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Week 3: UAW Strike Sets New Record for Total Economic Loss

*At \$5.5 billion, the “stand-up” strike has already surpassed
this century’s previous high by more than \$1 billion*

EAST LANSING, Mich. – [Anderson Economic Group, LLC](#), a Michigan-based economic consultancy, has updated its loss estimates for the “stand up” strike by the UAW against the Detroit Three automakers. The firm estimates a total loss of \$5.5 billion through the third full week, which ended at midnight on October 5. This tops the current-century record for losses due to an auto industry strike, which Anderson Economic Group (AEG) estimated at \$4 billion for the 2019 UAW strike against GM.

Estimated losses thus far include:

- **Direct Wages Lost** - \$579 million
- **Detroit 3 Manufacturer Losses** - \$2.68 billion
- **Supplier Losses** - \$1.6 billion
- **Dealer and Customer Losses** - \$1.26 billion

These figures do not include plant closures, additional strike targets, or layoffs that took effect on or after Friday, October 6. These will be included in our loss calculations in the fourth and any successive weeks.

Week Three More Costly Than Week Two; Suppliers Again Hit Hard

“The third week was more costly than the last 2 because we saw additional factories shuttered and parts shortages reported at dealerships,” said Patrick Anderson, AEG’s principal and CEO. He also noted that “The stress suppliers are under has become acute, with more than 30% reporting that layoffs have already begun.”

Estimating Economic Losses

To determine the economic impact of a potential UAW strike, AEG estimated 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 UAW and non-union auto workers, along with workers employed by impacted suppliers. Estimates were made based on the number of UAW workers in the U.S, average daily wages, and lost health care benefits.
- **Lost earnings for the Big Three auto manufacturers.** AEG estimates company losses, noting wages that would not be paid to striking workers.
- **Supplier losses.** Because a strike reduces demand for automotive parts and components, AEG estimates lost supplier wages and earnings.
- **Dealer, customer, and other auto industry losses.** Automotive dealers and customers needing repairs both experience strike-related losses.

In estimating these aggregate losses, we count strike pay as a loss to the union and a gain to striking employees. 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).

Corroboration of Estimates to Date

This past week, we have seen OEMs, suppliers, and retailers corroborate the magnitude of AEG’s economic loss estimates thus far. Corroborating data includes:

1. A GM statement [declaring they lost \\$200 million](#) during approximately the first two weeks of the strike. This was accompanied by a new loan facility of \$6 billion reported to the SEC on the form 8K required for an “unscheduled material event.” See <https://investor.gm.com/sec-filings>
2. The [Michigan Retailers Association’s reporting](#) of steep drops in the state’s retail sales for August, with the lowest levels since May 2020. The MRA cited the UAW strike as a factor and said, “Michigan’s small businesses are feeling the squeeze of the UAW strike and the resulting loss of spending power by families impacted.”
3. The vehicle suppliers association, [MEMA, polled members](#) and found that “Nearly 30% of surveyed vehicle suppliers have laid off some direct labor employees as a result of the strike;” and “Additional suppliers will initiate layoffs with more than 60% expecting to begin layoffs by mid-October.”
4. There have been additional OEM layoffs, including those in Parma, Ohio and Marion, Indiana due to the strike. <https://www.cnn.com/2023/10/03/business/auto-workers-layoffs-strike-cost/index.html>

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.

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.

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

	TOTAL
Lost Direct Wages	\$579.0
Company Losses	+ \$2,099.0
Direct Economic Loss	\$2,678.0
Supplier Economic Loss	+ \$1,606.8
Industry Economic Loss	\$4,284.8
Dealer, Consumer and Other Losses	+ \$1,259.4
Total Industry Losses	\$ 5,544.2

Source: Anderson Economic Group, LLC.

Notes: Strike-caused economic losses include only direct losses to affected workers, businesses, and customers. Estimated losses do not include settlement bonuses, transfer payments, strike pay, unemployment insurance taxes or benefits, or income tax changes.

Columns may not total precisely due to rounding.

Presumes no permanent change in production or employment caused by strike.

Company losses are direct economic losses and will differ from accounting charges. They include both facility losses and production losses spread across multiple facilities.

“Week 1” is defined as Friday, September 15 – Thursday, September 22, 2023. “Week 2” is defined as Friday, September 23 – Thursday, September 28. “Week 3” is defined as Friday, October 6 – Thursday, October 12.

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.

Follow key economic indicators for the auto industry on AEG’s [Automotive Dashboard](#).

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About Anderson Economic Group, LLC

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.