



The Political Economic Roots of Hollywood Strikes, Part 1

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Notes on cinema

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On May 2, 2023, the [Writers Guild of America](#) (WGA) went on strike after failing to reach an acceptable agreement with the [Alliance of Motion Picture and Television Producers](#) (AMPTP), the trade association that negotiates for the film and television interests of the major Hollywood studios. While many of the disagreements between the parties – [and there are many](#) – can be reduced to dollar compensation, the WGA is also calling this labour dispute “[existential](#)”. *Actual* annual compensation of your average Hollywood screenwriter depends on [the duration and security of different writing jobs](#). Essentially, as the [minimum dollar rates](#) of WGA writers are fixed in a collective agreement, Hollywood studios have worked tirelessly to give as many writers as it can no more than the mandatory minimum; and when even that is too expensive in their minds, studios play games with the terms of a writing career, such as by proposing day rates for television writers or by grabbing free creative work any way it can.

The 2023 WGA strike will likely be remembered as the first Hollywood strike in the era of streaming. It will also be remembered as the strike when the public learned of cost-cutting tricks such as “mini rooms”, or about the ways an AI-driven Hollywood would destroy the job security of your average writer. These details of current screenwriting conditions will *not* be in this blog post, so before we continue with a wider perspective on Hollywood labour struggles, let me say

something: for the working screenwriter today, the small details of the 2023 WGA strike matter a lot. Long histories or political economic analyses of Hollywood can be informative, but the abilities for screenwriters to have careers, afford rent and retain creative control depend on what goes into that *next* collective agreement. Strike to win! Let's support the WGA and, when the dust settles, we must not forget that Hollywood studios have been willing to destroy the art of screenwriting in their pursuit of profit.

This multi-part blog post investigates the timing of strikes in Hollywood. A strike like the 2023 WGA strike makes sense when we have the hindsight to piece together the issues that built up over the years. But is 2023 a particularly ripe year for contract negotiations to break down? If the labour demands are reasonable, why do studios refuse to agree with them? Or why would job security be "unreasonable" at this point in time? How do we reach a point when studios fight against the labour they (theoretically) need to be creative?

The length of contracts are the base layer to any noticeable pattern in industrial labour disputes. As one industry operates with three-year collective agreements, another could operate with two-year agreements – or four. Above this base layer is the murkier layer of financial context. Negotiation of a labour dispute is often framed by the financial health of the opposition, the company or companies that have not agreed to proposed terms in bargaining. As workers fight to survive cost-of-living increases or create safer working conditions, their opponent in the other corner of the boxing ring can sometimes be flush with income. Why can't (or won't) profitable companies settle with unions, particularly when the total compensation of a fair contract is sometimes much less than the costs of work stoppages from prolonged strikes? We are seeing this perplexing arithmetic play out with screenwriters in Hollywood. The 2023 WGA strike is delaying the [new seasons of massively popular TV shows](#) and [late night talk shows are all on hiatus](#). Even for the shrewd business executive, is refusing to settle with the WGA worth the cost of the strike extending into the summer and fall?

David Zaslav, the CEO of Warner Bros. Discovery, gave a [commencement speech at Boston University](#) as the 2023 WGA strike entered its third week. Surrounded by boos and pro-WGA chants from the audience, Zaslav injected an undertone of bubbling fury to his generic words about "life advice". Like many of Zaslav's acts as Warner's CEO, he found an unwanted opportunity for a dominant Hollywood studio to bare its sharp teeth. In this case, he was showing everyone that the simple arithmetic of paying workers fairly doesn't matter to the Hollywood studios. When the game is about firms gaining power, [sometimes nearly \\$30 billion in operating profits is not enough](#). In other words, a looming worker strike can occur when a business sector is very profitable, but is weak compared to the power of other business sectors.

Strikes in Hollywood will generally occur at times when the *differential profits* of Hollywood are stagnating or declining. Differential profit is a measure I use a lot to research the differential

accumulation of Hollywood firms. Differential accumulation – a term that originated in the political economic theory of [Shimshon Bichler and Jonathan Nitzan](#) – is a *relative* measure of performance. With respect to profit, differential *income* can be found in any situation where a firm or set of firms holds a better stream of income than what others hold. For example, differential gains still occur when a firm *loses* profit at a slower rate than others.

Figure 1 helps us walk through the evidence step by step. The black line is the percent change of Hollywood’s average differential profits, smoothed as a 5-year moving average. In this case, differential profit is a ratio of two measures of operating income. In the numerator we have the operating income per firm of major Hollywood studios – Columbia, Disney, Fox, Paramount, Netflix, Universal, and Warner Bros. The denominator is the benchmark against which Hollywood tries to make relative gains. In this case, the denominator is a proxy for operating incomes of firms in the S&P 500, which was constructed with data through Compustat.

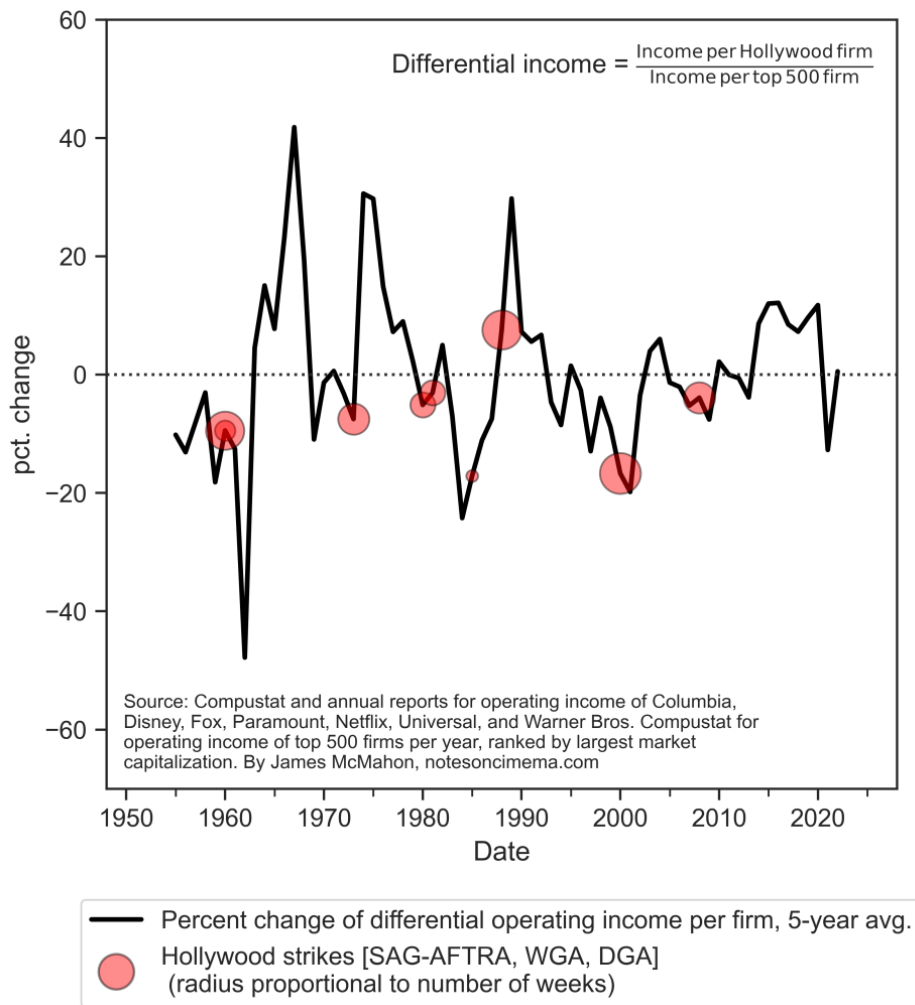


Figure 1: *Hollywood’s differential profits and the occurrences of major labour strikes*

The red circles are major strikes in Hollywood between 1950 and 2022 (see Table 1). The majority of the red circles are below zero, when the differential operating profits of Hollywood are falling. To borrow a phrase used in some of the research of [Bichler and Nitzan](#) and a recent paper by [Chris Moure](#), pressure for Hollywood studios to reject bargaining proposals increases when its differential accumulation is in a “danger zone”. Unfortunately this danger zone is not defined by the isolated conditions of people working in film and television. The zone is mainly demarcated by the financial performances of other dominant capitalists.

Table 1: Strikes in Hollywood, longer than 1 week

Players	Year, start	Duration (weeks)
Actors	1952	10
Actors	1960	6
Writers	1960	21
Writers	1973	14
Actors	1980	12
Writers	1981	12
Writers	1985	2
Writers	1988	22
Commercial actors	1988	3
Commercial actors	2000	24
Writers	2007	14

TO BE CONTINUED ...

In Part 2 I will try to explain why major Hollywood firms cannot easily get out of its danger zone. Unfortunately for the WGA, other Hollywood unions, and the public that appreciates good art, the differential power of Hollywood studios are built on a system of risk reduction.

Further Reading

McMahon, James (2022). *The Political Economy of Hollywood: Capitalist Power and Cultural Production*. New York: Routledge.

Mouré, Christopher. (2023). “Technological Change and Strategic Sabotage: A Capital as Power Analysis of the US Semiconductor Business.” *Real-World Economics Review*. No. 103. March. pp. 26-55.

Nitzan, J., & Bichler, S. (2009). *Capital as Power: A Study of Order and Creorder*. New York: Routledge.