

Monday, October 23, 2023

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## **Week Five: Strike-Induced Auto Industry Losses Exceed \$9.3 Billion**

*Suppliers, manufacturers looking at long-term, if not permanent, damage*

**EAST LANSING, Mich.** – [Anderson Economic Group, LLC](#), a boutique economic consultancy based in Michigan, has calculated that the 2023 UAW strike against Detroit’s three top automakers has surpassed \$9.3 billion in economic losses for the auto industry. These calculations encompass losses through the fifth full strike week, which ended at midnight on October 19.

The following losses comprise AEG’s cumulative loss estimates through the fifth week of the strike:

- **Wages of OEM Workers** - \$488 million
- **OEM Losses** - \$4.18 billion
- **Supplier Wages and Earnings** - \$2.78 billion
- **Dealers, Customers, Other Industry Losses** - \$1.86 billion

These figures do not include plant closures, additional strike targets, or layoffs that took effect on or after Friday, October 19. These will be included in our loss calculations in the sixth and any successive weeks. OEM stands for Original Equipment Manufacturer, in this case referring to Ford, GM, and Stellantis.

### **Damage Accumulating; Permanent Losses and Indefinite Postponing of Investments**

AEG’s Patrick Anderson noted that “The cost of this strike is now double that of the 2019 UAW strike against General Motors, with significant layoffs among supplier firms. Lost wages of striking workers and those laid off because of the strike are nearing a half billion dollars.”

Anderson went on to recall the firm’s warning two weeks ago that the cost of the strike would force manufacturers to postpone or cancel investments. “We’ve now seen GM, Ford, and Stellantis announce such actions. Many more are likely if the strike continues.”

## Estimating Economic Losses

To determine the ongoing economic impact of the UAW “stand-up” strikes, AEG estimates aggregate losses that include:

- Lost wages to workers, including striking workers and others temporarily laid off or forced to decrease work hours.** AEG estimates cover both workers at manufacturers that are strike targets and workers employed by impacted suppliers. Lost wages include lost cash compensation and lost health care benefits.
- Lost earnings for the Big Three auto manufacturers.** AEG estimates company losses based on both lost production and costs of maintaining idle facilities.
- Supplier losses.** AEG estimates losses caused by delays or cancellations of orders for parts and services among tier I, II, and III suppliers. These losses include lost wages of laid off workers, and lost income to contractors, managers, and owners of supplier companies.
- Dealer, customer, and other auto industry losses.** AEG estimates losses to automotive dealers, repair shops and customers from foregone repairs, and indefinite delays in new vehicles. We also include a small allowance for losses to workers providing services to idled facilities and their workers.

Loss estimates do not include unemployment benefits or unemployment taxes; income taxes on wages; any settlement bonuses (which are transfers from shareholders to workers and do not represent U.S. income lost); or any reputational damage to the union or the employer(s). We count strike pay as a loss to the union and a gain to striking employees.

**Table 1:** Estimated economic losses for the first 5 weeks of the 2023 UAW strike (\$millions)

	TOTAL
<sup>a</sup> Lost Direct Wages, OEM Workers	\$488
OEM Losses (Detroit 3 Manufacturers)	+ \$4,178
<b>Direct Economic Loss</b>	<b>\$4,666</b>
<sup>b</sup> Supplier Economic Losses, including wages & earnings	+ \$2,778
<b>Industry Economic Loss</b>	<b>\$7,444</b>
<sup>c</sup> Dealer, Consumer, and Other Industry Losses	+ \$1,862
<b>Total Industry Losses</b>	<b>\$9,306</b>
<sup>d</sup> Number of striking and laid off OEM workers, end of week 5	40,483

Source: Anderson Economic Group, LLC.

Notes: (a) Direct wage losses include salary and hourly wage, bonus and overtime, company health care contribution, company social security contribution, and company 401k contribution. Not adjusted for income taxes.

(b) Supplier losses include both wage losses and company earnings losses, including for closely held businesses where owner compensation is equivalent to company profits. 4th week adjustments based on reported layoffs and financial distress among suppliers.

(c) Includes losses to customers and repair shops due to parts shortages, and modest effect on new vehicle sales.

(d) Does not include supplier or dealer layoffs. Due to delays or vagaries in reporting, these figures may not match OEM or union reports. Some auto industry strikes (e.g., Mack Truck) are not counted here. This is an estimate of aggregate losses. Strike pay is counted as a transfer from the union to the striking workers, shifting the burden of the costs but not changing the aggregate loss. Figures may not total precisely due to rounding.

“Week 5” is defined as Friday, October 13–Thursday, October 19. Estimates for time periods during a strike are necessarily imprecise, reflecting apportionment and estimates of costs incurred under fixed contracts over longer periods of time.

### **2023 Research Methodology**

The firm's consultants followed the same proven methodology used to estimate impacts from the 2019 UAW strike, the threatened 2022 rail union strike, the threatened 2023 Teamsters strike against UPS, two West Coast port shutdowns, the 2003 East Coast electrical blackout, the 2022 Türkiye-Syria Earthquake, and other significant events in the firm's 27-year history. Inputs to the estimates included production and sales figures for the industry and specific automakers, financial disclosures including form 10Ks, contract documents, public statements by the union and the companies involved, and other industry and economic sources. AEG has calibrated estimates by comparing recorded losses in GDP and earnings in affected states after prior events. The firm further compared its estimated cost of the 2019 UAW strike against General Motors with later reported GDP in Michigan, Ohio, and the U.S., and with accounting losses reported by General Motors in early 2020.

Follow AEG's ongoing strike analysis at [andersoneconomicgroup.com/news/uaw-strike-analysis-2023/](https://andersoneconomicgroup.com/news/uaw-strike-analysis-2023/), along with key economic indicators for the auto industry on our [Automotive Dashboard](#).

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### ***About Anderson Economic Group, LLC***

Clients of AEG have included original equipment manufacturers, tier I and tier II suppliers, automotive, business and manufacturing trade groups, auto dealers, labor unions, state governments, and colleges and universities. No party to the current labor dispute commissioned our analysis.

Anderson Economic Group routinely produces meticulous studies that illuminate economic trends in Michigan and across the U.S. AEG's practice areas include public policy and economic analysis, market and industry analysis, and strategy and business valuation. For more information about the East Lansing and Chicago-based company, now in its 27th year, see [AndersonEconomicGroup.com](https://AndersonEconomicGroup.com).