

The economic issues behind the strike of actors and writers in the United States

Residuals, streaming and the class assault against writers and actors

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A “dual strike” of writers and actors has effectively halted the US entertainment industry, and with it a large portion of global movie and television production. On July 14, some 65,000 actors, members of the Screen Actors Guild–American Federation of Television and Radio Artists (SAG-AFTRA), joined 10,000 writers from the Writers Guild of America (WGA), who have been striking since May 2. This is the first combined strike of writers and actors since 1960.

A militant, determined mood prevails among the strikers. In the lead-up to the initial July 1 deadline, thousands of actors—including prominent figures—signed a sharp open letter to the SAG-AFTRA leadership warning that actors needed nothing short of a “transformative deal.”

The letter told the union leadership, “We hope you’ve heard the message from us: This is an unprecedented inflection point in our industry, and what might be considered a good deal in any other years is simply not enough... We feel that our wages, our craft, our creative freedom, and the power of our union have all been undermined in the last decade.”

The actors were speaking not just for themselves, but large numbers of workers who similarly feel they are at an “inflection point,” following years of attack on their jobs and livelihoods.

In only a week, 340,000 UPS workers could go on strike over low pay and insufficient hours. In seven weeks, the contract expires for 170,000 autoworkers in the US and Canada. Autoworkers are fighting against the tier system, plant closures and job cuts imposed on them by the company and the unions, the UAW and Unifor.

In taking up what many entertainment workers rightfully see as a historic, even “existential” struggle against the giant firms such as Disney, Warner Bros. Discovery, Netflix, Amazon and the rest, it is critical that actors and writers understand the fundamental driving forces behind the assault on their profession.

Yes, greed flourishes in entertainment. Just ten individuals—the heads of the major entertainment companies—made over \$2 billion in the last five years, according to CNBC. The ‘average’ American, making \$55,000 a year, would have to work over 3,600 years to match these overlords’ pay. While Bob Iger, CEO of Disney, froths at the mouth over the “very disturbing... unrealistic” strike of actors, he takes home almost \$200 million every five years.

However, greed is not the root cause of the assault underway on the livelihood of actors and writers. The entertainment companies’ ferocious competition for “eyeballs” and profit is driven not primarily by the psychologies of those involved. Behind this, there is the developing crisis, not just of the entertainment industry, but of the capitalist economy as a whole.

Residuals

At the center of the writers and actors’ strike is a battle over residual payments from streaming.

Residuals refer to the pay actors, writers and some other “creative” workers receive in addition to their base pay. These are longer-term payments to actors, writers and others who worked on films and television shows, as *Fortune* explains, “for reruns and other airings after the initial release. ... Traditionally, actors and writers are paid for each time a show runs on broadcast or cable television, or when someone buys a DVD, a Blu-ray disc or (long ago) a VHS tape.”

The payments, “which decline over time, are pegged to several factors including the length of a movie or show, the size of a role, the budget of a production, and where the film or show is offered. While streaming companies technically pay residuals, both unions and their members say the amounts and pay timelines leave actors and writers with a pittance of what they once received—and those who were once paid for reruns of network shows often get nothing now.”

Because most actors and writers spend the majority of their time auditioning, pitching, and struggling to get work, it is extremely rare to be continuously employed in the industry. The vast majority of actors in SAG-AFTRA struggle to make the \$26,470 required to be eligible for the union health care plan. Before COVID it was less than 20 percent of the membership! *Variety*, in May, estimated that only 5-15 percent of actors qualified.

Residuals were adopted in 1960 by SAG as a means to provide a steadier form of income for so-called “working actors.” Working actors are not “A-list” stars making huge amounts, or even “B-list” celebrities. The term refers to the lesser-known actors taking relatively smaller parts in movies and television series, who are nonetheless essential to the continuation of the industry. In SAG-AFTRA, there are some thousands of such “working actors”—neither big stars nor unsuccessful—who are trying to cobble together a living in the industry. Many of them have to work outside of the profession to live.

In the last dual strike of actors and writers, in 1960, SAG won residuals for its membership. However, the leadership of the union (then under future President Ronald Reagan) gave up all claims to residuals for previous content.

For decades, residuals have been a steady source of income for actors in between jobs. In the 2008 contract struggle, residuals became a major issue when it came to streaming. The entertainment companies tried to push for no residuals for streaming. It was settled that actors would get some residuals for streaming but that it would be substantially less than television; in effect the issue was pushed off towards a later date. The

WGA claimed it had reached a “historic” deal. Everything that is happening now proves that was a lie.

Another issue in the payment of streaming residuals arises from its dependence on the viewership of a particular series or film. However, the streaming companies refuse to share viewership data, leaving workers in the dark as to how pay is fully calculated.

Phil, a writer the WSWS interviewed on the picket line, remarked that “back in the day, you know, once you were off a show, you may not work for a long time, but writers could live on their residuals.” Today, though “they’re minuscule.”

Shana, an actress we spoke to, explained that “residuals keeps us alive... it’s kind of like being a waiter and you get paid barely anything and then they give you a tip, you live on tips, that’s our residuals.” She added they were essential to making the cut for healthcare when you did not have work.

The issue of residuals has become more widely understood in the last few weeks, especially following a viral TikTok video showing actress Kimiko Glenn’s measly \$27.30 in quarterly residuals from Netflix. She appeared in 45 episodes of the hit series *Orange Is the New Black*. The show was instrumental in Netflix’s growth as an original content creator. Major shareholders and executives have made a killing as a result, the actors almost nothing.

Streaming

The film and television companies, including the new tech streaming companies (Amazon and Apple), are using the historic shift away from traditional film and television to carry out a massive pay cut at the expense of their workforce, by lowering residuals and pay generally. In effect, the entertainment companies are dealing with their own mounting problems by foisting the difficulties onto their workforce, trying to make them poorer and more disposable.

Netflix began the first major streaming subscriber service in 2007. This was followed by Hulu (2010), Prime Video (2011), Disney Plus (2019), HBO Max (2020) and several others. In 2019, global subscriptions stood at 642 million. Within a year, subscriptions had increased to 1.1 billion, partially driven by the pandemic. By 2025, global subscriptions are expected to climb to 1.6 billion.

The surge in streaming subscriptions reflects, first and foremost, the decline of traditional TV and cable use worldwide. More and more, people use their laptops or televisions to log in to streaming services, not traditional television. This is particularly the case with younger generations.

But streaming growth is also driven by the proliferation of such services. Globally there are now more than 200 major streaming services, including many new platforms oriented towards specific countries and regions. Most people in the US and Europe have probably never heard of Shahid, Canal Plus, iQIYI or Showmax, but these are popular streaming services in Africa, Asia, and other regions in the developing world.

Netflix, once the only major service, now faces intense competition. Not just in the distribution of films and television, but in its production too. This is reflected in the relative plateauing of Netflix’s subscriber basis at around 220 million subscribers in 2021, after years of rapid growth. More than two-thirds of Netflix subscribers reside outside the US.

A ferocious zero-sum game has emerged among the major streaming services. Netflix has begun a “password-sharing crackdown,” which in its most recent earnings report is credited for adding 5.9 million viewers. But still, lower than expected revenues caused the company’s stock to plummet by more than 20 percent over the past week.

In regard to Netflix’s sliding stock price, ABC News commented that “the reaction on Wall Street marks the latest indication of a profound shift in investor priorities away from subscriber growth and toward the bottom line, which holds implications for striking writers and actors.”

The entertainment industry and the global economic crisis

A major factor influencing this “profound shift... toward the bottom line” is the broader crisis of the capitalist economy. Following decades of growth, the US, Europe and the other major capitalist countries now face a future of stagnation, intensifying competition and worker rebellion.

Competition rages in every industry, from auto, tech and pharmaceuticals to entertainment. Only a few major companies now dominate each industry, running massive vertically and horizontally integrated conglomerates. Thin margins ensure that only the largest players survive.

The rapid rise of interest rates over the last year has also taken away the seemingly endless stream of cheap credit major companies relied on for years. This reversal in monetary policy has facilitated this shift from corporate growth to austerity typified by Netflix.

The net result of all these changes is an intensified assault by the ruling class against workers.

Left and right, companies are putting pressure on wages and benefits. Healthcare and retirement plans are being slashed, or furtively degraded. Pay, especially when adjusted for inflation, is being lowered.

Actors are not some special section of the workforce—whatever the peculiarities of their profession. Their deteriorating conditions reflect a global trend. The move to substantially reduce their pay and residuals is part of this and can only be combated on the same terms, as a struggle against capitalist exploitation.

The growth of the internet and other competition

A final, major source of difficulty for the movie and television industry is the vast expansion of other forms of entertainment content that eat into and erode its traditional viewership.

Twenty-five years ago, the internet was not yet widespread. While home videos existed, they were clunky affairs largely accessible only to the well-to-do. Social media had not really begun, and phones were still relatively primitive devices.

Today, the “entertainment industry” is transformed. Access to the internet provides a portal to an endless stream of free content, from websites to discussion forums, to social media, to music, to videos and games.

These sites, to the extent that they are monetized, largely operate on the basis of small amounts of advertising revenue. Facebook, Google and Twitter can all, in a sense, be seen as entertainment companies. While some of them directly invest money in entertainment production (Google), they are all purveyors of entertainment, taking away viewers from film and television. What is more, most of the ‘entertainment’ that exists on social media—on YouTube, for example—is made by the users for free.

According to Pew Research, today one in five teenagers are “almost constantly on YouTube” throughout the day. Another 41 percent of teens watch YouTube several times a day.

Gaming is also another major competitor that has exploded over the last 25 years, surpassing film and television. Since 2018 alone the global gaming industry has grown from \$131 billion to \$227 billion in revenue. In contrast, the global film and television industry was worth \$94 billion in 2022. In fact, many actors, once working exclusively in film and television, increasingly find themselves doing voice acting for video games. These contracts, however, pay significantly less, and almost never have residuals.

Collectively, the surging use of the internet, free video streaming platforms like YouTube and TikTok, social media platforms and video games have cut into the relative power of television and film in the overall entertainment industry. As the availability of free content grows and grows (both through amateur creations and older, more easily accessed material), the competition between the remaining corporate producers of entertainment intensifies.

Resisting the class assault on actors and writers

The entertainment industry is a pressure-cooker. Beset by problems and

intensifying competitive pressures, the Wall Street backers of the major entertainment companies demand ruthless cuts to enforce the “bottom line.”

Actors and writers are no more immune than anyone else to the vagaries of the global economy, where the same Wall Street players order giant multinational corporations to enforce cuts to living standards to preserve profits.

Though unique in some regards, the entertainment industry is beset by the same woes of competition and austerity that characterize capitalism as a whole today. The battle being fought by actors and writers, in this sense, is not just a local skirmish, but a fight against banks, corporations and hedge funds that span the world, influencing every industry. It is a global fight of workers as a whole against the ruling financial and corporate class.

Resisting this assault on actors and writers’ livelihoods therefore requires that they call on their natural allies—the hundreds of thousands of other workers who find themselves in the same position. Immense and unprecedented potential exists to link and unite the explosive movement of entertainment workers with truck and delivery drivers, autoworkers and others.

The entertainment industry’s “inflection point” cannot be resolved by appealing to the good faith of the entertainment companies, nor can it be confined to a local, isolated struggle. Entertainment workers face critical questions, like their class brothers and sisters across the planet. Fighting this assault requires uniting with the rank-and-file workforce of other industries in a struggle for the socialist transformation of society.



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