The UAW Paradox: Consequences of "Successful" Labor Strike Continue to Materialize One Year Later

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Last year, the United Auto Workers ("UAW") championed what they considered to be a massive win derived from more than 50,000 of its 146,000 members striking at various Ford, Stellantis, and General Motors plants across twenty different states. The historic strike, commonly referred to as the "Stand Up Strike" resulted in workers winning pay raises of 25% over the next four and a half years, cost of living increases, faster progression to the top of the wage scale, and a host of other economic gains. In addition, the UAW won organizing rights at the new electric vehicle battery plants coming online at various Big 3 facilities.

Shortly after UAW reached their historic agreement with the auto manufacturers, UAW President Shawn Fain declared that the Stand Up Strike "will go down as an inflection point for our union and our movement." What has played out over the year since Fain's prophetic statement was made has shown that Fain could not have been more correct.

Despite warnings from the Big 3 that the strikes would do lasting damage, Fain and the UAW persisted until a contract was reached. In the year since the strike occurred and the resulting contract was reached, Stellantis has laid off 1,100 workers in its Warren, Michigan facility and indefinitely laid off and terminated hundreds of workers at its Sterling Heights, Michigan Plant and Toledo, Ohio Assembly Complex. The same is true for General Motors, who announced in December 2023 that it would lay off 1,300 employees at its Orion Assembly Plant and Lansing Grand River Plant. This year, Ford announced its intention to downsize its planned "Blue Oval" Battery Park in Marshall, Michigan, resulting in approximately 800 fewer jobs than initially expected. While various factors likely contributed to each automakers decision to engage in layoffs and downsizing, the fact remains that UAW's "historic" strike and contract set in motion a series of events that have appeared to hurt rather than help its members. The increased cost associated with the strike and subsequent CBAs appears to have cost union members over 3000 jobs in approximately one year.

In the midst of the layoffs and downsizing impacting the auto makers, the UAW faced its own internal strife. In early 2024, an independent monitor overseeing UAW as a result of a bribery and embezzlement scandal dating back to 2014 initiated an investigation into allegations of retaliation by Fain against one of the union's vice presidents. These allegations resulted in an apparent shift in the union's willingness to cooperate with the independent monitor's ongoing work.

As UAW's membership continues to decline, reaching a fourteen year low in 2023, the UAW and other unions will almost certainly continue to use aggressive bargaining and campaign tactics to replenish their membership. Their ability to do so may be strengthened over the coming years, as both Donald Trump and Kamala Harris have espoused their support for labor unions during their 2024 presidential campaigns. Given the growing visibility of high-profile clashes between labor unions and employers, employers with non-unionized workforces should remain vigilant of any signs of union activity and act quickly to prevent any organizing effort. As the Stand Up Strike shows, the long-term financial and reputational cost of an organized workforce can be extremely damaging to an employers' business, despite early proclamations of victory by organized labor.

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