For many, this has been a summer of strikes. Beyond the high-profile, ongoing strike of Hollywood writers and actors, union actions have secured outcomes like substantial pay increases for UPS drivers and commercial air pilots. A major strike of autoworkers now looms. Despite indicators pointing to a labor market that is loosening after historic post-pandemic tightness, these and other labor actions have the potential to impact the labor market, influencing outcomes for employers, job seekers, and the broader economy.

Strikes on the Rise

Throughout the last several months, high-profile strikes have dominated labor news. Department of Labor (DOL) statistics put the number of striking Americans this year at just over 300,000, hundreds of thousands more than the typical tally, which has mostly hovered under 200,000 since 2000 (except for massive teacher strikes in 2018 and 2019). Government statistics, however, only record strikes of 1,000 or more workers; a public database maintained by the Cornell University’s School of Industrial and Labor Relations records strikes of all sizes and reports 251 work stoppages this year, hundreds more than the DOL’s tally.

The highest profile strike of the summer has been the ongoing SAG-AFTRA and Writers Guild of America strike, in which Hollywood actors and writers are striking for improved benefits, including higher wages, more equitable streaming renumeration, and a limit to AI-enabled scriptwriting. The strike has already disrupted the television industry, putting late-night shows on pause and pushing back filming schedules for upcoming films and television.

Other near strikes have been just as impactful. A threatened strike of 300,000 UPS workers last month resulted in a record wage hike for drivers, who now make $49 per hour with additional benefits including no mandatory overtime. American Airlines pilots last month approved a contract boosting wages by more than 40% over a four-year term. Finally, a potential strike of 146,000 United Auto Workers (UAW) at the nation’s “Big Three” auto manufacturers (Ford, General Motors and Chrysler maker Stellantis) still looms. Negotiations on contract renewal, with employee demands that include significant pay increases, have been rocky, and analysts see a high likelihood of a strike after the UAW’s current contract expires on Thursday.

The State of the Labor Market
A historically tight labor market has increased union bargaining power, contributing to the rise in strikes. Despite indications that the market is loosening slightly – unemployment rose last month – joblessness remains at a near 50-year low. While this trend is expected to continue, unemployment will likely remain low for months to come, maintaining the trend of significant worker leverage in labor relations.

Different sectors will be affected differently by an uptick in strike activity for blue-collar jobs that typically have more trouble hiring (and that are more likely to be unionized), like truck drivers or factory workers, and will remain more susceptible to strike actions even as the labor market loosens slightly in coming months. Tech, on the other hand, has experienced several rounds of layoffs in recent years, and many corporate employers are pushing return-to-office plans despite worker dissatisfaction, indicating a different labor relationship. Additionally, despite high-profile unionizations and front-page work stoppages, union activity in the U.S. remains historically low. The ability of American workers to organize, while clearly on an upswing, is limited.

Even employers safe from strikes in their own workforce can be deeply impacted by work stoppages, however. Had the UPS strike happened, the impact on commercial and personal logistics could have been disastrous; as of 2022, UPS’s U.S. market share was 43%. Similarly, if the looming UAW strike becomes a reality, tighter car supply as a result of paused manufacturing could send car prices spiking (again) just as the sector has begun to recover from pandemic-era shortages, impacting consumers.

While labor disruptions can be painful for businesses, they are industry-specific and can provide invaluable insight to worker needs. Additionally, strikes could produce unexpected benefits: The week after UPS finalized its new contract with drivers, boosting pay for some of them to $170,000 a year, online searches for jobs with “UPS” or “United Parcel Service” in the title jumped 50%. In many other cases, pay gains as a result of work stoppages have simply kept pace with the rate of inflation.

Nonetheless, increased strike activity is a symptom of the state of the domestic economy; high inflation, a tight labor market, and historically high employee leverage, mostly in blue collar sectors, have fundamentally changed the labor market in the U.S. Labor disruption will continue – impacting employers and consumers in every sector – until the U.S. economy normalizes and the labor market cools, though neither is easy to predict.

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