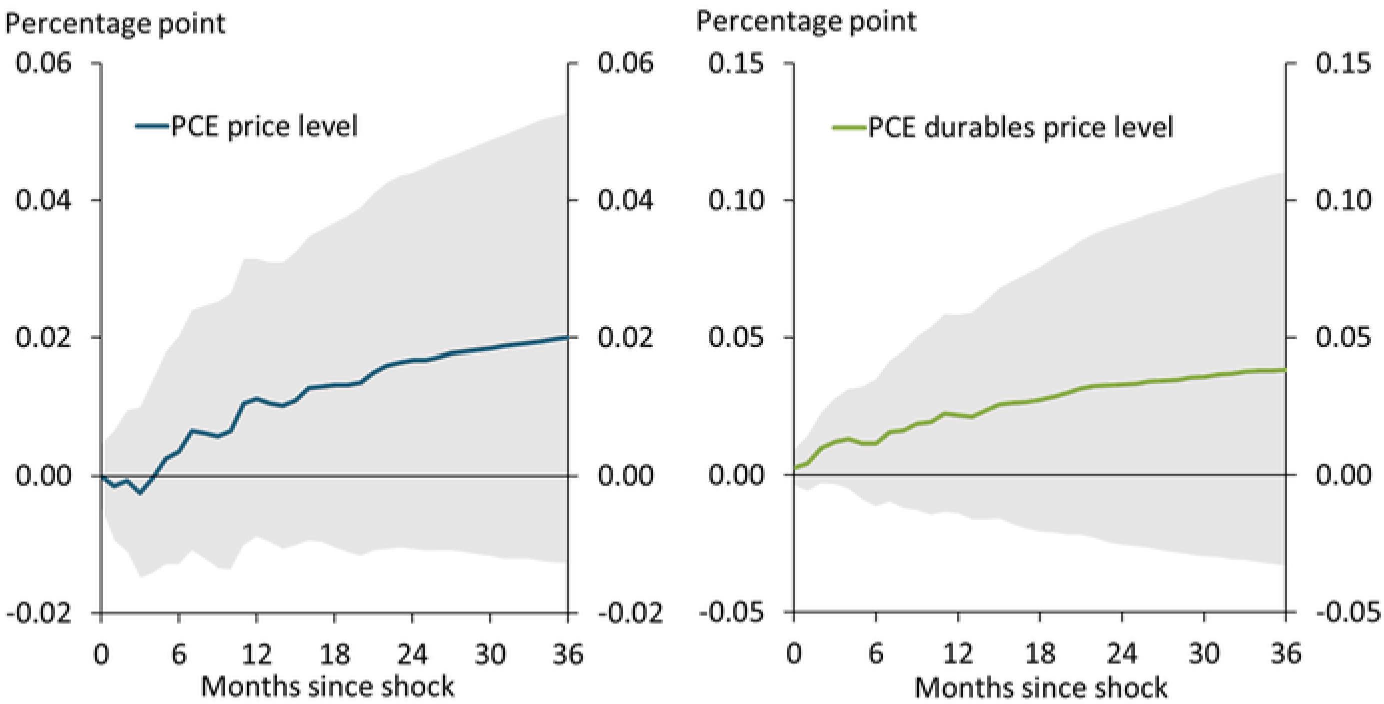
Charting the Economy

Work Stoppages Have an Uncertain Effect on Prices

by: Andrew Glover and Deepak Venkatasubramanian

October 20, 2023



Notes: Chart shows the response of the PCE and PCE durables price indices in the 36 months following a shock to the fraction of idled workers due to work stoppages. The shock is of a magnitude reflecting 25,000 UAW workers striking during September 2023, and reflects an increase in the fraction of worker-days idled due to work stoppages beyond what would be predicted by the last 12 months of inflation, wage growth, industrial production growth, and worker-days idled due to work stoppages.
Sources: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

When work stoppages increase the share of worker-days idled, prices go up slightly on average, especially on durable goods. A shock of the magnitude of the United Auto Workers (UAW) strike that began in September 2023 is predicted to increase the Personal Consumption Expenditures (PCE) price index by 0.02 percentage points (blue line) and the PCE price index for durables by 0.04 percentage points (green line) over the next three years. However, these estimates involve an enormous amount of uncertainty, and because the 95 percent confidence intervals (gray shading) always include zero, we cannot rule out a null effect of a strike of this size on prices.

See more research from Charting the Economy.

Author

Andrew Glover

Research and Policy Advisor

Andrew Glover is a research and policy advisor in the economic research department at the Federal Reserve Bank of Kansas City. His research studies labor and credit markets from a macroeconomic perspective. Prior to joining the Federal Reserve of Kansas City, Mr. Glover was an assistant professor of economics at the University of Texas at Austin. He earned his PhD from the University of Minnesota in 2011.