

# The fraud of the Writers Guild contract: Reject and mobilize against this rotten deal!

David Walsh  
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A fraud is being perpetrated on film and television writers, as the Writers Guild of America (WGA), in concert with the entire trade union, political and media establishment, attempts to convince them that the new agreement reached with the studios, networks and streaming services is “exceptional” and that it should be ratified in voting that begins Monday. We urge the strongest possible rejection of the proposed deal and the expansion of the writers’ and actors’ strikes.

The Writers Guild of America (WGA) leadership does not speak for the writers, it speaks for a privileged upper-middle-class layer in the entertainment business with unbreakable ties to the companies and the Democratic Party.

This can be proven, first of all, by the WGA’s conduct of the strike. Despite an overwhelming strike vote and mass public support, including in the film and television industry, and the additional presence of 65,000 actors on the picket lines, also eager to fight, the union accepted the isolation of the strike policed by the Teamsters, IATSE and the AFL-CIO as a whole.

No effort was made to turn the strike into a general mobilization of entertainment industry workers, a large proportion of whom continued to work, much less to broaden the struggle to include dock, hotel, education, auto and healthcare workers, all of whom face bitter conflicts with their employers. Only under these unfavorable conditions, where writers have been sacrificing and suffering for months, could the union be able to present the tentative agreement in glowing terms with any semblance of credibility.

This is the universal set of tactics of the unions at present: if at all possible, smother strike action before it begins, and where that cannot be accomplished, isolate and demoralize every struggle that breaks out.

The WGA conducted all of its negotiations behind closed doors, demonstrating contempt for wide layers of its membership. While guild officials and the entire gang of corporate cutthroats, from Disney, Netflix, Warner Bros. Discovery and the rest, were *fully privy* to the content of the talks, rank-and-file writers and other workers in the industry were *entirely excluded*.

The decision by the Writers Guild to declare an end to the strike and order a return to work prior to the membership voting on the agreement is anti-democratic and reactionary. On its website, the guild has announced that “The historic 2023 WGA Strike comes to an end.” How is this possible? What right do they have to do this?

The WGA asserted in its official statement that once the leading bodies of the union, encompassing some dozens of people, approve the contract, they “would also vote on whether to lift the restraining order and end the strike at a certain date and time (to be determined) pending ratification. This would allow writers to return to work during the ratification vote, but would not affect the membership’s right to make a final determination on contract approval.” How generous of them! They “permit” the membership, after the fact as far as they’re concerned, merely to endorse and confirm what the union leaders have already passed off as signed,

sealed and delivered.

Moreover, it was revealed as well last week that not all WGA members, including those who spent many hours on the picket lines, would be eligible to vote on the agreement. The *Wrap* pointed out September 29 that “those who didn’t earn enough from WGA-covered work in recent years will have to sit this one out.” In other words, the WGA is happy to accept their dues money and use them as pickets, but excludes them from voting on contracts.

Inevitably, this sordid process must speak to the character of the contract itself, which will do nothing to stop the offensive of the giant corporations and the decline in writers’ incomes and destruction of jobs. According to the *Los Angeles Times*, media companies have cut nearly 20,000 jobs in the last year and a half, and this is only the beginning.

A few individuals and media outlets have begun to let the cat out of the bag. As we previously noted, the *Radio and Television Business Report* carried a frank headline this week, “Financial impact of WGA settlement no big deal.” The website noted that Moody’s Investors Services did not “expect the settlement to have a noticeable impact on the financial health of the affected media companies.”

Indeed, the Writers Guild, from the beginning, boasted about how little an impact its proposals would have on the earnings of the conglomerates. The guild bragged in May that its \$429 million proposal would cost 0.091 percent of Disney’s revenue, 0.214 percent of Netflix’s and so forth, all in all, less than 2 percent of company revenues. And then the WGA settled for little more than half of that. One commentator noticed that the WGA, rounding numbers off, “got 0%.”

It should be enough to point out that the eventual cost of the tentative agreement—covering some 11,000 people—to the companies, \$233 million is less than certain entertainment industry executives make in a single year. Moreover, it is approximately *one-tenth* of what the top 10 highest-paid Hollywood executives collectively earned from 2018 to 2022 (\$2.25 billion). According to *LA Times* research, David Zaslav, CEO of Warner Bros. Discovery Inc., was paid \$498,915,318 between 2018 and 2022, *384 times* the average pay of a Hollywood writer.

The Alliance of Motion Picture and Television Producers (AMPTP), not a bunch of fools, are keeping a low profile. While the executives communicate with one another, they are reluctant to speak publicly until, they hope, the WGA and Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) contracts are safely settled.

Something of an exception in this regard, chairman and CEO of HBO and Max content, Casey Bloys, of course counting on ratification as a given, declared himself last Wednesday “happy” that the strike had ended and that “it’s past us.” The *Wrap* cited his further comment that it was “an uncertain time. It’s a scary time. There’s a lot changing, so it is not business as usual. I don’t think any of it, any aspect of the business, is business as usual. This includes labor issues.” Revealingly, Bloys went on to say that he was “happy that everybody appears to be very happy with the deal they got. ... I want everybody to *feel that they’ve gotten a good*

deal and are ready to get back to work. That's what I'm most concerned with." (Emphasis added)

One of the most pressing issues that drove the writers to strike was the decimation of writers' incomes through the introduction of streaming, which has virtually destroyed the residual system, for example the payments writers receive when programs or episodes they've written reappear on television.

Despite great claims, trumpeted everywhere, the agreement on residuals is one of the biggest swindles in the tentative settlement, in several regards.

For one thing, the companies made certain that writers on older cable and network television series, which have been profitably aired on streaming services for years, were excluded from any changes. While Netflix, Peacock and the others have already made millions of dollars from these programs, the original writers "will remain uncompensated," as *Newsweek* observed last week. Popular shows such as *Suits*, *Grey's Anatomy*, *Supernatural* and *NCIS* have often racked up "millions of viewing minutes per week" and outperformed "viewership for streamers' new original shows." As a result, this section of the proposed deal "could lead to a scramble from streamers to license other cable and network shows, as their anticipated success on such platforms would not lead to payouts to the original writers."

In any event, the tentative agreement does not include a system of guaranteed residual payments (aside from the below-the-rate-of-inflation basic increases).

Although the streaming platforms have "unprecedented insight into their viewers," as a former HBO executive interviewed by *Marketplace* pointed out, "know exactly who is watching their show, how long they're watching it," whether "you've watched the whole season" and "how many minutes you've watched of episode one" and generally "know everything," they refuse to pay writers and performers for their efforts. In recent months, both writers and actors have publicly held up checks made out for pennies, including for work on extremely successful series.

The tentative agreement sets up a phony bonus scheme, which will be extremely hard to achieve for the vast majority of writers. In order to qualify for the bonus a series must be viewed by 20 percent of subscribers to that particular streaming service within the first 90 days of release. In the case of Netflix, which boasts nearly 240 million worldwide subscribers, that means some 48 million subscribers need to watch that show within three months.

The *Hollywood Reporter* noted Friday that, in many cases, the "real complicating factor, however, is the bundle," i.e., how streaming is bundled as part of a subscription. For example, "Prime Video is included in an Amazon Prime subscription, even if you only use Prime for the free shipping. ... If every person who pays for Amazon Prime counts as a subscriber ... then those streaming success bonuses may be near impossible to hit. Amazon hasn't disclosed its current Prime subscriber count in a few years, but it previously said it had more than 200 million." (Emphasis added)

Nelson Cheng, a SAG-AFTRA member, commented in the *LA Times* September 27 that the WGA "deal is not as transformative as it should be. Streaming is where the entertainment industry has gone and continues to see growth. That is where the money is, but the current payment system doesn't reflect that. Thus the core of the WGA agreement should be about streaming residuals. The union had a historic opportunity—particularly because its strike was paired with SAG-AFTRA's—to completely revamp those residuals and turn screenwriting into a long-term, sustainable profession again."

"Instead," Cheng went on, "the WGA got viewership-based streaming bonuses and some amount of data sharing. In effect it gave up on getting more money for writers from shows that perform well in exchange for minimum transparency from streaming services on viewership."

After examining the contract language, the op-ed writer continued, "This isn't using data on hours streamed and giving residuals based on it, as the WGA initially proposed. It's providing data on hours streamed and—doing nothing with it. ... One-time bonuses are not residuals, and think of all the shows that get millions of viewers but just don't make that threshold; those writers get nothing for their success."

The supposed historic agreement on Artificial Intelligence (AI), another focal point of the struggle, is also a fraud.

Media mogul Barry Diller, chair of IAC and Expedia, a major operator who knows whereof he speaks, cut through a great deal of the nonsense when he told CNBC last week, "They spent months trying to craft words that would protect writers from AI, and they ended up with a tortured paragraph or two that actually does nothing for no one."

As the *Wall Street Journal* pointed out, Hollywood retained "the right to train artificial-intelligence models based on writers' work" under the terms of the agreement. "Entertainment executives didn't want to relinquish the right to train their own AI tools based on TV and movie scripts."

The *Journal* continued, "Entertainment companies are looking at the use of AI tools for everything from summarizing scripts to special effects to promotional marketing." Both Warner Bros. Discovery and Disney have made their extensive AI projects public knowledge. The rest are no doubt proceeding along the same lines.

A commentator on *Wired* points to the damage already done by AI in the hands of the big firms: "Actors have been replaced by AI replications of their likenesses, or their voices have been stolen outright. Writers have seen their work plagiarized by ChatGPT, directors' styles have been scraped and replicated by MidJourney, and all areas of crew are ripe for exploitation by studios and Big Tech."

"It's hard to imagine that the studios will tell artists the truth when being asked to dismantle their AI initiatives," *Wired* goes on, "and attribution is all but impossible to prove with machine-learning outputs. Likewise, it's difficult to see how to prevent these tools from learning on whatever data the studios want. It's already standard practice for corporations to act first and beg forgiveness later, and one should assume they will continue to scrape and ingest all the data they can access, which is *all* the data."

In regard to AI, a commentator on Reddit points out, furthermore, that the relevant passage in the contract, contrary to the WGA's soothing presentation, "*actually* says ... that both studios and writers retain all rights related to AI development, training, and usage outside of the specific things covered previously in the contract. ... It's important to note here that ... most writers don't retain the rights to their own work when they sell a script to a studio or work for hire. ... Sadly, this point is actually a big win for the studios."

For example, Marvel "could pump out a whole AI-generated TV series, hire their 3 minimum writers to clean it up in exchange for full credit and nice staff writer paychecks, and effectively cut the time and development cost of a TV show by a ton. None of this would run afoul of the new contract either, because Disney/Marvel would still own all the underlying IP [Intellectual Property] used."

And it goes on. The loopholes multiply.

However, there are even broader issues, bound up with the capitalist crisis and the corporations' desperate need to lower costs and cut jobs.

The *Wall Street Journal*, in "Peak TV Is Over. A Different Hollywood Is Coming," begins by painting a picture of the immediate future: "Fewer new shows in production. A higher bar to get shows renewed. Rich paydays going only to an elite few." The article continues, pointing out that a combination "of debt-laden mergers, mounting losses in streaming, and the fast-shrinking cable TV bundle, has led to a push on Wall Street for entertainment companies to rein in spending."

The streaming services will need "to find a way to pay increased talent

costs—from the writers’ settlement, along with an earlier deal with directors and whatever is finalized with actors—without adding to their overall production costs.” This will probably mean that “companies will make fewer new shows and cancel even more that are on the bubble. In effect, while many people in Hollywood will get better pay as a result of the deal, the contraction in spending means there will be less work to go around.”

“The root problem,” the *Journal* concludes, “is that there are too many streaming services. That is creating confusion for consumers and hopeless economics for the companies. Consolidation, whether in the form of mergers, joint ventures or bundles, has to come to the streaming world for the industry to be viable.” This is a recipe for massive job losses.

One commentator on social media suggested that the number of television series, 600 at their recent peak, could shrink to as few as 300.

In the face of all this, a conspiracy by every section of the establishment to impose the tentative agreement on the writers, the pseudo-left has gone into ecstasies about the deal. One of the most abject pieces appears in *Socialist Alternative*. The article says that the details “that have been published about the TA point to a resounding victory by the writers.” Obviously feeling a bit nervous about this claim, the article goes on to argue that, in any case, “one of the agreement’s core merits is as a foundation for further struggle.” The contract “doesn’t yet guarantee a good standard of living for writers, as the profession attempts to claw its way back from dangerous precarity. But winning streaming bonuses for the first time means WGA can fight for bigger streaming bonuses next time, and setting limits on AI for the first time means that writers will be better equipped to truly regulate it next time.”

This is all deliberately complacent nonsense, chloroform, which rips the situation facing writers out of the international class struggle and the crisis of capitalism. If there were no conglomerates, no ferocious pressure from Wall Street, no ruthless drive for profits, no intervention by the state, no social counterrevolution, then everything, in fact, would be fine.

The pseudo-left intend to use the writers’ strike and the supposed triumph as part of their argument for the legitimacy and progressive role of the trade unions. The exaggerated, celebratory tone makes this clear. These people could care less about the writers. They cynically want to use this agreement as a political weapon, to justify their own prostration before the union bureaucracy.

We urge writers to expose and reject the rotten contract and mobilize themselves on the basis of rank-and-file committees, which would fight for an industry-wide shutdown, the opening of the books of the companies and an end to their “business secrets,” a system of residuals firmly and honestly based on viewership, a ban on artificial intelligence affecting writers’ work and inflation-busting wage increases. Anything less will lead to the continuing deterioration of writers’ conditions.



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