

Hollywood averts a third major strike with SAG-AFTRA deal

By Kimie Saito
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Early on the morning of the 4th of July, a tentative deal was announced between the Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) and the Alliance of Motion Picture and Television Producers (AMPTP). The new three-year master contract, which covers actors in motion pictures, scripted prime-time dramatic television and new media production, must now be approved by the union's board of directors and then ratified by union members.

AMPTP member companies negotiate 80 industry-wide contracts encompassing the major motion picture studios (including Paramount Pictures, Sony Pictures, Twentieth Century Fox, Universal Pictures, Walt Disney Pictures and Warner Bros. Pictures), the principal broadcast television networks (including ABC, CBS, FOX and NBC), certain cable television networks and independent film and television producers.

After the Writers Guild (WGA) and the Directors Guild (DGA) settled earlier this year, SAG-AFTRA is the last of the three big Hollywood unions to negotiate a contract without an industry-wide strike. The immediate issues in these contracts focused on residuals for streaming media, health care and base compensation for actors in the industry, which is ruthlessly controlled by multibillion-dollar corporations.

Despite claims by SAG-AFTRA officials that actors won "historic" gains in the contract, wage increases are barely above the rate of inflation, pensions have not been secured and the precarious and oppressive work conditions most actors face will continue with little relief.

Last year Hollywood registered big gains in TV and a record \$11.4 billion in box-office profits. The six major studios collectively made \$5.2 billion. By itself, No. 1-ranked Disney, headed by CEO Bob Iger, finished its third straight year at the top of *The Hollywood Reporter*'s rankings due to the success of *Captain America*, *Rogue One*, and *Finding Dory*, pushing Disney's film profits up four percent to \$2.53 billion.

In 2016, CEO salaries were customarily lavish. CBS chief

Leslie Moonves received a raise that brought his compensation to \$69.6 million. NBC Universal's Steve Burke took in \$46.1 million, and AMC Networks' Josh Sapan made \$30.5 million, which amounted to a 72 percent raise.

In addition, the impact of new technology in this industry is constantly transforming the competitive landscape and methods of distribution. With the extraordinary development of streamers like Netflix, Amazon and Hulu, network ratings down, viewers finding ways around paying for high cable subscriptions, and fewer people seeing movies in theaters, the companies are putting enormous pressure on the artists and workers to produce more for less.

Both the writers' and actors' negotiations extended past their deadlines, but, according to *CNNMoney*, "there was a sense ... that the entertainment industry's conglomerates were eager to avoid the uncertainty that goes with a strike." The last industry shutdown was the 100-day writers' strike in 2007, when WGA members demanded a share of the revenues generated by movies, television shows, and other works distributed on the internet and viewed on computers, as well as better health care plans. As a result, more than 60 TV shows were shut down, and it was estimated that the local Los Angeles economy lost more than \$3 billion.

SAG-AFTRA represents about 160,000 actors, announcers and broadcast journalists. SAG-AFTRA voice actors in the video game industry have been on strike since October 21, over 250 days, the longest strike ever in the industry. The union has deliberately isolated these workers and continues to call for meaningless update meetings, like the one scheduled for July 24.

While the AMPTP has made only a terse one-sentence comment about the contract, the union has been quoted in every media outlet praising what is falsely depicted as a dream contract. SAG-AFTRA President and negotiating committee chair Gabrielle Carteris said, "This is a forward-looking package with meaningful gains across our entire membership. Working with our terrific negotiating committee and staff, we achieved significant improvements

in streaming new media compensation. We also established comprehensive travel guidelines to eliminate ambiguity and provide a seasonal fee schedule for location series work.”

However, a closer look at the details reveals a different picture. Any increase provided by the contract applies only to performers hired under or upgraded to a principal performer agreement whose performance remains in the final product. Background actors, or extras, do not receive them. So, a fundamental issue is that a large majority of actors still do not participate in any of the residuals.

Wage increases--2.5 percent the first year, 3 percent in the second year, and 3 percent in the third year--do not keep up with the skyrocketing living costs in places like Los Angeles, the world’s capital of entertainment. Rents in the city have become prohibitive and have increased an average of 5.2 percent in 2016, with peaks of 13 percent. This year increases are even steeper: February saw a rise of 2 percent over January, according to the *LA Weekly*.

According to the union, there are “significant improvements” in the residuals rate for streaming platforms like Netflix and Amazon. Actors are supposed to receive residuals for exhibition on subscription video on-demand platforms after 90 days, instead of one year. The new formula delivers a 300 percent increase in residuals to performers within the first two years when their work is exhibited worldwide on Netflix.

However, the 300 percent increase on Netflix residuals is an unreliable figure. In a call by the *World Socialist Web Site* to the SAG-AFTRA headquarters inquiring into this issue, union spokespersons were not even willing to speak about what the increase would entail, i.e., 300 percent of what? Second, there are different tiers and different contracts. The general new media contract establishes residuals of only 3.6 percent of “Distributor’s Gross.” However, this does not apply to all cases, and it does not apply to background actors. In fact, the union cannot give any accurate figure except on a specific project title.

The union claims there will be an increase that will bring contributions to the retirement funds to 17.5 percent, from its current 17 percent. But the first-year increase of 0.5 percent in the contribution rate applicable to the SAG Pension Plan and the AFTRA Retirement Fund will be more than offset by the union’s ability to convert an additional one-half of one percent from the wage package in each of the second and third years. This means that at the end of three years, actors will have increased their own contributions to their retirement fund.

SAG-AFTRA said it achieved a “historic” breakthrough in the rules governing travel for television performers, including up to a five-fold increase in the fees due to series performers who work at locations away from home.

Typically, companies would pay a one-time relocation fee of \$7,500 instead of paying the lodging and per diem when actors had to work in a city other than their residence. Many working-class and middle-class actors are forced to cover expenses for two residences at the same time, especially in cities like Atlanta, where production has shifted. At one point, the union estimated the cost to be \$80,000.

As for background actors (extras), the new deal requires that they be paid double-time starting after 10 hours of work and that provisions for these actors in the West Coast zone match those in the New York zone, while protecting against attempted removal of night premiums in the New York zone.

Despite the union’s claims, tens of thousands of actors, other artists and workers in this labor-intensive industry will continue to be subjected to grueling levels of exploitation to produce mega-profits for the giant motion picture studios and corporations in entertainment.

The unions, like the Hollywood corporations have well-known and longstanding ties to the Democratic Party, which defends the capitalist system and insists that the working class must accept ever-greater exploitation to feed the profits of the entertainment moguls and the Wall Street bankers behind them.

Decent compensation for overtime, working conditions, pay and health care for the actors, artists, and workers in this industry are basic social rights, as they are for every other worker. Actors should reject this deal and organize rank-and-file committees to mobilize workers throughout the industry to obtain these rights. This should be part of a fight to develop a political struggle of the working class to break the grip of the corporate and financial aristocracy over society so the development of culture can be guided by human need, not profit.

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