THE BIG PICTURE: In the strike, the studios are playing to win

While attention is focused on the writers strike, a bigger confrontation with the actors guild looms down the road.

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December 11, 2007

DESPITE what they say about global warming, it's going to be a long, cold winter for the writers of Hollywood. The studios pretty much made it official Friday, when they walked away from the negotiating table after giving the Writers Guild an abrupt "put up or shut up" ultimatum. Considering that the studios were asking the writers to give up much of their core Internet residuals proposal, there was little left to negotiate.

The studios' message was obvious: They're going to play hardball. Believing they have comparatively little to lose by letting the strike drag on, the studios will try to weaken the guild by letting writers spend Christmas out of work while studio operatives sow seeds of discord among the membership, hoping to persuade some high-profile writers to cross the line and go back to work.

This puts all of Hollywood on the road to perdition. That still leaves the real unanswered question: Why have the studios walked away from the negotiating table? Although it seemed hard to believe at first, the evidence is overwhelming that they never had any serious intention of making a fair deal, at least the kind of deal that, as Lew Wasserman might have put it, would've allowed both sides to come away declaring victory. There is clearly a powerful studio faction that believes that giving residuals to the writers was a fundamental mistake. Since it's impossible to put that genie back into the bottle -- not that the studios didn't try -- the next best thing would be to put a tight lid on any new media revenue streams, since they will someday become the studio's biggest new source of profit.

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The studios' behavior appears shortsighted unless you look at the negotiations in a broader light. While attention is focused on the writers strike, a bigger confrontation looms down the road. No one expects that the studios will have much of a problem settling with the Directors Guild of America, whose contract is up June 30, 2008. But the Screen Actors Guild, whose contract is also up that day, is another matter. The largest union, with 120,000 members, SAG also has a relatively new president, Alan Rosenberg, who came to power after promising a much...
more aggressive stance about new media revenues. For the first time, SAG also brought in an outsider, former NFL Players Assn. executive Doug Allen, to be its executive director, another sign that the guild is preparing for a hard-nosed negotiation.

The studios don't want to make any concessions to the Writers Guild of America that would set a precedent for the SAG negotiations. In fact, many insiders believe the studios are trying to crush the writers as a way of signaling to SAG members that they can expect similar treatment if they don't soften their negotiating stance.

The studios have little to lose by stonewalling, since it's all too clear that they can win any prolonged strike. Their pockets are too deep, their weaponry too strong. But at what cost? Even many studio supporters admit that squashing the WGA after a prolonged strike would be something of a pyrrhic victory. If network TV turns into a 24-hour reality TV and game show channel, it will simply accelerate the trend of young viewers deserting the tube for the Internet.

For the writers, their best defense now is a good offense. As I've argued before, their future lies in becoming more entrepreneurial. This would also be good strategy for future strike negotiations. With the studios stuck churning out reality sludge, the barriers for entry for an outsider are lower than ever. What's to stop Google, Yahoo or Mark Cuban from striking a deal with a top TV show runner who has a proven ability to create characters and stories that would bring eyeballs to the Internet?

I suspect the guild is already in the process of setting up interim deals that would allow writers to work with companies not represented by the studios. It would be a way to show the WGA rank and file that other opportunities exist outside of the traditional studio model while sending a message to the other side that, when it comes to negotiating, the guild has other arrows in its quiver.

And speaking of arrows, the studios last week hired Mark Fabiani and Chris Lehane, former aids and advisors to Bill Clinton and Al Gore with reputations for canny damage control and bare-knuckled attacks on political adversaries.

It is widely believed that the new consultants had a hand in a recent studio proposal designed to portray the studios as willing negotiators. Although it offered precious few concessions, it was labeled a "new economic partnership," which brings to mind the time the Bush administration described a pro-logging proposal as a "healthy forests initiative." Nonetheless, the studios flogged it as a big step forward, claiming it would increase the average working writer's salary to $230,000 a year.

The proposal doesn't mention anything about the average nonworking writer, who, as it happens, is on strike too. If you include all writers, the plump $230,000 figure ends up being roughly a quarter of that. The new consultants also clearly had a hand in the studios' Friday statement about the collapse of the talks, a statement that many in the guild leadership view as a "red-baiting" style campaign designed to divide the guild -- and chip away at its public support -- by branding the leadership as radicals.

It's a fascinating statement, not for what it says, but for the language it uses, which would bring a blush even to the face of wily GOP rhetorician Frank Luntz, the man the WGA should hire if it really wants to win a PR battle with the studios. A new word that pops up in the document is "ideology," as in "the WGA organizers are on an ideological mission far removed from the interests of their members."

The document also criticizes the guild's "radical demands" and repeatedly refers to the WGA leadership not as negotiators but as "organizers," another sign that the studios are attempting to brand them as militant apparatchiks. That would be in keeping with the traditional tactics of the studio's new hired guns, it being Lehane, who, as Gore's campaign spokesman, once compared a Florida secretary of state to a "Soviet
commissar" during the 2000 election uproar.

The statement also charges that guild leaders have "never concluded one industry accord," implying that they are clueless outside agitators. It has a nice ring to it until you realize that the single most successful labor negotiator of modern times, baseball players union leader Marvin Miller, had never done a baseball deal either when he came to the game. He'd been an economist with the United Steelworkers.

From where I sit, it was telling that the labor talks collapsed just days after the Baseball Hall of Fame revisited its own divisive labor history, electing former Commissioner Bowie Kuhn, a die-hard opponent of free agency, while once again overlooking Miller.

Like today's studio bosses, Kuhn had become so beholden to the old rules of the game that he was paralyzed by a fear of the future, convinced that allowing players to become free agents would destroy the sport. Of course, he was wrong. Baseball franchises are more lucrative than ever. But that distrust of the future is at the core of this labor dispute too. The studios have assembled a comfortable business model, one so comfortable that they are loathe to tinker with it.

Kuhn once warned that if the players gained free agency, the game wouldn't survive unless "we find oil under second base." Hollywood is different. In an era when show business is the secular religion of America, there's oil under every studio in town. If the studios aren't willing to share some of that black gold, the writers should do what any good entrepreneur would -- start digging for themselves.

"The Big Picture" runs each Tuesday in Calendar. E-mail questions or criticism to patrick.goldstein@latimes.com.