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Teaching Musk the rules of the game

Swedish trade unions have staged a historic strike to force Tesla into a collective agreement. Their success could benefit employees worldwide

A little over three months ago, on 27 Octoberlast year, the electric car manufacturer Tesla was confronted with a strike for the first time ever. The Swedish trade union IF Metall called the strike after five years of refusal by Tesla to negotiate a collective agreement for its employees in repair shops across the country (Tesla has no factories in Sweden, only vehicle maintenance, repairs and charging infrastructure).

It is not surprising that the Swedish union movement is the first to take on the staunchly anti-union firm. Sweden is one of the most unionised countries in the world, with around 70 per cent of the labour force being union members. Accordingly, a vast majority of Swedes support the strike and say that Tesla's brand has been harmed by the dispute.

Power resources

In addition, Swedish trade unions have power resources that are not available in many other countries. For example, they can strike against companies that do not have collective agreements to pressure them into signing one (the Tesla dispute is a case in point).

Furthermore, they have the right to call sympathy strikes (sometimes also called solidarity strikes or secondary strikes). These are collective action measures that can be used to support a primary dispute. For example, a union can support itself or another union that is involved in a dispute. In the Tesla case, both types have been used.

The first type has been employed by IF Metall. First, when it expanded its strike to repairs shops owned by other companies that service Tesla vehicles. And more recently, when it issued a blockade against the company Hydro Extrusion, which produces a component needed for the production of Tesla's Model Y in Germany. By doing so, the union hopes to disrupt the production of new vehicles.

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But the vast majority of solidarity strikes against Tesla have been called by nine other Swedish unions. These collective action measures are not strikes, strictly speaking, because workers have not stopped working altogether. Instead, the workers refrain from performing tasks related to Tesla.

For example, the electrical workers' union refuses to perform electrical work, such as maintenance or repairs, on Tesla's charging stations and repair shops; the building maintenance union has stopped cleaning Tesla's shops and offices; the postal workers' union blocks deliveries (including license plates for new vehicles) to all Tesla facilities; and the transportation union has blocked disposal of industrial waste in repair shops and also blocks all unloading of Tesla cars delivered to Sweden's approximately 50 ports, effectively halting Tesla's car deliveries to Sweden.

To evade the dockworkers' blockade, Tesla first started transporting ships to other Nordic ports. This move added an international dimension to the dispute, as unions in Denmark, Norway and Finland decided to support IF Metall with solidarity measures by blocking all unloading of Tesla vehicles transported to Nordic ports. Tesla has, in turn, responded to the blockade of Nordic ports by shifting to land transport directly from its factory in Germany (Tesla's only manufacturing plant in Europe, and the second largest outside the US). Of course, this is more cumbersome and probably more expensive than its usual shipping operations.

Important for various reasons

The Tesla strike is exceptional both in terms of scope and duration, as it is the longest Swedish labour dispute in more than thirty years. But strikes are an extremely rare occurrence in Sweden, which has one of the most peaceful labour markets in Europe.

However, this particular conflict is of principal importance for Swedish labour unions, who see it as a necessary measure to safeguard the country's heralded labour market model. One of the model's institutional pillars are sectoral collective agreements, which cover 90 per cent of all employees. Collective bargaining coverage is upheld in part by the strong norm that employers sign such agreements.

Cutting labour costs by refusing to negotiate collective agreements is

generally considered unfair competition by unions and employers alike. Unions also see it as a potential risk for downward pressure on wages and working conditions if a large company such as Tesla were allowed to opt out of the model, which could cause others to follow suit. This domino effect would be detrimental not only for Tesla's employees but also for workers in other companies, and could eventually undermine the Swedish model itself. The alternative to high collective bargaining coverage would be that more regulations on wages and working conditions would have to be regulated through legislation at the national and EU level, which is a scenario that unions and employers want to avoid.

Swedish unions are not the only ones pressuring Tesla.

Another reason why the conflict is of such principal importance for labour unions is the fact that Tesla is emblematic of the rapidly growing electric vehicle market. Securing collective agreements for jobs created in the industrial transition is one of the most reliable ways to make sure that green jobs will also be good jobs, a vital concern for unions.

But the conflict has symbolic significance for Tesla, too. Not for the costs of a Swedish union contract. These would be negligible, given that it would only cover 130 of Tesla's almost 130 000 employees worldwide. But a concession to the union in Sweden could bolster union demands in countries where a larger portion of Tesla's employees work, like the US and Germany.

In fact, Swedish unions are not the only ones pressuring Tesla. In the US, the United American Autoworkers' union is aiming to organise at least one of Tesla's enormous American factories. And, a week before the Swedish strike, the newly elected president of the powerful German industrial union IG Metall, Christiane Benner, made a sharp statement directed at Elon Musk: 'you need to be careful. The rules of the game are different here', she said in reference to Tesla's attempts to obstruct union organising at its factory in Grünheide (State of Brandenburg, Germany), with almost 12 000 employees.

According to IG Metall, union membership in the factory is growing 'faster than expected'. Membership numbers are vital for winning upcoming works council elections at the plant and to pressure Tesla to bargain with the union or eventually call a strike.

The rhetoric support by IG

At the moment, however, no German unions have joined their Nordic fellow unions in

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launching solidarity action in support of IF Metall. Such measures could include, for example, blocking truck shipments of new Tesla cars from Germany to Sweden, or halting factory production of vehicles for the Swedish market. They would constitute important countervailing forces to the international mobility of capital and provide invaluable support to the Nordic union movement. They would also bolster IG Metall's own chances of getting a collective agreement for Tesla workers in Germany.

The question is whether or not such solidarity strikes would be allowed under German labour law. The right to solidarity action was confirmed in Germany in 2007 after a decision by the Federal Labour Court, but a case like the Swedish Tesla dispute has not been tried legally.

Therefore, IG Metall and other German unions should urgently perform a detailed legal analysis of the possibility of calling solidarity strikes to support IF Metall's struggle to achieve a collective agreement for Tesla workers. If the analysis finds that the legal status of such solidarity strikes is unclear, one option would be to let the Federal Labour Court set a precedent, which could prove hugely important.

The rhetoric support by IG Metall for the Swedish strike is both welcome and necessary. But, unfortunately, it is not sufficient. Not when you are dealing with Elon Musk.



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