



LUND UNIVERSITY

Musk Fights Sweden's Unions

Jonung, Lars

Published in:
Wall Street Journal

2024

Document Version:
Publisher's PDF, also known as Version of record

[Link to publication](#)

Citation for published version (APA):
Jonung, L. (2024). Musk Fights Sweden's Unions. *Wall Street Journal*.

Total number of authors:
1

General rights

Unless other specific re-use rights are stated the following general rights apply:
Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal

Read more about Creative commons licenses: <https://creativecommons.org/licenses/>

Take down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

LUND UNIVERSITY

PO Box 117
221 00 Lund
+46 46-222 00 00

<https://www.wsj.com/articles/elon-musk-fights-swedens-swamp-collective-wage-agreements-corporatist-econ-c9f1eca4>

OPINION COMMENTARY [Follow](#)

Musk Fights Sweden's Unions

He refuses to enter into the collective wage agreements that define the West's most corporatist economy.

By Lars Jonung

Feb. 13, 2024 6:24 pm ET



An intersection in central Stockholm, March 26, 2023. PHOTO: ERIKA GERDEMARK/BLOOMBERG NEWS

Lund, Sweden

Sweden is the West's most corporatist society. Powerful interest groups, often described as "social partners," use collective bargaining to set rents for apartments and wages earned in labor markets.

This model is being challenged by Tesla CEO Elon Musk, who is refusing to enter into collective wage agreements with Swedish trade unions. The unions have responded with strikes and blockades on Tesla operations in the country. Government authorities have been restricted from supplying license plates for new Tesla cars. In a show of solidarity with striking Tesla workers, garbage collection for the company has stopped.

The power of unions in Sweden is enormous. No domestic company can survive if it refuses to bargain with them. Only a rich foreign businessman like Mr. Musk can challenge the system, commonly described as the Swedish model.

Individual contracting was eliminated in two main areas by the Social Democrats during their long period of government: the rental market, which constitutes about 30% of the housing market, and the labor market. Only collective agreements apply in these areas.

Collective bargaining holds rents below market level, creating huge queues for apartments. More than a million Swedes, out of a population of 10.4 million, are waiting in these queues. In central Stockholm, the queuing time for apartments is between seven and 11 years, though for attractive ones it is sometimes more than 20 years. It's like waiting for a new Trabant in East Germany. Similarly, collective wage agreements set a minimum wage for each sector, resulting in fewer jobs. The Swedish unemployment rate is around 8%, currently the third-highest in Europe.

Liberal democracy presupposes fundamental rights and freedoms. Some of these, such as the freedoms of opinion, press and expression, are enshrined in the Swedish constitution. But the right of the individual to enter into contracts isn't similarly guaranteed.

Individual contracting can only be guaranteed in Sweden through new legislation that weakens the prevailing structure. The most radical reform would be to write into the constitution that every Swedish citizen has the right to enter freely into agreements. A Swedish constitution that guarantees these rights would dampen today's overwhelming corporatist forces. No tenant renting an apartment could be forced to become a member of the Swedish Tenants Union, as is the case today. Queues for apartments would disappear if rents rose to market-clearing levels. Blockades and strikes could no longer force people to accept collective agreements.

These legislative measures would strengthen liberal democracy in Sweden, but they wouldn't end collective agreement or trade unions. Employers and employees will use collective agreements when they are mutually beneficial.

Liberal democracy is being threatened globally by growing populist and illiberal movements. The government in Stockholm should counteract this threat by strengthening people's individual rights and freedoms in the Swedish constitution. If this happens, Mr. Musk will have given Sweden a great gift.

Mr. Jonung is a senior professor of economics at Sweden's Lund University. He served as chief economic adviser to Prime Minister Carl Bildt, 1992-94.

Appeared in the February 14, 2024, print edition as 'Musk Fights Sweden's Unions'.