In the midst of bitter conflict with actors and writers, Netflix reports $8.2 billion in second-quarter revenue

David Walsh
20 July 2023

Along with the major film studios and television networks, Netflix and other streaming services are locked in a bitter conflict with tens of thousands of members of the Writers Guild of America (WGA) and the Screen Actors Guild–American Federation of Television and Radio Artists (SAG-AFTRA).

Disney CEO Bob Iger, worth several hundred million dollars, has called the modest demands of writers and actors "unrealistic" and "disruptive." An anonymous studio executive told the media that the companies' plan was to drag the strike out until writers began losing their homes.

On Wednesday, Netflix reported total revenue of $8.2 billion in the second quarter of 2023, with net income of $1.5 billion.

According to CNN Business, the "streaming giant on Wednesday said it added nearly six million paid subscribers during the three months ending in June, bringing its total to more than 238 million globally." The company reported it has now "launched paid sharing—its effort to get users to stop sharing accounts with others for free—in more than 100 countries, after beginning its broad rollout earlier this year. Netflix said revenue in those regions is now higher than before the service launched, and that 'sign-ups are already exceeding cancellations.'"

CNBC observes that in 2022, "Netflix's valuation dropped by 60% as streaming subscriber growth came to a halt." However, the company has experienced something of a turnaround in 2023, cracking down on password sharing and selling its ad-supported plan, priced at $6.99 a month. Netflix doesn't "need a new narrative," unlike the rest of the media industry, asserts CNBC, because the "old one still works. Streaming is growing. Cash piles are rising. Advertising has investors excited. Netflix has a steady pipeline of international content and a deep library to weather an extended writers and actors strike."

Co-CEO Ted Sarandos addressed the walkout in Wednesday's earnings conference call, insisting that the "strike is not an outcome that we wanted." Sarandos claimed he wanted to be "absolutely clear" about that. "We make deals all the time. We are constantly at the table negotiating with writers, with directors, with actors, and producers, with everyone across the industry," Sarandos told his listeners. "And we very much hoped to reach an agreement by now."

In 2022, the company's top executives received total compensation of some $166 million: co-CEO Reed Hastings, $51.1 million; Sarandos, $50.3 million; Chief Executive Officer and Chief Content Officer, Greg Peters, $28.1 million; CFO Spencer Neumann, $17.1 million; Chief Legal Officer David Hyman, $13.3 million; and Rachel Whitestone, Chief Communications Officer, $7 million.

Netflix shareholders voted June 1 to "reject sky-high executive pay packages," according to a CNN report. "Netflix's proposed executive pay packages for 2023 included up to $40 million for Sarandos, including base salary, a performance bonus and stock options. Peters could receive up to $34.6 million. Reed Hastings, who stepped down as Netflix CEO in January and now serves as the company's executive chairman, would bring home about $3 million for the year."

The WGA sent a letter to investors prior to the vote encouraging them to oppose the pay packages. "While investors have long taken issue with Netflix's executive pay, the compensation structure is more

© World Socialist Web Site

egregious against the backdrop of the strike," wrote WGA West president Meredith Stiehm. If Netflix could afford to spend $166 million in compensation on the six executives in 2022, she argued in her letter, it should also be able to pay the estimated $68 million that writers are seeking in their contract negotiations.

The letter was a toothless protest, little more than a publicity stunt, inadvertently revealing in the process how paltry the union's demands are. The shareholder vote was non-binding and, as CNN pointed out, Netflix's board was "able to disregard the results of this 'say on pay' vote and approve executive compensation plans in spite of shareholder wishes." In fact, the board "has already unanimously recommended voting for the pay packages."

Meanwhile actors and writers continue to come forward with startling information about the miserable amounts streaming services such as Netflix have been paying in residuals, including for enormously popular series, thanks to the sell-out deal that ended the 2007-2008 strike and subsequent WGA and SAG-AFTRA contracts.

Numerous members of the cast of Netflix's women's prison series *Orange Is the New Black* (2013-2019) told the *New Yorker* about how poorly they had been paid. Actress Kimiko Glenn recalled receiving a foreign-royalty check in December 2020 for numerous episodes of the series that came to $27.30, each one of the individual episodes having earned her as little as a few pennies.

Actor Matt McGorry told the *New Yorker*, "I kept my day job the entire time I was on the show because it paid better than the mega-hit TV show we were on." Actress Beth Dover explained that "It actually COST me money to be in season 3 and 4 since I was cast local hire and had to fly myself out, etc. But I was so excited for the opportunity to be on a show I loved so I took the hit. Its maddening."

Sean Gunn told the *Hollywood Reporter* that he had been "on a television show called *Gilmore Girls* for a long time that has brought in massive profits for Netflix ... It has been one of their most popular shows for a very long time, over a decade. It gets streamed over and over and over again, and I see almost none of the revenue that comes into that."

The *Hollywood Reporter* added, "Though Netflix streams *Gilmore Girls*, the residuals Gunn is referencing come from Warner Bros. Discovery—the studio that produced and licenses the series to the streamer. Gunn and his co-stars are paid the same regardless of how many people watch the series wherever the studio places it."

Netflix and Warner Bros. Discovery are hardly the only culprits. *Buzzfeed* reports that Brock Powell, "a voice actor for popular animation, video games, and anime, shared he only made a 'grand total' of $58.49 for 48 episodes of a Disney show produced during the early pandemic. Even more shocking, Brock was once 'paid' a negative penny for an entire episode," i.e., one cent was deducted from a subsequent check.

Actress Heather Matarazzo "responded to a TikTok user who questioned, 'What are you elites doing for the struggling Americans that contributed to your wealth?' Her response showed the 'elite numbers' of residuals that equaled six to nine cents per episode." (*Buzzfeed*)

Sarah Sokolovic (*Big Little Lies, Homeland*) told *Deadline* that "the money I made from residuals dropped in 2015 to less than half in 2018. And the funny thing about it was I was on two Emmy-award winning shows. … There was a time when I was traveling out of the country, so I had to have my mail forwarded to my mother. She was helping me with deposits, physical checks at the time. She opens a check and she goes, 'Sarah, it's three cents'. I said yes. She said it actually costs more to mail it.'"

Known for his performance in *Fargo* among others, actor John Carroll Lynch told *Deadline* that he had "noticed that anything I do for streaming is not even one-tenth of the residual stream that I got for something terrible that I did. I certainly got paid more for an episode of *The Visitor*, which is a show I did when I first got here and only lasted one season. I got higher residuals by about 100 percent to what I get when it [was licensed to] Netflix."

The strike continues.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site