

# Hollywood studios and networks issue threats to Screen Actors Guild

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15 July 2008

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Hollywood's giant studios and networks have arrogantly issued an ultimatum to the Screen Actors Guild, demanding that the union accept its final offer and place the proposal before its membership for a vote.

Following deals reached with the writers, directors and, most recently, performers organized in the American Federation of Radio and Television Artists (AFTRA), the conglomerates feel they are in a strengthened position to impose their terms on the 120,000 SAG members, whose contract expired at the end of June.

The Alliance of Motion Pictures and Television Producers (AMPTP) has made minor concessions to the various unions, but on the fundamental issues has gotten its way: no increases in residuals paid for DVDs and only small inroads on payments for new media material. The heads of Disney, Time Warner, News Corporation and the rest are pleased with themselves and mean to finish the job by getting the SAG leadership to toe the line.

The companies are threatening to declare an impasse, which would allow them to impose their contract offer on SAG members, and even to "scale back" the proposals if the guild leadership doesn't capitulate to their demands.

On June 30 the AMPTP made its so-called final offer, which the conglomerates claim is a \$250 million package (a figure the union calls "highly inflated"). SAG negotiators declared July 8 that the proposal was unacceptable and offered counterproposals.

The total package the companies have offered is less than a third of the approximately \$900 million that SAG had originally asked in terms of wage increases, residuals for DVDs, streaming programs on the Internet

and compensation for scripted product advertisement on television dramas, primarily comedies.

According to SAG sources, the "final offer" doesn't come close to fulfilling the union's key demands, which include a higher share of DVD revenues and that all programs—new and derivative—streamed through the web be union productions subject to the three-year contract.

The giant companies responded to the SAG counterproposals by insisting that the offer on the table was non-negotiable. The AMPTP released a transcript of last Thursday's negotiating session to drive home its message. Its executive vice president, Carol Lombardini, delivered a thuggish statement to SAG negotiators, which is worth quoting at length:

"It is important to be clear: What we gave you on June 30th was our Final Offer. It doesn't get any better than that. That is the best deal you are going to achieve from us. ...

"You can accept this deal, hold your heads up high, knowing that you have achieved the best deal attainable. Or you can continue to refuse to accept our Final Offer.

"If that is your decision, it would be inappropriate for us to allow you to leave here today without understanding the potential consequences of that decision.

"First—Under this Final Offer, once the deadline [August 15] passes without ratification, retroactivity is gone. That results in a smaller package than the \$250 million of gains contained in our Final Offer. And of course, it gets smaller each passing day.

"Second—It is no secret that we are in a deteriorating economy. Our companies are not immune from the effects of this economic slowdown. It is very possible that, as a result of changing economic conditions, we

will have to reevaluate the offer we have on the table.

“Third—There is no question that given the uncertainty of not having a deal, some feature productions will go on, while others will not. Each one that doesn’t go forward results in fewer jobs and lost earnings for you. The risks are even greater in television. Continued uncertainty over contract status further jeopardizes scripted programming. Once again, it all amounts to less for you.

“The decision is yours to make. We encourage you to let the entire membership decide.”

In a statement issued later that day, the AMPTP returned to this last theme: “We call upon SAG’s Hollywood leaders to put the AMPTP’s final offer to SAG members for ratification. The last thing we need is a long, hot summer of labor strife that puts even more pressure on a badly struggling economy and deprives audiences of the entertainment they clearly desire in such difficult times.”

The concern felt by the corporate pirates who run Hollywood for the entertainment needs of the population in stressful economic times is especially touching.

*Deadline Hollywood Daily* noted that someone needed “to remind Lombardini in particular, and the AMPTP generally, that the Hollywood studios are having yet another lucrative summer movie season with nearly every film outperforming financial expectations, while the TV networks all enjoyed rate and overall revenue increases when they wrapped up their upfront deal-making on advance advertising commitments for the 2008-2009 season. And though they all cry poverty publicly, heads of some of the studios and networks have told me their divisions contributed \$1B [billion] in profits to the balance sheets of Big Media in 2007 alone.”

SAG leaders meanwhile are claiming that their counteroffer did not constitute a rejection of the AMPTP deal and that negotiations are, in effect, continuing. SAG chief negotiator Doug Allen told the media, “We significantly narrowed the gap between us while remaining committed to the principles of our bargaining priorities.” AMPTP spokesman Jesse Hiestand stated bluntly that the guild had misinterpreted the situation and that “A counterproposal to a final offer is a rejection of the final offer. It can’t be anything else.”

Thousands of rank-and-file SAG members are no doubt outraged—at the conglomerates’ intransigence, as well as their treatment of the writers during their three-month strike. However, the guild leaders have refused to ask the membership for strike authorization, which would require 75 percent support.

The SAG leadership has no serious answer to the companies’ blackmail and attempts at intimidation. In response to the companies’ demand that SAG submit their proposal to the membership, guild president Alan Rosenberg told the *New York Times*: “Our negotiating committee to a person, including representatives from across the country, does not believe this deal is acceptable. When we put something in front of members, I want to make sure it’s something they can live with.”

*Variety* commented July 13: “Amid the town’s growing consensus that the Screen Actors Guild is not going to strike, SAG is staying in stall mode. The guild offered no response to the congloms’ latest effort to dial up the pressure by warning that they may have to scale back their final offer if the economy worsens.”

A “veteran lawyer,” whose comments were solicited by the *Hollywood Reporter*, remarked: “The question is, does SAG have an endgame that will get them what they want? I haven’t seen it. And if they don’t, when are they going to realize that and somehow gracefully put this to a vote?”

The SAG leadership, like those in the other Hollywood unions, is unwilling and unable to lead the kind of social and political struggle that would defeat the conglomerates. Under those conditions, sooner or later it will be obliged, “gracefully” or otherwise, to surrender to the studios and networks.



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