

Pixar Animation announces layoffs in the midst of the Great Hollywood Contraction

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Last Tuesday, Pixar Animation Studios announced layoffs of 175 workers—14 percent of its workforce. Those cuts come after the termination of 75 employees in 2023. According to reports, the layoffs will spare management and exclusively hit workers.

Various efforts have been made to blame the financial difficulties on executive blunders at both Pixar and its parent company, Disney.

For his part, Pixar president Jim Morris told *Variety* that the problems were bound up with wider issues. Morris noted that it was “expensive for a family to go to the movies. It can be a \$100 afternoon for a family, and that can be a stretch for some to do. The other thing is that during COVID, we trained audiences to watch our movies on Disney+.” The company had no choice during the height of the pandemic, Morris suggested, but “We have a little work to unring the bell and motivate families to go to the theater and not wait a few months to see it on Disney+.”

In any event, this is simply the tip of the iceberg. The film and television industry is experiencing big changes. The job cuts at Pixar are happening in the midst of what is being called Hollywood’s “Great Contraction,” a component part of the jobs destruction affecting every major industry.

The strikes last year by the Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) and the Writers Guild of America (WGA), which ended in November, were sabotaged by the union leaders, and workers were left thoroughly unprepared for the attacks now being launched against them.

Many writers and actors felt instinctively that the issues in the strikes were “existential,” that the fate of their professions hung in the balance, and that general perception was correct. Film and television production was already on the decline at the time of the strikes and that decline has continued sharply in their aftermath.

Artificial Intelligence (AI) was a major issue of contention in the WGA and SAG-AFTRA strikes and is now starting to substantially threaten jobs. Early this year, the announcement of a deal between SAG-AFTRA and Replica Studios was understood by many creative workers to be the opening shot in a process of overall jobs replacement. In animation, as well as in all other creative or productive tasks, AI is used by corporations for the sole purpose of lowering costs and extracting more profits from a reduced workforce.

The *Hollywood Reporter* pointed out in February that a study published the previous month polling 300 leaders across the entertainment industry “reported that three-fourths of respondents indicated that AI tools supported the elimination, reduction or consolidation of jobs at their companies. During the next three years, it is estimated that nearly 204,000 positions will be adversely affected. Sound engineers, voice actors and workers in VFX and other

postproduction jobs were identified as vulnerable.”

According to a report by FilmLA, television production in the Los Angeles area provided 30.6 percent fewer jobs in January 2024 than it did in January 2023. There was a 16.2 percent decline in production, or shoot days (SD), in the first quarter of this year compared to 2023. Every category of television production was down except for pilots, which were almost non-existent last year, mainly in anticipation of the strikes.

2023 witnessed a 12 percent drop in the number of scripted series, to 512, from the previous year. Some executives have already predicted that with the end of “Peak TV,” the number of shows produced will decline even further, to perhaps as few as 300 a year in the coming years. That figure has not been seen since 2012, before the streaming services exploded.

The continuous stream of remakes, reboots, bland sequels and superhero movies has not occurred simply because of philistine and artless executives, although such people exist in considerable numbers, but rather flows from the reality that the studios have become divisions of international media conglomerates either owned outright by hedge funds and banks or tied to the latter by a thousand threads.

With financial managers calling the shots, deciding what gets made and what does not, the tendency is always to rely on the tried and true, the lowest common denominator. But even this model is coming under attack from Wall Street, which only has one concern and that is share value (and immediate profits). The general result is increased exploitation, lower pay and lower-quality artistic work.

In response to “Superhero fatigue,” with several special effects “blockbusters” having done poorly last year, executives are now proposing to double down by limiting the number of these over-the-top extravaganzas, while providing even larger budgets for those they do “green light.”

The effects of the “Great Contraction” are being felt by workers in every part of the industry. Even A-list stars are now not able to find work regularly, with many having to take a year or two off or work on smaller projects.

Not only are there fewer projects in production, but those going ahead are spending less money (one major FOX series reduced its budget by over 50 percent, from \$10 million to less than \$5 million an episode). Television series are reducing the number of shows in a given season, by more than a third in some cases (for example, from 22-24 to 6-10 episodes), while also reducing the number of regular cast members by turning them into recurring roles (with fewer appearances) or guest stars.

Many middle-income actors are finding it harder and harder to live in Los Angeles. With reduced hours and pay, some are being forced

out of the business, if not out of the state.

Deadline noted in February (“Hollywood Contraction: Actors Struggle To Find Jobs As TV Castings Dry Up”) that a “decade ago, as many as 100 broadcast pilots would be casting right now. This year, we have a total of three, all at NBC. In addition to a shot at an on-air series, a casting in a pilot provides a life line for hundreds of actors with a paycheck that helps them qualify for the union’s health insurance.”

On top of fewer shows and virtually no pilots,” the *Deadline* article continued, “the available acting gigs pay less than they used to amid rising cost of living, talent sources say, making it hard for many working actors to afford their rent or mortgage and support their families.” ...

The wave of series cancellations during the dual Hollywood strikes has continued amid sweeping cost-cutting, including layoffs and content removal, by traditional media companies and some belt-tightening among the tech-based streamers too as their once sky-high series budgets have come down to earth. ...

Broadcast dramas now often cost between \$3 million-\$5 million per episode, streaming ones \$5M-\$10M an episode, down sharply from the highs of the past decade, according to sources. ...

That has led to salary concessions, like the 25% pay cut the *Blue Bloods*’ cast took to pave the way for a Season 14 renewal; the minimum guarantee reductions adopted by Wolf Entertainment series; and series regular cast members getting downgraded to recurring, which happened on CBS’ *Bob Hearts Abishola* and the CW’s *Superman & Lois*, among other shows.

With actors having fewer roles, and being paid less, agents have been particularly hard hit, as they survive by commissions. Commissions are falling across the board, so talent agencies are feeling the pinch. One major agency (A3 Artists Agency) shut its doors this year.

As for writers, numerous media reports document their current crisis.

*The *Hollywood Reporter* on April 2 headlined a piece, “‘I’m Scared’: Why It’s a Brutal Time to Be a TV Writer” and continued in a subhead, “The end of Peak TV has ushered in an era of contraction, with fewer buyers ... and fierce competition for the few shows that are staffing: ‘People are in total survival mode.’”

? *Deadline* also commented in April that because “of fewer shows in the works and the disappearance of pilot season, the availability of gigs are now few and far between—with many [writers] considering a life outside of Hollywood.”

? Along the same lines, the *Los Angeles Times* reported in May that “Film and TV writers of varying experience levels are struggling to find work after the Hollywood strikes amid an ongoing industry contraction.”

? *Variety* commented May 1: “The Writers Guild of America called a strike one year ago today, declaring that the streaming boom had created an existential crisis for writers. ... But as the boom has gone bust, writers now face a different kind of crisis.”

The drop in film and television production has hammered below-the-

line workers in the industry, including cinemaphotographers, costume designers, set decorators, grips and more. After months of not working during the strikes, and with production continuing to slow, many have had to find jobs outside the industry to keep afloat. The Hollywood contraction comes as the International Alliance of Theatrical Stage Employees (IATSE), notorious for its corruption, anti-communism and capitulations to management, is engaged in contract negotiations with the Alliance of Motion Picture and Television Producers (AMPTP).

IATSE has been carrying out secret negotiations with the AMPTP since March without releasing a single detail about the tentative local agreements they have struck, or the proposals they have presented—all while falsely claiming to be carrying out the most transparent negotiations in history.

Film and television industry workers face tremendous challenges. The giant companies, with Wall Street breathing down their necks, are on the warpath, despite the astronomical salaries earned by executives. IATSE and the other entertainment unions, led by officials who live like corporate management, are entirely unprepared for the conditions of capitalist crisis. They do not represent workers, they act to defend themselves and their privileges, which means suppressing every action by workers that threatens to rock the boat.

Film and television workers cannot wait around for the union officials to act on their behalf. They never will. Writers, actors, IATSE members need to act independently, to mobilize themselves for a struggle against the conglomerates, a fight that will inevitably lead to struggles involving broad sections of the working class, academic workers, auto workers, healthcare workers, teachers and others.

If the questions are more and more “existential,” in part because of years of concessions and retreats imposed by the unions, then new methods of struggle need to be found. If not, the casualization of the industry and the pauperization of its workers will speed up exponentially. What’s called for is self-action by workers, the creation of rank-and-file committees, democratically formed and led, independent of the union officialdom and the two capitalist parties.

The question posed is who controls what is to be made and how it is to be made, and that power cannot stay in the hands of the financial-corporate elite whose only concern is profit.



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