

# Labor Unions in the Entertainment Industry: WGA and SAG-AFTRA Strikes

Zhucheng Ding

Friends Academy, New York, USA

Email: xzzeric2007@gmail.com

**How to cite this paper:** Ding, Z. C. (2024). Labor Unions in the Entertainment Industry: WGA and SAG-AFTRA Strikes. *Modern Economy*, 15, 650-666.  
<https://doi.org/10.4236/me.2024.156032>

**Received:** February 27, 2024

**Accepted:** June 23, 2024

**Published:** June 26, 2024

Copyright © 2024 by author(s) and Scientific Research Publishing Inc. This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

---

## Abstract

Labor unions have played a crucial role in the US economy since the Industrial Revolution, but the recent Hollywood strikes have shown their evolution in the modern age. In this paper, I examine unions, strikes, and their historical origins, as well as the fundamental economic concepts underpinning labor unions and their effects on labor markets. I then analyze unions in the context of the entertainment industry, citing the recent Hollywood strikes as an example of how labor unions and strikes have evolved over time but remained fundamentally consistent in a unique industry and period of history.

## Keywords

WGA, SAG-AFTRA, Strikes, Labor Unions, Entertainment

---

## 1. Introduction

Trade unions are organizations of laborers or workers whose purpose is to maintain and improve the conditions of their employment. These conditions include financial considerations such as better wages or benefits but also include non-financial components like improved working conditions and safety standards (Webb & Webb, 1920). Overall, trade unions are vehicles by which workers can enhance their bargaining power relative to employers, where bargaining power refers to the ability of parties to exert influence over each other when making new labor agreements or contracts.

The formation of modern-day labor unions as a response to the Industrial Revolution in England was eventually recreated in the United States, where it was further developed during the Gilded Age. Strikes were one of the key tactics used by these unions, but the usage of labor strikes actually predates labor unions in American history. In recent years, union membership in the private sec-

tor has been on a downward trend, whereas it has been on the rise for the public sector as a result of some of the economic forces governing such unions.

The economics of labor unions, as with many other economic concepts, consists of many trade-offs. Labor unions are able to increase the bargaining power of workers relative to capital owners. For instance, a union is able to take collective action through an organized labor strike and force capital owners to negotiate with workers. This is especially useful for industries and locations where firms have concentrated market powers, such as a monopsony. In these conditions, labor unions are able to help workers bargain for better conditions and wages, offsetting the concentrated market power of employers. However, labor unions can hurt productivity in an industry, overall. Firms may choose to reduce the size of their labor force as a result of higher wages set by unions, hurting overall employment. Union power also extends beyond economics, where they can organize politically for better working conditions and drive changes in the political landscape.

In the entertainment industry, an industry different from the traditional good-producing industries, many of these core economic concepts still remain, but the circumstances of the industry give these unions unique features. Because different levels of production have different replaceability of workers, different levels of production also have their own labor unions. Labor unions in the entertainment industries bargain for higher wages and better conditions, similar to good-producing industries. However, public attention and a vast difference in marginal product between workers result in the entertainment unions having terms such as the “Minimum Basic Agreement,” establishing a minimum without a maximum, in order to compensate for these differences.

The recent WGA and SAG-AFTRA strikes in 2023 were driven by new technological changes in both digital media and artificial intelligence. The two unions went on strike almost simultaneously, leading to substantially higher rates of unemployment in the motion picture industry, as well as a huge loss for South California’s economy. These strikes affected all levels of Hollywood, halting productions, forcing negotiations to take place, and ultimately resulting in favorable terms for writers and actors alike. These terms include more data transparency, increased bonuses, and regulated AI usage.

## 2. History of Unions

Modern labor unions originated in 18th-century Britain as a reaction to the growing Industrial Revolution but had their origins much earlier. Despite Trade Unions and collective bargaining being outlawed in the 14th century in the Kingdom of England with the enactment of the Ordinance of Labourers, these ideas endured and inspired the formation of modern trade unions, giving workers more power relative to their employers. Contrary to popular belief, labor unions were not a product of Marxism, as the first labor unions predated Marx’s Communist Manifesto by a century (Poole, 1986).

A new class of industrial workers emerged as a result of the industrial revolution. These workers differed from farm workers: farm workers sold their *products*, meaning they had control over their lives and work, but industrial workers sold their *labor*. Urban workers were forced to take directions from employers and essentially give up part of their freedom and agency in service of a master. Workers had little to no job security and no promise of an ongoing relationship with their employers. Under these conditions, modern labor unions were formed and popularized (Tomich, 2004).

Labor unions soon spread across the globe, with modern national unions beginning to form in the United States in the post-Civil War Era. The Knights of Labor were a major force in the late 1880s but collapsed due to poor organization. The American Federation of Labor, on the other hand, proved to be more durable. Founded in 1886, the American Federation of Labor was a loose coalition of local unions led by Samuel Gompers. This organization helped coordinate and support strikes, becoming a major player in national politics, generally on the side of the Democrats (Greene, 1998).

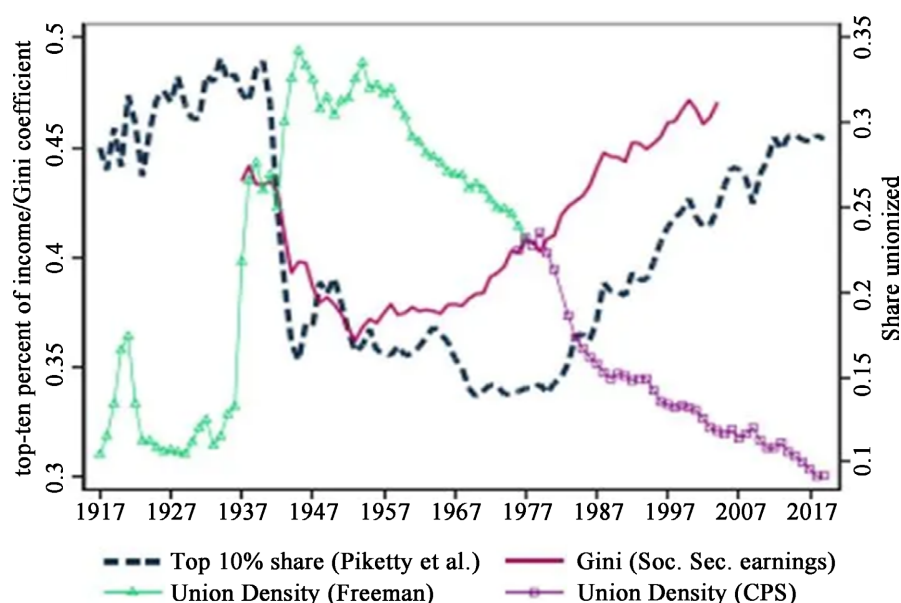
Initially, trade unions weren't welcomed, encountering hostility from both employers and government groups. Unions were regularly prosecuted under regulations like the Sherman Antitrust Act of 1890. It wasn't until 1935 that labor unions were fully recognized in the United States under the National Labor Relations Act (Clark, 1948).

While 'labor strikes' were a common tactic employed by unions, strikes actually predate the formation of labor unions in the United States. Philadelphia printers, opposing a wage reduction, were responsible for the first recorded labor strike in the United States in 1786 when they went on strike to demand a wage of at least \$6 per week (Perlman, 1922).

In the 21st century, most American labor unions fall under one of two umbrella organizations: the American Federation of Labor-Congress of Industrial Organization (AFL-CIO) or the Strategic Organizing Center (SOC). Both of these organizations advocate for policies that favor workers in both the United States and Canada. Moreover, these large organizations now take an active role in politics, generally, but not exclusively, favoring the Democratic party (Minchin, 2017).

Despite the longstanding presence and many historical successes of unions, unionization rates have fallen dramatically over the past decades. In 2022, the unionization rate in the US hit the lowest rate on record at 10.1 percent. This represents a 50% fall in unionization rate relative to 1983, the earliest year with comparable data, when 20.1 percent of workers, or 17.7 million individuals, were unionized (BLS, 2023).

**Figure 1** is a dual coordinate graph that measures both wealth distribution using the Gini coefficient on the right axis and the fraction of unionized workers on the left axis. The two curves that show Union Density use the left axis and the curve showing the top 10% share uses the right axis. Together, these curves demonstrate the steady decline of union membership since the 1950s, with a



Notes: Farber et al. (2021). Graph measures the fraction of workers belonging to a union (right axis) and measures of wealth and income inequality (left axis).

**Figure 1.** Union density and inequality.

more drastic decrease in the late 70s, a period that has also corresponded with substantial growth in the income share of the top decile of the income.

In another article, Farber shows the recent decline in unions in the private sector from 25 percent in 1975 to 8.2 percent in 2004 along with the recent increase in union membership in the public sector from the same levels in 1975 to 35% in 2004. Farber suggests that this divergence between unions in the public and private sectors is likely due to structural reasons: lack of both competition for products in the public sector and fiscal discipline makes the value of unions in the public sector relatively high. Furthermore, union density is significantly higher in places where unions are allowed to negotiate union security provisions and employers have a legal responsibility to bargain with labor unions. In short, the public sector has overall provided a better environment in recent years for labor unions to grow and develop (Farber, 2005).

### 3. Economics of Union Power and Strikes

While labor unions have had a tumultuous history, the economic forces driving and shaping labor unions have remained more consistent, even into the present day. At their core, labor unions exist in order to increase the bargaining power of laborers relative to capital owners and employers. In any such relationship, bargaining power generally determines who is able to receive more of the surplus generated by the production of new goods and services. In the context of a household, Leora Friedberg and Anthony Webb explain that decision-making power, or bargaining power, depends on individual variables and can influence important financial and family outcomes. For example, financial savings have significant but moderate effects on decision-making power (Friedberg & Webb,

2006).

As with households, a number of factors go into the bargaining power of the laborers or capital owners in the workplace. However, as a result of the substitutability of many workers, capital owners often possess more bargaining power than laborers, resulting in lower wages and poorer working conditions. Through collective bargaining, workers can demand higher wages and better working conditions as an employer may find it harder to replace the entirety of their workforce relative to any single employee.

One of the most powerful ways of asserting a union's collective action power is to organize strikes in which the union members jointly agree to refuse to work. Such an action can often force the capital owners to agree to better terms for the laborers. However, not all strikes succeed. For instance, researchers have found a strong negative relationship between strike duration and the value of the settlement to workers, indicating a declining probability of significant union victory following longer strikes. In addition, an employer's relative bargaining power is found to be higher in disputes involving fewer workers and in union-ordered strikes (Card & Olsen, 1995).

The necessity for unions to exert some collective action for labor is especially true in locations or industries with a very concentrated set of producing firms. For instance, the presence of a monopsony, where a single firm has control over a labor market, can drive down both wages and employment relative to a competitive market equilibrium. To show the extent to which monopsonies exhibit market power, Dube, Jacobs, Naidum, and Suri measured the elasticity of labor supply using both observational and experimental variation in wages. In the context of Amazon Mechanical Turk, one of the largest online labor markets, they found that labor supply elasticities are very low, around 0.1. This level of inelasticity indicated a near monopsony, demonstrating an extreme imbalance in bargaining power between employers and workers in this market (Dube et al., 2020).

Looking in more detail, Dodini, Lovenheim, Salvanes, and Willen defined a new measure of labor concentration based on tasks, not just employers' industry. They found that those employed in very concentrated tasks tend to be more hurt by a job separation, suggesting a crucial role for labor unions in protecting jobs (Dodini et al., 2024). These results suggested that even in industries with a large number of firms, the ability of workers to bargain for wages competitively may be relatively constrained for many tasks. Unions have a role to play even in markets with growing labor shares and increases in worker bargaining power. For instance, in China and India, two large countries with rapidly developing economies, decreases in market power among firms have led to increases in the labor share over the past decades (Brooks et al., 2019). However, low-skill and more replaceable workers still often find it difficult to bargain for higher wages, making labor unions and their collective bargaining power a valuable proposition.

While unions can have positive effects on workers, they also have some negative impacts on the broader economy. For instance, unions may have mixed ef-

fects on non-union members and can have negative effects on productivity, as well. Freeman and Valletta demonstrate that, while pro-union regulations are strongly predictive of higher wages for covered employees, they also predict lower wages for non-covered employees (Freeman and Valletta, 1987).

There is also mixed evidence of the impact of unions on productivity across industries. Allen finds that firms tend to select more productive technologies in order to offset the higher labor costs set by unions, effectively reducing the size of their labor force, or they may select less productive technologies to maintain some control over union wage demands. In addition, productivity growth in industries like construction has been much slower in areas with higher levels of unionization (Allen, 1987). These effects are similar to the effects seen from minimum wages, with higher pay for the 'in-group' but lower employment and job growth overall, as fewer workers are hired at the now higher cost of labor.

In addition to effects driven by wages and labor costs, increases in the power of unions to prevent firings would be predicted by classical economic theory to have the effect of increasing the reluctance of firms to hire workers in the first place. If a worker cannot be fired in the future, firms will hold off on hiring until absolutely necessary (Blanchflower, Millward, & Oswald, 1991). Moreover, unions also often bargain for seniority-based wages and firing decisions. That is, a prescribed wage schedule based on years of tenure and a mandate to fire the most recent workers first. Such contractual arrangements decrease the flexibility of action by employers, dampen monetary incentives to perform well, and can reduce a firm's overall productivity and efficiency.

Beyond financial considerations, unions have been substantial backers of improved working conditions in a wide swath of industries. Unions often point to increases in worker safety and satisfaction as a reason to join. For instance, Gihleb, Giuntella, and Tan studied right-to-work laws, finding that right-to-work laws, which decreased union membership, increased the share of workers working long hours by 6% (Gihleb, Giuntella, & Tan, 2023). Moreover, Blanchflower and Bryson find that there is a positive relationship between union membership and worker well-being, as measured by job and life satisfaction. Overall, union members are found to be less stressed, worried, depressed, sad, and lonely (Blanchflower & Bryson, 2020).

Some of these improvements in working conditions translate into physically safer worksites, as well. Data from the Occupational Safety and Health Administration (OSHA) suggests that union worksites are 19% less likely to have an OSHA violation and 34% fewer violations per OSHA inspection than other worksites. Unions represent 14% of the construction industry workers, yet they only account for 5% of OSHA violations in the construction industry (ILEPI, 2021).

Changes in unionization can also drive significant changes in the political economy. Feigenbaum, Hertel-Fernandez, and Williamson show that right-to-work laws, laws that weaken unions, reduce Democratic Presidential vote share by 3.5%, with similar effects in many branches of government. Furthermore, the

weakening of Unions leads to fewer working-class candidates serving in legislation, causing public policy to become more conservative (Feigenbaum, Hertel-Fernandez, & Williamson, 2018). The relationship with public policy runs in the other direction, as well. Changes in regulatory policies related to unionization activity such as right-to-work laws have had large effects on unionization rates across states (Fortin, Lemieux, & Lloyd, 2023).

Overall, unions continue to play a substantial role in labor markets, both in the United States and in many other countries. They not only affect employees' wages and benefits but also play a role in shaping working conditions and job safety. While many workers are enthusiastic supporters of unions, such organizations can also impose costs on firms and industries by reducing the firm's ability to flexibly hire, fire, and compensate their employees.

#### **4. Unions and Strikes in the Entertainment Industry**

The entertainment industry in the United States has had a long-standing relationship with labor organizations and unions. This industry features a number of unique aspects that have made such labor agreements important to the sustainable development of the industry. One major aspect is that there are only a few major production companies within the entertainment industry, leading to a concentration of market power among employers. As noted above, such concentration increases the importance of collective bargaining by labor organizations to counteract the bargaining power of the employers. In accordance with economic theory, the vertical integration of large production studios poses obstacles to equal bargaining power for workers. Vertical integration of studios means that the creation, distribution, and showing of the movies have typically been managed by the same studio. Therefore, if a studio wanted to shut down its theaters, it would be the termination of a significant amount of its production, as well as significantly reducing employment and wages (Wilson, 1992).

Furthermore, while Hollywood stars may not be as easily replaced, many levels of production, such as stage workers, are highly replaceable and have little bargaining power. Moreover, the short tenures for actors and actresses during short productions create instability in employment and lower levels of financial security for many workers. Finally, asymmetric information about productivity is especially prevalent in the age of digital media. Actors and actresses are not given clear data on how much revenue productions generate—especially in an era of online streaming—so firms can choose not to reward any extra productivity. All of these unique aspects of the entertainment industry mean that labor unions have played a vital role in its history and development.

Across the American entertainment industry, there are four major unions that encompass different portions of the workforce:

##### International Alliance of Theatrical Stage Employees

Stage workers formed the International Alliance of Theatrical Stage Employees (IATSE) in 1893, establishing minimum pay rates, demanding

---

8-hour workdays, and creating definitions of specific jobs with rules to prevent employers from undercutting union members by hiring less qualified non-union workers (Gershon, 2021).

#### Actors' Equity Association

Stage Actors formed the Actors' Equity Association (AEA) in 1913, but it did not gain recognition by employers until the strike of 1919. The AEA is a bargaining agent for stage actors that negotiates and regulates contracts, governs the importation of foreign actors, provides pension plans, and provides assistance to actors in the theatrical industry.

#### Writers Guild of America

Two branches of the Writers Guild of America (WGA) were formed in 1954, representing writers in film, television, radio, as well as online media. The Writers Guild of America, East (WGAE) and the Writers Guild of America West (WGAW) operate independently but perform certain common activities, such as the negotiations of contracts and organizing strikes.

#### Screen Actors Guild-American Federation of Television

Movie actors formed the Screen Actors Guild (SAG) in 1933, the first successful attempt at establishing a motion picture actors' union that was independent of Hollywood studios. In the 1920s, the Actors' Equity Association made an effort to organize Hollywood actors; however, resistance from the producers made it difficult. A cut in non-union salaries generated more developed interest in AEA; however, AEA was undercut by the Academy of Motion Arts and Sciences, an academy created by producers. The Academy fought against salary reductions, with producers choosing to bargain with the Academy over AEA. However, in March 1933, the Academy did not protest against the drastic cuts in studio and freelance actor salaries and it approved the National Recovery Administration's code for the film industry. This code, written by producers, included salary controls and agency licensing provisions that were resented by the screen actors. This led to the six original actors of the SAG meeting and deciding to form their own union that was independent of Hollywood producers (Screen Actors Guild Records, 1984).

Actors, journalists, dancers, singers, announcers, hosts, comedians, and disc jockeys from industries such as television, radio, cable, and other digital media formed the American Federation of Television (AFTRA) in 1952. Before the formation of AFTRA, the American Federation of Radio Artists (AFRA) was formed in 1937 with 400 members in New York and Los Angeles. Both SAG and AFTRA existed independently of each other for over half a century before finally merging in 2012 to form SAG-AFTRA (American Federation of Television and Radio Artists Records, 2023).

While unions in the entertainment industry exhibit many unique characteristics as a result of the nature of their industry, they also have some fundamental characteristics that many unions have in good-producing industries like manu-

facturing and construction. Similar to labor negotiations in good-producing industries, unions in the entertainment industries typically negotiate for wages and work hours. When negotiations fail and a strike occurs, every business in Hollywood suffers the consequences (Wilson, 1992).

However, a number of differences emerge between labor unions in the entertainment industry and those in the goods-producing industries. For entertainment industry unions, the role that the media and general public play is often magnified. The general public may pay little attention to strikes that occur around the country on a daily basis, but when Hollywood strikes, most households pay attention. This may be a result of increased media exposure or because their favorite show now consists only of reruns. This public pressure plays a key role in negotiations as both sides try to present a positive image of their side's demands to the public.

Another divergence from more traditional unionized industries is that unions in the Entertainment Industry, as in the Sports industry, generally set *minimum* pay through a 'Minimum Basic Agreement' instead of setting a particular schedule of hourly wages. This concept is something unique to industries like sports and Hollywood. This means that the Agreement is only the starting point for any individual negotiation, and any individual in the union can negotiate for higher wages (Wilson, 1992). For instance, the following is Section 5 of SAG's Basic Agreement:

"This Agreement sets forth minimum terms and conditions of employment. Nothing herein shall prevent the actor from negotiating more favorable terms and conditions."

This type of agreement holds true at every level of production; from makeup artists to electricians to wardrobe supervisors and from writers to actors to directors. There are few other industries where a union goes into a collective bargaining agreement with an employer but also understands that any union member can meet privately with the employer to negotiate for better terms for that individual (Wilson, 1992).

A key reason for this unique trait relates to the replicability of workers in the entertainment industry. Unlike many good-producing industries with easily replaceable unskilled labor, the Entertainment industry features actors, writers, and directors who are less replaceable because of their differences in marginal product. If entertainment unions set minimums and binding maximums, big movie stars or directors might want to leave the unions, thereby limiting union power. For instance, Hollywood stars like Tom Cruise don't need the protections of the Union; they join because there is no binding maximum and they can negotiate for better conditions individually. This is beneficial for the union, however, because Hollywood stars with a large audience and public presence have a greater platform and thus more media attention that may help the unions in negotiation. The same holds true for WGA where there may be talented writers with greater marginal product. This is analogous to many sports leagues

where the super-skilled stars get paid huge salaries but player unions have negotiated league-wide minimum wages for all players (WGA, 2023).

Furthermore, the creation of the internet fundamentally changes how people create, disseminate, and access information, knowledge, and entertainment. Digital media enhances the ability to create entertainment without the major recording studios or traditional Hollywood players. For instance, Gasser and Ernst show how copyright laws have not been able to evolve at the same rate creativity is evolving as a result of digital technology (Gasser & Ernst, 2006).

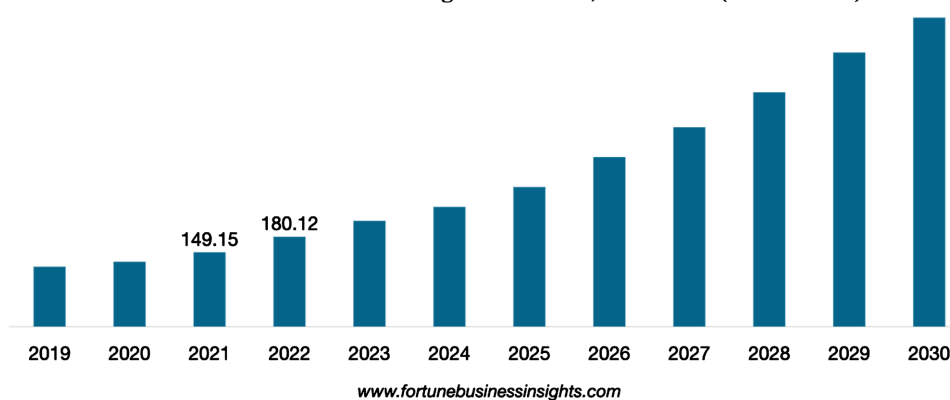
Streaming has been projected to grow rapidly in the next decade, as exemplified by **Figure 2** (Fortune Business Insights, 2024), changing the traditional dynamics of the distribution of entertainment. Furthermore, the recent developments in artificial intelligence, such as ChatGPT present problems for many in the entertainment industry, especially in regards to writers and artists who may be most exposed to competition from AI. Such pressures ultimately led to the WGA and SAG-AFTRA almost simultaneously going on strike in 2023.

The recent strikes by WGA and SAG-AFTRA may seem to diverge from the causes of historical strikes, resulting from the changes wrought by artificial intelligence and digital media. However, upon closer examination, these strikes remain similar to historic strikes in the entertainment industry and other industries at a more fundamental level.

For instance, one of the key issues that WGA disputed over was the requirements for “mandatory staffing” as well as the “duration of employment” terms to be added to their contracts. This would effectively require all shows to have a minimum number of employed writers who must each be employed for a minimum amount of time (CNN, 2023).

This is similar to other current-day union demands in other industries to limit “zero-hour” contracts and reduce unpredictable schedules. The unpredictability of work schedules leads to greater economic insecurity and work-life conflict, something labor unions have tried to combat by directly bargaining with

**North America Video Streaming Market Size, 2019-2030 (USD Billion)**



Notes: Fortune Business Insights, 2024. Graph shows the projected trend for streaming growth in North America.

**Figure 2.** Projected growth in streaming.

employers for stable hours and predictable schedules. Work-hour protections are commonly used in collective bargaining to establish minimum guaranteed work hours. In addition, unions can secure other job characteristics that make nonstandard work schedules less likely, in other words, indirectly combating this issue (Finnigan & Hale, 2018).

Another key issue during the recent strikes was the dispute over artificial intelligence use in the entertainment industry. New technological advancements in large language models mean that artificial intelligence can dramatically influence future creative work fields like science and the arts. Barbosu and Khashibi argue that AI can complement humans in both areas, but it is more likely to replace humans in art rather than science, threatening jobs in artistic industries like the entertainment industry (Barbosu & Khashibi, 2023). Furthermore, AI-generated work could potentially replace human-generated work in the creative industry. Authors and other users can use AI to create at an unprecedented rate, thus making intellectual property laws less relevant (Travis, 2020). The use of AI in both creation, in the form of writing source materials, and performance, in the form of digital replicas, can severely hurt the labor prospects of writers and actors in the long run.

In addition, the issue of asymmetric information as a result of online streaming was also a heavily debated issue during these strikes (WGA, 2023). Both WGA and SAG-AFTRA required producers to disclose data on viewership of productions so writers and actors would be able to determine whether or not they were compensated enough for their contributions to the production's popularity (CBS, 2023).

However, AI and streaming, despite being new technologies developed in the 21st century, involve similar debates to the long-standing conflict between labor and capital owners. AI is a new technology that has the potential to replace workers and laborers, akin to machinery developed during the Industrial Revolution that replaced unskilled laborers. Streaming is a new technology that can create asymmetric information between labor and capital owners. As Hayes shows, such changes are a rational reason for unions to turn to strikes as a means to gain information (Hayes, 1984). Thus, the same economic relationships and historical rationale for labor strikes still echo in the 2023 Hollywood strikes.

After the 2023 strikes ended, two contracts emerged that generally favored the workers. The WGA contract includes pay raises, regulations for AI use, provisions for health care, increased residuals from streaming services, and longer minimum periods of work (Entertainment Weekly, 2023). Key points included a viewership-based streaming bonus and streaming data transparency. For instance, a half-hour episode would earn a \$9031 bonus, a one-hour episode would earn a \$16,415 bonus, and a streaming feature over \$30 million in budget would earn a \$40,500 bonus. Furthermore, companies agreed to provide WGA data on the total hours streamed, domestically and internationally, of self-produced streaming programs, such as a Netflix original series. With more data transpa-

rency, there is no longer asymmetric information for the writers, and, combined with the viewership bonus, WGA can now bargain for streaming bonuses more effectively.

Finally, the contract regulates the use of artificial intelligence. AI can no longer write or rewrite literary material as the writer, meaning AI can not replace writers. Writers can now choose to use AI for writing, but a company may not require a writer to use AI. Companies also must disclose to writers if any material given contains AI-generated material. In essence, regulated AI use allows AI to be a useful tool for writers, rather than a replacement for writers.

As for the actors, the SAG-AFTRA contract mainly includes minimum compensation increases, streaming bonuses, disclosure of viewership stats, limits on artificial intelligence, minimum numbers of background actors, as well as relocation bonuses. Many of these points are similar to that of the WGA contract; however, the points on background actors, artificial intelligence, and relocation bonuses are worth noting (CBS, 2023).

On the West Coast, background actors hired on television motion pictures increased from 22 to 25, equal to the minimum number in New York, to limit the use of digital replicas of actors. TV and film producers now must obtain consent from actors to create and use their replicas, specifying their use intent. Actors are also entitled to compensation at the standard rate for the number of days they would've worked if not for the digital replica. This is important since AI can no longer fully replace actors, as they are still compensated at their usual rate even if producers choose to use a digital replica. This also lowers the incentives for producers to use digital replicas, since the cost of using digital replicas is now similar to that of hiring actors. Finally, performers who need to relocate for work are now entitled to a relocation benefit of up to \$5000 a month for six months. This is significant since this would effectively cover some if not all of the opportunity cost associated with the relocation of the performer (Screen Actors Guild, 2023).

Despite ultimately achieving the objectives WGA and SAG-AFTRA sought to achieve, many sectors of the entertainment industry suffered negative economic impacts during the duration of these strikes.

## 5. Local Economic Impacts of Strikes in the Entertainment Industry

From May 2 to September 27, 2023, the Writers Guild of America (WGA), representing 11,500 screenwriters, went on strike over a labor dispute with the Alliance of Motion Picture and Television Producers (AMPTP). This 148-day strike tied with the 1960 strike as the second-longest strike by the WGA (Robb, 2022). Almost simultaneously, from July 14 to November 9, 2023, the American Actors' union, Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA), embarked on the longest strike in its history, as well. This was the first time actors initiated a labor dispute since the 1980 actors strike

and the first time actors and writers have simultaneously gone on strike since the 1960s (Dalton, 2023). As noted above, these strikes were led by changes in the industry caused by streaming and its effect on residuals—the financial compensations that are paid to those involved in making TV shows and movies—as well as other new technologies, such as AI and digital recreations.

Amidst the strikes, the lack of ongoing film and television productions resulted in many studios having to close down or reduce staff. Furthermore, this jeopardized long-term contracts that had been recently created during the media streaming boom. Big studios were able to terminate production deals with writers through force majeure clauses, saving them millions of dollars at the cost of income for the writers. The broader global entertainment ecosystem was also impacted, including the VFX industry and prop-making studios (Gonzalez, 2023).

The WGA and SAG-AFTRA strikes contributed to the biggest interruption of the American film and television industries since COVID-19 in 2020. The combined impact of the strikes led to the loss of 45,000 jobs as well as an estimated \$6.5 billion loss to the economy of South California (Patten, 2023).

**Figure 3** below shows changes in the employment and wages monthly level of employment across two in the US in two industries across two industries, the motion picture industry and the broadcasting industry, and for the US as a whole as well as the US total employment. Using employment in May as a baseline, the top panel denotes that, while total US employment has an upward trend as a result of consistent economic growth in all US industries, the motion picture and broadcasting industries experienced substantial decreases in employment after May of 2023 as a result of the WGA and SAG-AFTRA strikes.

Furthermore, as shown in the bottom panel of **Figure 3**, wages in the motion pictures industry also decreased to being below the US average wages during the period of the 2023 strikes. The top and bottom panels of **Figure 3** together show that the strikes temporarily decreased both the wages and employment in the motion picture industry, with unemployment being at 0.904 in October relative to May and wages being at 0.97 at June relative to May; however both unemployment and wages returned to 0.98 and 1.02 respectively in December, following the conclusion of the strikes. This demonstrates the trade-off of these strikes—short-run consequences for more potential long-run growth. The employment rates and wages for the Broadcasting industry remained surprisingly consistent throughout the strikes, suggesting that these strikes had a larger effect on the film-producing firms in the industry.

The WGA Union leadership voted to end the strike on September 27 and officially ratified the contract with 99% of members in favor on October 9 (White, 2023). For the Actors' Union, negotiations took place from October 2 to October 11 and resumed on October 24, with a tentative deal being reached on November 8. The Hollywood strikes of 2023 concluded on November 9 at 12:01 a.m. PST. The SAG-AFTRA membership officially ratified the contract with over 78% of members in favor on December 5 (Campiono & White, 2023).



Notes: BLS (2024). Graph measures employment in the Entertainment Industry during the 2023 Hollywood Strikes.

**Figure 3.** Employment and Wages from April-December, 2023.

## 6. Conclusion

From the formation of labor unions in England during the Industrial Revolution to the 2023 WGA and SAG-AFTRA strikes in the United States, unions and strikes have evolved significantly over time. However, many fundamental economic concepts driving unions and their impacts remain unchanged. Even with AI and digital media, the 2023 strikes fought for higher wages and attempts to prevent technology from replacing human workers. Like in the past, unions and strikes still have trade-offs. Despite a general union victory, many workers in the entertainment industry found themselves unemployed during the months of the

strike, causing a loss to the economy.

In this new era of digital entertainment, unions continue to play a vital role in the entertainment industry. Despite the losses to the economy, actors' and writers' occupations are preserved in the long run as a result of the labor unions, as shown by the rebound in employment following the end of the 2023 strikes. With the new contracts from the 2023 strikes, AI and digital media won't be able to replace actors and writers in the coming years. The modern-day entertainment industry, where new technology poses a threat to even skilled workers with lower replaceability, like actors and writers, highlights the need for unions to evolve and remain adaptable in the face of technological and economic change.

## Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

## References

- Allen, S. (1987). *Productivity Levels and Productivity Change under Unionism*. NBER Working Papers 2304, National Bureau of Economic Research, Inc. <https://doi.org/10.3386/w2304>
- American Federation of Television and Radio Artists (2023). *American Federation of Television and Radio Artists (AFTRA) National Office Records*. [https://findingaids.library.nyu.edu/tamwag/wag\\_281/](https://findingaids.library.nyu.edu/tamwag/wag_281/)
- Barbosu, S., & Khashabi, P. (2023). *Dali or DALL-E? Popper or ...? The Implications of Emerging Generative AI on the Future of Creative Work*. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4586863](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4586863)
- Blanchflower, D. G., Millward, N., & Oswald, A. J. (1991). Unionism and Employment Behaviour. *The Economic Journal*, 101, 815-834. <https://doi.org/10.2307/2233857>
- Blanchflower, D., & Bryson, A. (2020). *Now Unions Increase Job Satisfaction and Well-Being*. NBER Working Papers 27720, National Bureau of Economic Research, Inc. <https://doi.org/10.3386/w27720>
- Brooks, W. J., Kaboski, J. P., Li, Y. A., & Qian, W. (2021). Exploitation of Labor? Classical Monopsony Power and Labor's Share. *Journal of Development Economics*, 150, Article ID: 102627. <https://www.sciencedirect.com/science/article/abs/pii/S0304387821000043>
- Bureau of Labor Statistics (BLS) (2023). *Union Members—2023*. News Release. <https://www.bls.gov/news.release/pdf/union2.pdf>
- Bureau of Labor Statistics (BLS) (2024). *State and Area Employment, Hours, and Earnings*. Division of Current Employment Statistics. <https://www.bls.gov/sae/tables/employment-and-earnings/home.htm>
- Campione, K., & White, P. (2023). *SAG-AFTRA Members Ratify New Three-Year Contract with Studios*. Deadline Hollywood.
- Card, D., & Olson, C. (1995). Bargaining Power, Strike Durations, and Wage Outcomes: An Analysis of Strikes in the 1880s. *Journal of Labor Economics*, 13, 32-61. <https://doi.org/10.1086/298367>
- CBS (2023). *The SAG-AFTRA Strike Is Over. Here Are 6 Things Actors Got in the New Contract*. <https://www.cbsnews.com/news/sag-aftra-contract-deal-agreement-actors-ai/>
- Clark, O. (1948). Application of the Sherman Anti-Trust Act to Unions since the Apex

- Case. *SW Law Journal*, 2, Article 6.
- CNN (2023). *Writers Union Ratifies Its New Contract with Hollywood and TV Studios*. <https://www.cnn.com/2023/10/09/media/wga-contract-ratified/index.html>
- Dalton, A. (2023). *Hollywood's Actors' Strike Is Nearing Its 100th Day. Why Hasn't a Deal Been Reached and What's Next?* ABC News.
- Dodini, S., Lovenheim, M., Salvanes, K., & Willén, A. (2024). Monopsony, Job Tasks and Labour Market Concentration. *The Economic Journal*. <https://doi.org/10.1093/ej/ueae002>
- Dube, A., Jacobs, J., Naidu, S., & Suri, S. (2020). Monopsony in Online Labor Markets. *American Economic Review: Insights*, 2, 33-46. <https://doi.org/10.1257/aeri.20180150>
- Entertainment Weekly (2023). *Writers Guild Officially Ratifies New Contract after Months-Long Strike*. <https://ew.com/tv/writers-guild-ratifies-new-contract-after-months-long-strike/>
- Farber, H. (2005). *Union Membership in the United States: The Divergence between the Public and Private Sectors*. Working Papers 882, Princeton University, Department of Economics, Industrial Relations Section.
- Farber, H., Herbst, D., Kuziemko, I., & Naidu, S. (2021). Unions and Inequality over the Twentieth Century: New Evidence from Survey Data. *The Quarterly Journal of Economics*, 136, 1325-1385. <https://doi.org/10.1093/qje/qjab012>
- Feigenbaum, J., Hertel-Fernandez, A., & Williamson, V. (2018). *From the Bargaining Table to the Ballot Box: Political Effects of Right to Work Laws*. <https://ideas.repec.org/p/nbr/nberwo/24259.html>
- Finnigan, R., & Hale, M. J. (2018) Working 9 to 5? Union Membership and Work Hours and Schedules. *Social Forces*, 96, 1541-1568. <https://doi.org/10.1093/sf/sox101>
- Fortin, N., Lemieux, T., & Lloyd, N. (2023). Right-to-Work Laws, Unionization, and Wage Setting. In S. W. Polachek, & K. Tatsiramos (Eds.), *50th Celebratory Volume (Research in Labor Economics, Vol. 50)* (pp. 285-325). Emerald Publishing Limited. <https://doi.org/10.1108/S0147-912120230000050011>
- Fortune Business Insights (2024). *Video Streaming Market Size, Share, and Industry Analysis*. <https://www.fortunebusinessinsights.com/video-streaming-market-103057>
- Freeman, R. B., & Valletta Robert, G. (1987). *The Effect of Public Sector Labor Laws on Collective Bargaining, Wages, and Employment*. NBER Working Papers 2284, National Bureau of Economic Research, Inc. <https://doi.org/10.3386/w2284>
- Friedberg, L., & Webb, A. (2006). *Determinants and Consequences of Bargaining Power in Households*. NBER Working Papers 12367, National Bureau of Economic Research, Inc. <https://doi.org/10.3386/w12367>
- Gasser, U., & Ernst, S. (2006). *From Shakespeare to Dj Danger Mouse: A Quick Look at Copyright and User Creativity in the Digital Age*. Berkman Center Research Publication No. 2006-05. <https://ssrn.com/abstract=909223>
- Gershon, L. (2021). *How Show Business Went Union—JSTOR*. <https://daily.jstor.org/how-show-business-went-union/>
- Gihleb, R., Giuntella, O., & Tan, J. Q. (2023). *The Impact of Right-to-Work Laws on Long Hours and Work Schedules*. IZA Discussion Papers 16588, Institute of Labor Economics (IZA). <https://doi.org/10.3386/w31867>
- Gonzalez, S. (2023). *Businesses Reliant on Hollywood Suffer as Strikes Continue*. <https://www.kcrw.com/news/shows/greater-la/strike-landlords-tenants-fair/goods-services-workers-strike>
- Greene, J. (1998). *Pure and Simple Politics: The American Federation of Labor and Polit-*

- ical Activism, 1881-1917*. Cambridge University Press.  
<https://doi.org/10.1017/CBO9780511509797>
- Hayes, B. (1984). Unions and Strikes with Asymmetric Information. *Journal of Labor Economics*, 2, 57-83. <https://doi.org/10.1086/298023>
- Illinois Economic Policy Institute (ILEPI) (2021). *The Impact of Unions on Construction Worksite Health and Safety Evidence from OSHA Inspections*.  
<https://illinoisepi.files.wordpress.com/2021/11/ilepi-pmcr-unions-and-construction-health-and-safety-final.pdf>
- Minchin, T. (2017). *Labor under Fire: A History of the AFL-CIO since 1979*. University of North Carolina Press.  
<https://doi.org/10.5149/northcarolina/9781469632988.001.0001>
- Patten, D. (2023). *SAG-AFTRA & Studios Set More Contract Talks for Friday; "Cautious Optimism" Motto of the Day*.  
<https://deadline.com/2023/10/actors-strike-talks-friday-optimism-1235584425/>
- Perlman, S. (1922). *A History of Trade Unionism in the United States*. MacMillan.
- Poole, M. (1986). *Industrial Relations: Origins and Patterns of National Diversity*. Routledge.
- Robb, D. (2022). *Historically, the WGA Is Overdue for a Strike, with Residuals again a Key Issue of Upcoming Talks*.  
<https://deadline.com/2022/12/wga-strike-overdue-residuals-key-contract-issue-1235201504/>
- Screen Actors Guild (1984). *Guide to the Screen Actors Guild, New York Branch Records*.  
[https://findingaids.library.nyu.edu/tamwag/wag\\_178/](https://findingaids.library.nyu.edu/tamwag/wag_178/)
- Screen Actors Guild (2023). *Summary of 2023 Tentative Successor Agreement to the 2020 Producer-SAG-AFTRA Codified Basic Agreement*.  
<https://www.sagaftra.org/contracts-industry-resources/contracts/2023-tvtheatrical-contracts>
- Tomich, D. (2004). *Through the Prism of Slavery: Labor, Capital, and World Economy*. Rowman & Littlefield.
- Travis, H. (2020). Intelligent Entertainment: Shaping Policies on the Algorithmic Generation and Regulation of Creative Works. 14 FIU Law Review 179.  
<https://ssrn.com/abstract=3726755>
- Webb, S., & Webb, B. (1920). *Chapter I: History of Trade Unionism*. Longmans.
- White, P. (2023). *It's Official: WGA Members Overwhelmingly Ratify New Three-Year Deal with Studios*.  
<https://deadline.com/2023/10/writers-strike-deal-approved-ratification-vote-1235567930/>
- Wilson, J. (1992). Special Effects of Unions in Hollywood. *Loyola of Los Angeles Entertainment Law Review*, 12, Article 6.
- Writers Guild of America (WGA) (2023). *What We Won*.  
<https://www.wgacontract2023.org/the-campaign/what-we-won>