

A wrecking operation?: Warner Brothers Discovery initiates new round of layoffs, targets Turner Classic Movies

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Multinational entertainment and media giant Warner Bros. Discovery (WBD) carried out another round of cuts and layoffs last week, centered primarily in the company's cable television networks. A main focus of these cuts has been the company's pay-television network Turner Classic Movies (TCM).

WBD owns and operates numerous cable TV networks, including the Discovery Channel, TLC, Investigation Discovery, Science Channel and Animal Planet, as well as the former Scripps networks such as Food Network and HGTV [Home & Garden Television]. The conglomerate also owns the former Turner-branded networks such as TNT, TBS and truTV. Major news network CNN is also owned by Warner Bros. Discovery.

The layoffs appear to be focused largely on the leadership positions of the various television networks, signaling that WBD is further consolidating their management and operation under one roof. The present cutbacks have been anticipated for over a month and follow a string of significant layoffs over the last year at WBD and some of the other major US entertainment and media corporations.

WBD was created in April 2022 after the spin-off of media and entertainment conglomerate WarnerMedia by telecommunications giant AT&T, and its merger with Discovery, Inc. The latter action saddled the new company with some \$50 billion of debt. On top of this, the conglomerate is now taking heat due to the failure at the box office of its \$265-million comic-book film *The Flash*.

Kathleen Finch, Chairman and Chief Content Officer, US Networks Group at WBD, addressed the firm's cost-cutting measures at a conference in February: "When you go through a merger, you do sort of figure out how many layers we need. How much staff do we need? I'm not

really running these networks as 30 individual teams, they're clustered together, they're put together with leaders at the top who really live and breathe that content."

It is now obvious that WBD has TCM is in its crosshairs. Beginning on Tuesday, Warner Bros. initiated a purge of TCM's top leadership, including general manager and 25-year TCM veteran Pola Changnon, Vice President of Enterprises & Strategic Partnerships (also TCM Classic Film Festival Director) Genevieve McGillicuddy, Senior Vice President of Programming and Content Strategy Charlie Tabesh and others.

According to insiders who spoke with entertainment news publication *The Wrap*, this week's changes will see the number of employees at TCM slashed from about 90 to around 20, "with the responsibilities of overseeing the network distributed among other units under the WBD umbrella. Meanwhile, budgets have already been progressively cut at the network, leading many to wonder what the future will bring."

Since its launch in 1994, TCM has broadcast dozens of older films per week, largely, but not limited to, movies before the 1970s. Alongside established "classics," the network has screened a diverse range of "B-level" westerns, film noir and horror, short films, cartoons, silent movies and under-appreciated and forgotten works from around the world. The channel often produces thoughtful and engaging programming, through which it presents cinematic works uncut, without commercial interruptions and often with short introductory and concluding commentary and discussion.

In addition to its film distribution and exhibition work, TCM has made an important contribution to film restoration and preservation work over the last several decades, spending large sums of money annually on

ensuring that future generations are able to view quality versions of past cinematic works.

TCM, with all its limitations, has consistently proven to be one of the few locations in the American media-entertainment world where people can access more artistically serious and historically informed television programming. The programming's decision-making is guided to a higher degree by considerations of artistic merit rather than the mere bottom line.

Despite the bland statements of Warner Bros. executives about their great love of "classic cinema" and other assurances that there would be no alteration in programming, the changes at TCM have provoked an outpouring of criticism and opposition on social media, including from various prominent Hollywood filmmakers such as Steven Spielberg, Martin Scorsese and Paul Thomas Anderson. WBD CEO David Zaslav attempted to assuage the directors' fears, claiming that he was fully committed to the classic movie network. Time will tell.

TCM, generating approximately \$266 million in net operating revenue in 2022, is seen as small fry by the \$28.72 billion giant.

Institutional shareholders own a majority of Warner Bros. Discovery. The Vanguard Group owns over 203 million shares, over \$3 billion worth, an 8.38 percent stake, while Black Rock owns over 116 million shares, worth almost \$2 billion, a 4.78 percent stake. The rest of Warner Bros. stock is controlled by various banks and investment management firms, Warner "insiders" and retail investors.

The studios and streamers are under immense pressure from Wall Street to significantly increase their profits. This is bound up with anxieties in particular around the transition toward greater investment in streaming since the start of the COVID-19 pandemic. The *Hollywood Reporter* commented that over the last year Wall Street has "urged Hollywood giants to prove that, when it comes to streaming, they can write in black ink instead of red, with management teams typically vowing to do so starting in 2024 or beyond." Although streaming revenue has seen an increase, it is not enough to compensate for the decline in television and box office revenues.

In 2022, global cinema box office revenue totaled \$26 billion, a 27 percent increase over 2021, but 35 percent below pre-pandemic levels. Cable television viewership has also declined significantly. Astonishingly, according to a report by *Variety*, based on data from Nielsen, in 2022 only *five* ad-supported cable networks managed to average more than 1 million viewers over the course of

the year. This was down from nine ad-supported cable networks in 2021 and at least 20 such networks in 2012. Reflected here is also a growing disgust with the proliferation of grotesque "reality TV" programs. Serious, hour-long drama is now almost a thing of the past.

Over the last year, Warner Bros. has laid off several thousand workers, terminated numerous film and television projects and removed a significant amount of film and television content from its streaming platforms. In February, Disney announced 7,000 layoffs as part of a corporate restructuring to save billions of dollars. Paramount Global announced last month that it would be laying off 25 percent of its domestic workforce, primarily in network television, following dismal quarterly earnings.

These cuts are only the beginning of a massive assault against film and television workers, and, more fundamentally, the further denigration of art and culture. The *Wall Street Journal* recently reported that the studios and streamers see the film and television writers' strike as an opportunity to cut costs by "exiting undesirable talent contracts." In other words, the billion-dollar studios and streamers are considering canceling contracts with writers by exercising "force majeure" provisions.

The reorganization and cuts at TCM should be viewed with great concern. This most recent episode demonstrates once again that the preservation and cultivation of serious works of art and culture is not possible within the framework of the crisis-ridden profit system.

In his obituary of former TCM host Robert Osborne, WSWS arts editor David Walsh wrote, referring to TCM, "This—something that doesn't obviously and immediately earn large profits, something that seems to be done merely for the beauty or the interest of it—on American television! It won't last, someone will see to *that!*" Proving this statement wrong requires the development of a conscious political struggle in and of the working class for socialism.



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