

UAW vs. the Detroit Big 3 automakers

How the UAW strike could have ripple effects across the economy

September 16, 2023 · 7:27 AM ET



Scott Horsley

4-Minute Listen

PLAYLIST Download



United Auto Workers members attend a solidarity rally in Detroit at the start of the union's strike against Ford, General Motors and Stellantis on Sept. 15. The union is striking against all three automakers at once for the first time ever, but only at targeted plants for now, making it even harder to assess what the strike's economic effects will be.

Bill Pugliano/Getty Images

The United Auto Workers' strike against the Big Three automakers will have ripple effects across the economy — but it's hard to gauge how much.

It will depend in large part on how big the strike gets and how long it goes on. And what makes this walkout unusual is that the union is targeting all Big Three carmakers

— Ford, General Motors and Stellantis (Chrysler's parent company) — but it's not picketing all of their plants, at least for now.

Sponsor Message



Dart Clearance - Darts.com

[LEARN MORE](#)



BUSINESS

As UAW strike begins, autoworkers want to 'play hardball'

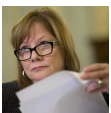
Initially, the strike is limited to just three assembly plants — one for each company — with a total of about 13,000 workers.

Here are some of the potential effects of the strike on workers, companies, car buyers and the broader economy.

The impact on spending by striking workers

Striking workers won't be getting paychecks while they're out of work. They will receive \$500 a week in strike pay from the union. But on average, that will replace only about 40% of their lost wages. That will likely mean reduced spending in communities where striking workers live.

"Maybe you skip going out to dinner," says University of Michigan economist Gabe Ehrlich. "People say, 'Oh, I've prepared for a strike. But there's only so much you can do to save up for a strike. Obviously, the \$500 a week helps. But it's not making up for a full paycheck.'"



BUSINESS

Sky-high CEO pay is in focus as workers everywhere are demanding higher wages

The UAW has built up a strike fund of \$835 million — enough to last about three months if all of the nearly 150,000 unionized autoworkers were on strike. The union will also pay for striking workers' health insurance.

The impact on supply chains

Automakers don't operate in a vacuum.

Companies that supply parts to Ford, GM and Stellantis could also feel the effects of the strike, but probably not right away.

Automakers have lived through several years of parts shortages, so Ehrlich thinks they'll be slow to cancel their orders with suppliers.

Even if orders do slow down, parts-makers might be wary about laying off their own workers, given the tight labor market.

If a strike drags on for eight or 10 weeks, though, Ehrlich says the impact will likely be far-reaching.

The impact on would-be car buyers

More cars are on dealers' lots now than there were a year ago, when supplies were still severely limited by the COVID-19 pandemic and a shortage of computer chips.



An employee works at Ford's Rouge Electric Vehicle Center in Dearborn, Mich., on Sept. 20, 2022. Companies that supply parts to Ford, GM and Stellantis could also feel the effects of the UAW strike, though perhaps not right away.

Jeff Kowalsky/AFP via Getty Images

But if you want a specific model from one of the Big Three automakers, the strike could make it harder to find.

Ford has enough vehicles on hand to last about two months. GM's inventory is a little smaller; Stellantis' inventory is a bit larger. So there's a cushion, but it won't last indefinitely.

New-car prices rose 0.3% in August after four months of flat or falling prices. Any loss of production could put more upward pressure on prices, although nonunion carmakers such as Honda and Volkswagen will keep cranking out vehicles during the strike.

The impact on economic growth

The Big Three automakers aren't as dominant as they once were, and neither is the UAW. Even if all 150,000 members were to strike for six weeks, the fallout for the broader economy would be limited, shaving an estimated 0.2% off fourth-quarter gross domestic product, says Mark Zandi, chief economist at Moody's Analytics.

"This is a small impact, but meaningful," says Zandi, "particularly in the context of other headwinds to growth in coming months, including higher oil prices, higher mortgage rates, the end of the student loan payment moratorium and a potential government shutdown."



BUSINESS

Why you shouldn't be surprised that autoworkers are asking for a 40% pay raise

The auto industry is also relatively contained, unlike delivery giant UPS or freight railroads, where threatened strikes in the last year could have had much more far-reaching effects.

In communities where carmakers are concentrated, a six-week strike could be painful but would probably not do lasting damage.

"It's not going to fundamentally alter the trajectory of Michigan's economy," Ehrlich says.

The longer the strike drags on, though, the more it could reshape the industry's future. The walkout comes at a time when autoworkers are already nervous about the massive transition to electric vehicles, which require fewer people to produce.

"What I worry about is if we had a substantially more intense strike that is more acrimonious, that drags on substantially longer, does that start to lead the automakers to rethink where they invest?" Ehrlich says.

After a protracted machinists strike in 2008, for example, Boeing shifted some aircraft production to a new plant in South Carolina, a fiercely anti-union state.

uaw strike stellantis organized labor ford general motors

Your mission, should you accept it...

Story by story, we are creating a more informed public. Grassroots support from you is essential. We invest every gift into funding reporters, amplifying essential stories, and more. If that is a mission you can get behind, signal that you are all in by donating today.

♥ YES, I'LL DONATE

More Stories From NPR



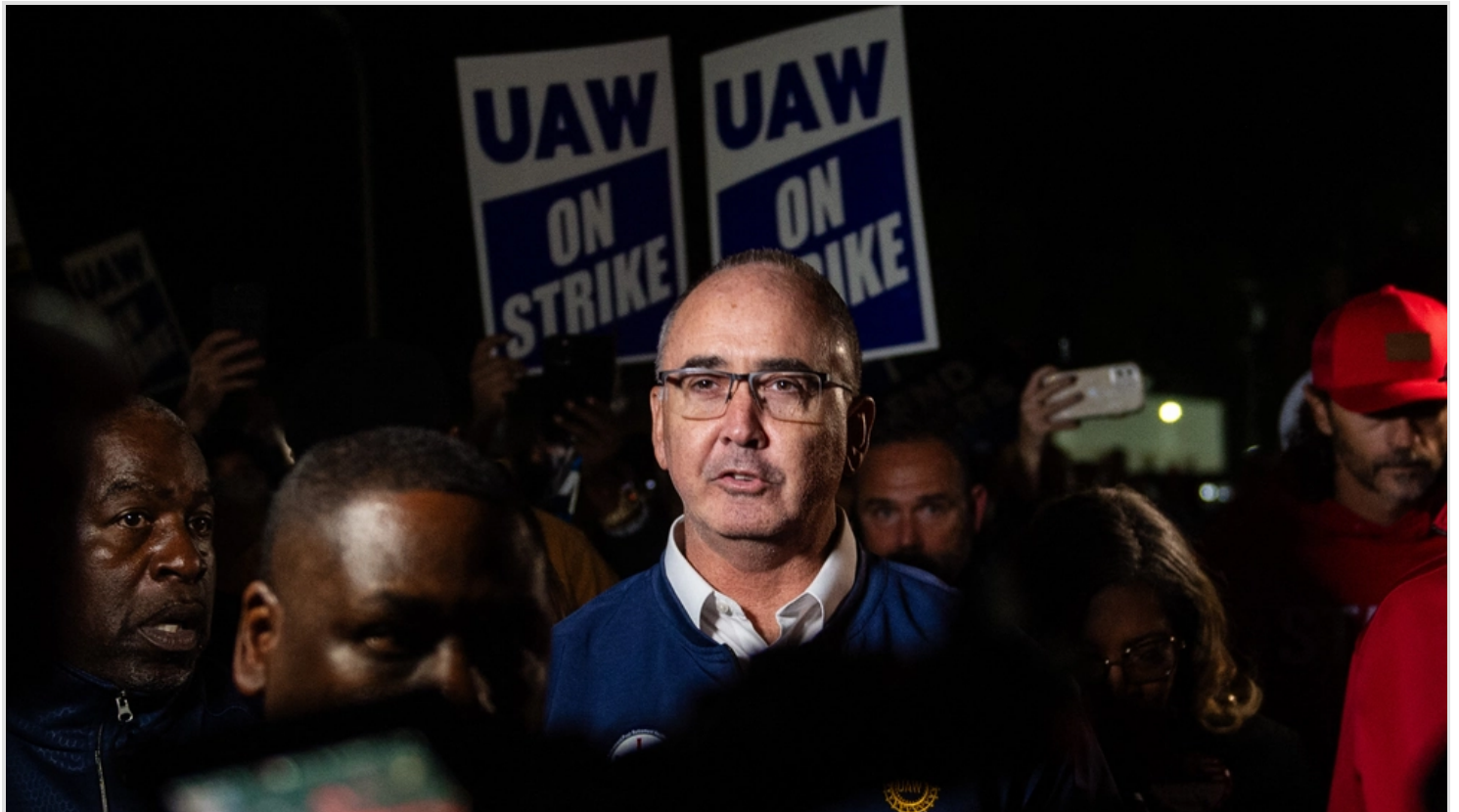
BUSINESS

How Shawn Fain, an unlikely and outspoken president, led the UAW to strike



BUSINESS

With unprecedented strike underway, auto workers want to 'play hardball'



BUSINESS

The UAW launches a historic strike against all Big 3 automakers



BUSINESS

Here's where things stand just before the UAW and Big 3 automakers' contract deadline

BUSINESS

Why the transition to electric cars looms large in UAW talks with Big 3 automakers



BUSINESS

Why a 4-day workweek is on the table for autoworkers

Popular on NPR.org



BUSINESS

Union says UAW and automakers' talks are 'slow' as Biden aides prepare to visit



CLIMATE

Thousands are marching in New York to demand that Biden 'end fossil fuels'



HISTORY

Ohio's Hopewell Ceremonial Earthworks are about to be a UNESCO World Heritage site



GLOBAL HEALTH

Another Nipah outbreak in India: What do we know about this virus and how to stop it?



NEWS

Up First briefing: Romney won't run again; prepare for hurricanes; immigration growth

NPR Editors' Picks



POLITICS

Past impeachments, products of their times, often produced unintended consequences



SPORTS

U.S. cyclist Sepp Kuss has won Spain's La Vuelta. His biggest rivals? His team



RELIGION

She chased 'ego death' — first in religion, then in parenthood



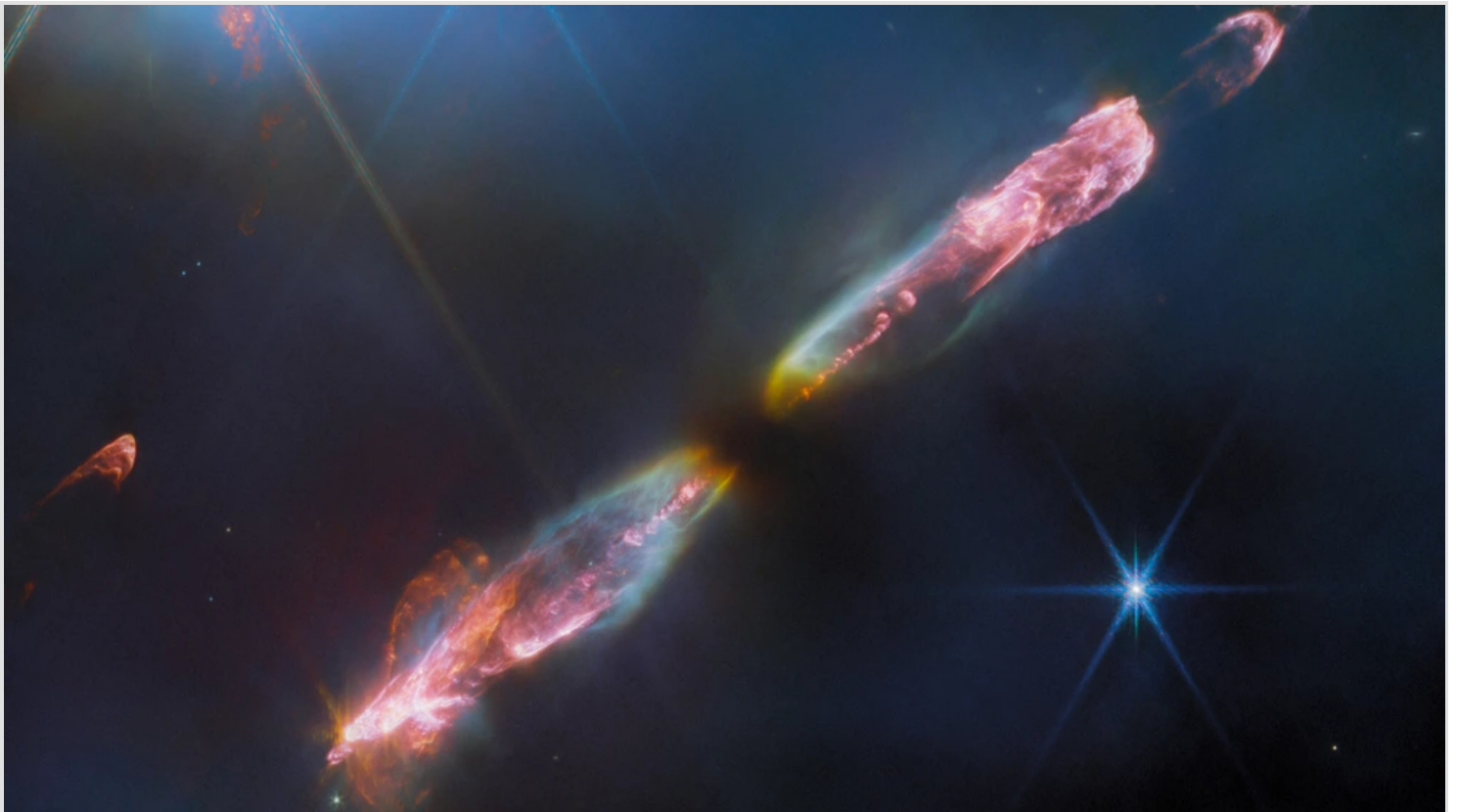
HEALTH

Poison ivy is poised to be one of the big winners of a warming world



CLIMATE

California sues oil giants, saying they downplayed climate change. Here's what to know



SPACE

NASA releases 'baby picture' of a star that will grow up to be much like our sun

UAW vs. the Detroit Big 3 automakers

READ & LISTEN

CONNECT

Home

Newsletters

News

Culture

Music

Podcasts & Shows

Facebook

Instagram

Press

Public Editor

Corrections

Contact & Help

ABOUT NPR

Overview

Diversity

NPR Network

Accessibility

Ethics

Finances

GET INVOLVED

Support Public Radio

Sponsor NPR

NPR Careers

NPR Shop

NPR Events

NPR Extra

[terms of use](#)

[privacy](#)

[your privacy choices](#)

[text only](#)

© 2023 npr