

Labor Exploitation at Tesla: Accountability Mechanisms are Necessary

by Ella Norman

The Promise of Good Jobs in the Green Economy

In August 2022, after years of pressure from climate activists, the Biden Administration signed into law the [Inflation Reduction Act \(IRA\)](#), marking the largest climate spending package in U.S. history. The IRA will invest \$369 billion over the next ten years to lower national carbon emissions, with significant amounts dedicated to promoting domestic energy production and manufacturing.

This new infrastructure funding will fall under the [Justice40 initiative](#), an executive order by the Biden administration in 2021, which promises to have 40% of all climate change-related investments go to frontline communities. This policy is intended to promote new jobs, infrastructure, and economic opportunities in historically marginalized communities.

Because companies are incentivized to locate projects in frontline communities, it is important to prevent the new renewable energy projects from replicating the exploitative impacts the fossil fuel industry has had on workers and communities. One powerful contender for holding renewable energy producers accountable for creating good jobs and positively impacting the surrounding community is writing legally-binding [Community Benefit Agreement \(CBA\)](#) criteria into federal and state loan and grant applications for renewable energy project funding.

The Department of Energy announced that as part of the Justice40 initiative, it will require companies to [include CBAs with funding applications](#). To ensure that the implementation of investments has a positive impact on communities and workers, CBAs should be co-created with companies, community stakeholders, and worker organizations, and outline standards for jobs and community impacts.

In the case of Tesla, one of the U.S.'s largest renewable energy and EV manufacturers, accountability mechanisms were not built into financial incentives granted to Tesla by state governments as the company located in frontline communities. At the Buffalo and Austin Gigafactories, workers have filed complaints of workplace racism, wage theft, and hazardous working conditions. These conditions are far from the good jobs we hoped to see in the green economy.

Community and worker campaigns in Austin and Buffalo highlight the problems to look out for as renewable energy expands, speak to existing avenues for accountability, as well as gaps that need to be filled by the Justice40 implementation plan.

Buffalo Gigafactory: alleged workplace racism

When the state of New York announced that Tesla would be granted [almost \\$1 billion](#) in combined capital and tax credit, the Buffalo community was promised that the new Gigafactory would create [thousands of good new jobs](#), but did not include specifications for how much

workers should be paid. This investment was part of the “Buffalo Billion” project, intended to “revitalize” the Buffalo economy.

However, since Tesla purchased the facility in 2016, the company has fallen short on the promise of good jobs, coming under fire numerous times with Buffalo residents and Tesla employees voicing complaints over [workplace racism](#) and the [underpayment and overworking of workers](#).

As of February 2020, [a dozen former Buffalo Tesla employees filed state and federal complaints](#) against Tesla citing a racist and hostile workplace environment. These individuals, all people of color, report experiencing racist verbal harassment from white employees and supervisors as well as being overlooked for opportunities and promotions. These allegations echo previous [complaints of workplace racism](#) that have come out of other Tesla Gigafactories in the U.S.

In 2020, the [Clean Air Coalition](#), a grassroots environmental justice organization in Buffalo, [launched a campaign](#) against Tesla, targeting the company’s racist workplace environment. As part of the Clean Air Coalition campaign, former and current Buffalo Gigafactory employees organized to bring public and media attention to their demands for Tesla to end low wages, harassment, discrimination, and exploitation of their workers.

The coalition [amplified their message](#) on social media and [disrupted Tesla’s Annual Meeting of Shareholders in 2020](#), getting a comment with their demands read live. As a result of this effort, Tesla has begun to make changes to address racism in the community and in their workplace. Tesla announced a partnership with community organization [Say Yes Buffalo](#) and hired a new policy advisor to address the complaints.

Austin Gigafactory: Workers file complaint over labor violations

The problem isn’t limited to Buffalo. Workers and community members in Austin, Texas have also been faced with Tesla’s corporate irresponsibility. Although the governor of Texas happily [welcomed Tesla](#) to Austin, community members were more [skeptical](#). The Gigafactory in Austin is located in eastern Travis County, an unincorporated area whose population is predominantly [low-income and people of color](#). Similar to Buffalo, the communities of color in Eastern Travis County are targets of government disinvestment.

Since manufacturing began at the Austin Gigafactory, workers, many of whom are immigrants, have experienced [wage theft and hazardous work conditions](#). The workers report being expected to work on the roof at night with no lights and on a flooded floor where live wiring was exposed, in addition to not receiving double-pay bonuses for working on Thanksgiving.

This past November, Austin Gigafactory employees, represented by Workers Defense Project, filed a lawsuit through OSHA and the Department of Labor due to the labor violations. This lawsuit comes six months after a coalition of Austin-based environmental organizations, led by People Organized in Defense of Earth and her Resources ([PODER](#)), wrote a [letter](#) to the Austin City Council voicing concerns of Tesla negatively impacting water access and environmental protection in the community.

Leveraging Community Benefit Plans for Corporate Accountability

In response to labor violations at the Buffalo and Austin Gigafactories, organizations such as Clean Air Coalition, PODER, and Workers Defense project have pressured Tesla to remedy their impact on communities and workers. These campaigns have sought accountability through garnering public support, lawsuits, and pushing for government support.

Including CBA criteria in federal and state loan and grant applications that represent stakeholder priorities has the potential to include the very things the campaigns are calling for. CBA criteria may include establishing minimum pay, workplace protections, and mandating that companies continuously engage with community stakeholders.

The rapid expansion of renewable industries in the U.S. is underway, in large part due to the new economic benefits created by the IRA and Justice40. Incorporating accountability mechanisms into these spending packages is critical as we decide if the \$369 billion pledged in the IRA will exacerbate current labor issues or be a driving force for accountability in a Just Transition.