the Arena Idé thinktank and an expert on the Swedish labour market, said he could understand the unions’ concerns. “It’s a very small conflict – maybe 120 or 130 employees. But it’s a huge employer, with potentially norm-setting consequences,” he said. “I am not saying that if the unions lose, the next day the Swedish model ceases to exist; but it is important in principle, because if the unions were to allow Tesla to get away with

this, other employers would start asking themselves, why do I have to sign a collective agreement?" He added: "It's hard to say how fast that would happen but we've seen that in Germany, collective bargaining coverage has come down substantially in the past 10, 15 years. So it is a plausible outcome of this event." Mike Clancy, the general secretary of the Prospect union, which represents workers at Spotify in the UK, agrees: "These things rapidly become slippery slopes. The Swedish trade unions cannot allow an offshore giant to arrive and start to nibble away at the social model – because what's next?" Tesla is not the only hi-tech company seeking to challenge the country's approach: the Swedish buy now, pay later lender Klarna recently signed up to a collective agreement, but only after the threat of strike action. The music-streaming site Spotify, also Swedish, has not yet signed one. There is a wider principle at stake, too: across the developed world, as economies transition from fossil fuels to new energy sources, there is a live question about what that means for jobs and workers. "There is an industrial relations and community aspect to every industry's transition as we try to meet our decarbonisation targets," Clancy said. In the US, the mighty United Auto Workers union has just won pay increases worth as much as 25% over the next five years for its members, after rolling strikes at major carmakers, including Ford and GM. But it is yet to win recognition at many of the plants making the next generation of vehicles – including, of course, Tesla. In Germany, where collective bargaining is traditionally widely used, the IG Metall union is actively seeking to organise in Tesla's gigafactory near Berlin, which employs as many as 11,000 workers – and watching the Swedish standoff closely. Pettersson, of IF Metall in Sweden, said: "Tesla is a major player in the green transition, and for us, I think it's obvious that they should compete on the same terms as all other companies in Sweden, and respect the basic principles of the Swedish labour market." Sweden's national mediator, Medlingsinstitutet, which plays a similar role to Acas in the UK, has attempted to act as a go-between but its senior labour adviser Per Ewaldsson acknowledges that it is a difficult one to resolve. "In this case, the dispute is more about principles than matters of substance – because the trade union demands a collective agreement with this company, and the company refuses such an agreement. So in terms of mediation, it's rather complicated to find a compromise," he said. Unlike in the UK, where the widespread strikes of the past 12 months have become a live political question, Bender says Swedish politicians tend to stay out of labour disputes. "It's a very low priority issue. Support for our labour market model is very strong, and politicians don't even want to go near it," he said. "That is the way that politicians in Sweden relate to labour conflicts: they don't interfere with them." A month into its strike, IF Metall is firmly dug in for the long haul. Striking workers are being fully compensated for lost pay. With a strike fund worth an estimated £1bn, the union says it can cover the cost of industrial action for decades if need be. "We have always anticipated that it might take a long time," Pettersson said. One solution would be for Tesla to subcontract the work done by Swedish staff to another company with a collective agreement. Amazon has taken this approach with its Swedish warehouses. But that would still leave the wider issue of Tesla's approach to unions – and the conditions for workers in the hi-tech green economy – unresolved. Meanwhile, as Bender points out, "considering that all this concerns Elon Musk, we can't really rule anything out". Tesla was approached for comment.