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Looking Ahead

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Looking Ahead

Abstract
[Excerpt] The American entertainment industry and its system of labor-management relations is now at a crossroads. Its future will be determined to a great extent by emerging developments that could either hinder or facilitate expansion, depending on the course of affairs approaching the year 2000. The key trends will converge to influence the course of collective bargaining in the industry and the choices made by unions and employers.

Keywords
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CHAPTER SIX

Looking Ahead

Lois Gray and Ronald Seeber

The American entertainment industry and its system of labor-management relations is now at a crossroads. Its future will be determined to a great extent by emerging developments that could either hinder or facilitate expansion, depending on the course of affairs approaching the year 2000. The key trends to watch are technological, regulatory, and economic. All these will converge to influence the course of collective bargaining in the industry and the choices made by unions and employers.

Technological Developments

Technological innovations have always driven the entertainment industry to highs and lows and will continue to do so in the future. Indeed, technology has affected every facet of the entertainment business: the product itself, the end markets for the product, competition in the industry, costs and revenues, and labor-management relations.

All sectors of the entertainment industry are still struggling to adapt to technological developments that have been around for decades now. Meanwhile, emerging technologies have the potential of creating enormous new challenges. The movie business, for

instance, is undergoing its greatest period of change since the introduction of talkies as the digital revolution invades every phase of its operations. The impending introduction of high-definition television (HDTV) could totally reinvent the broadcast industry and the delivery of records and motion pictures may be completely transformed by satellites, fiber optics, and computers. Looming is the struggle for control of the access to all video entertainment and electronic information entering the household. Companies that are ready for the revolution when it comes stand to profit enormously. Others could fall by the wayside.

Most of the important trends affecting the industry today—the easing of federal regulations, the increased consolidation of ownership, and the transformation of labor-management relations—can be traced to technological developments. Like the computer industry with which it is converging, the recording, broadcast, and motion picture industries were born of technology and, it seems, are destined to be ruled by it for all time.

Public Policy Issues

The entertainment industry, like many others, has undergone substantial deregulation in recent years. As new competitors have entered the field, largely as a result of technological innovations such as cable television and videocassettes, the rationale for imposing certain types of regulation no longer make sense. On the other hand, there are pressures for new types of regulations. Recent decisions of regulatory agencies and others to come in the near future could have vast implications for the industry for decades.

When the Federal Communications Commission decided no longer to enforce rules that prohibited movie companies from owning their own distribution outlets (video chains, television stations, and movie theaters), its decision allowed studios to own the means of distributing their products for the first time in forty years and provided the studios with a guaranteed outlet for any movie or program they produce. The repeal of the Paramount decision is likely to result in greater domination of the market by a relatively few large conglomerates.

Another decision likely to result in greater vertical integration in the industry is the lifting of the financial interest and syndication rules barring networks from producing many of their own programs and profiting from reruns or syndication. Mergers between movie studios and television networks are under way as it becomes profitable for both parties to join forces.

Another recent regulatory decision with the potential for momentous impact on the industry allows local telephone companies to offer video services on their fiber-optic installations (a move that has dramatic implictions for cable television); this has already spurred mergers between telephone and cable companies. Pending are decisions whether and under what conditions to introduce HDTV. These technologies could produce big winners and big losers as they completely transform the playing field.

Economic Trends

The trend toward mergers, takeovers, and further conglomeration in the entertainment industry is likely to continue, in part so that the United States can keep pace with the media barons in the other parts of the world. Under new ownership, both the broadcast and film industries have recognized the financial gains to be reaped from vertical integration of their various operations while focusing on greater cost consciousness and efficiency. The emerging conglomerates, rather than maintaining direct control over all production and distribution facilities, as the old Hollywood studios did, operate largely through affiliated but separate companies that sometimes contract with outsiders to create the entertainment product.

This arrangement helps to explain how some independent producers have flourished in an economy increasingly dominated by large conglomerates. Because independents are not always bound by the constraints of union contracts, it is often more profitable for major studios to distribute independently produced films than to produce and distribute their own films.

Aside from conglomeration, the other major trend affecting the economic structure of the entertainment industry is globalization.

Privatization of television in Europe, resulting in huge new markets for domestic producers, along with an expanding number of coproductions and the acquisition of U.S. companies by foreign conglomerates have all helped to fuel the internationalization of the industry. Menacing on the horizon are trade barriers, quotas, and content laws enacted by other countries—which could halt or slow the growth of American entertainment exports—and rampant piracy, robbing producers and entertainers of the fruits of their labor. Technology which is wiping out the barriers that separate the electronic transmission of voice, data, text, and video has blurred the distinctions among broadcasting, cable TV, movies, recording, and even telecommunications and publishing, which have existed as separate sectors and are now in the process of converging into one global industry.

Impact on Labor-Management Relations

All of the factors discussed thus far—technology, deregulation, conglomeration, and globalization—have had a critical impact on labor unions and labor-management relations in entertainment. Robotic cameras, cart machines, computers, and other new kinds of equipment have eliminated thousands of jobs in television. A single projectionist now does the work that once required several; disc jockeys are being eliminated through satellite radio transmission; and movie stuntplayers are losing their jobs to computers that can graphically create special effects without the risk and expense of actually staging them in a studio or on location. As electronic synthesizers have replaced musicians, the rise of digital video synthesizers threatens to shrink the demand for middle-level photographers, actors, and directors.

Aside from eliminating jobs, existing and impending technological innovations (such as HDTV) have the potential to alter the labor relations status quo radically because of the way they affect union work rules, job categories, systems of compensation, and union jurisdictions. The bargaining strength of unions representing below-the-line workers has greatly deteriorated as the skill levels required to operate new equipment have decreased and as the functional lines between management and labor have blurred. In an industry in

which materials and equipment have traditionally been the basis for work rules and union jurisdiction, the existence and identity of unions are at stake as equipment becomes obsolete or as certain jobs are eliminated outright. The decrease in required skill levels has also weakened the unions' power to strike because management has found it relatively easy to replace striking workers with no appreciable effect on production.

The proliferation of production companies and end markets for the entertainment product has created problems for unions, which previously had to deal primarily with a few large networks and studios. The growth of independent production companies that use cheaper nonunion labor has made it difficult for unions to make any contract demands that will result in increased costs for management and, in fact, has forced the unions to accept unpopular concessions in order to retain jobs.

At the same time, the emergence of entertainment conglomerates made up of affiliated but essentially separate companies has made it more difficult for unions to negotiate effectively. Similarly, because the unions are nationally rather than internationally organized, they are ill-equipped to monitor and deal with the increasing globalization of the entertainment business.

Clearly, unions are going to have to develop new strategies if they are to survive the changes sweeping their industry. A more international orientation, more inclusive membership policies, more flexibility in negotiations, and the setting aside of artificial jurisdictional boundaries are some of the strategies that have been proposed to reinstate the relative equilibrium that previously existed between labor and management in the industry.

Major Labor Relations Issues for the Future

The content and course of collective bargaining will be influenced by what occurs in the business, technological, and regulatory realms described above. Choices made by unions and employers will determine whether those changes are to be accompanied by a period of additional conflict or a new, yet uncharted course of cooperation on questions of mutual interest.

The critical issues for collective bargainers in the industry are all encompassed in the three broad themes of technology and job content; protection of creative rights; and the structure of employment.

Technological Change and Job Content

Technological change has led to a continual blurring of jurisdictional lines and the creation of new work that does not lie clearly in the domain of any union. Major battles loom as old work divisions become irrelevant and new types of work lead to competition among unions vying for the same piece of the pie. Peaceful and cooperative resolution of these jurisdictional disputes presents a significant challenge for AEEM unions in the future.

Moreover, even where technological change is not at issue, employers are seeking more flexibility in employment relationships in AEEM. This reflects a broader trend under way in the wider economy. Much of the movement toward nonunion film and television production is an attempt to circumvent not the above-the-line talent unions but rather below-the-line craft unions with their tight jurisdictions and work rules. Thus, it is clear that a critical issue for the bargaining table is the resolution of managerial desire for flexibility and traditional union desire to resist that push.

An issue related to job content is the acquisition of training for the new, technologically advanced work. Gradually the training of below-the-line employees has shifted away from an informal system of on-the-job training within the unions to more formal education outside the unions. If below-the-line labor organizations are to continue to serve a critical need in the industry, they need to gain control of the training, selection, and employment of employees in their jurisdiction. Otherwise, employers will rely on systems outside the control of the collective bargaining process to secure their supply of trained employees.

Residual Recovery and Protection of Creative Rights

For talent unions and producers, key issues are how to share in the income from multimedia distributions of the artist's product and how to protect the product from piracy and exploitation. Because

technology has made it quite simple to steal an individual artist's work, a common goal for both artists and producers must be to maintain their stake in the product for a longer period of time. This is an area for potential collaboration.

On the other hand, sharing the income from new media markets has spawned much of the conflict in recent years between above-the-line unions and producers, and the pace of technological change points toward continuing difficult negotiations in this area as new media forms and methods of distribution arise.

The Structure of Ownership and Work

In the entertainment industry employment, which has always been high risk, is becoming even more casual. The live and recording sectors continue to be dominated by short-term contracts, and since the disintegration of the old studio system, in which everyone from actors to electricians was employed by the studio, the film industry has been characterized by short-term employment with individuals hired on a project-by-project basis. Television maintained for a much longer period the traditional employer-employee relationship and the notion of permanent employment with a single network or station. As the networks seek to move toward the casual employment model of the film, recording, and live performance sectors of the industry, the union response and the process of collective bargaining must rise to the challenge.

An accompanying trend, interwoven with the film-television convergence, involves the location of work. The film and television production industry has traditionally been centered in Los Angeles and, to a lesser extent, New York. As more inexpensive and mobile equipment allows production to shift to other sites, unions are being forced to decentralize their organizing efforts or risk representing an ever-diminishing proportion of the workforce. Thus, the collective bargaining structure historically set up to accommodate fixed employers, work sites, and unions must quickly shift to accommodate casual employment at a variety of locations.

While the issues cited above comprise a selective and subjective list, it is clear that most of the problems of the industrial relations system in AEEM are encompassed therein. Unions and managements face

choices which will influence the future character and content of collective bargaining in the industry.

Issues for Unions

For the AEEM unions, the major issues to be confronted have to do with how and when to implement structural changes to accommodate new business trends. The unions continue to find themselves in a reactive posture, trapped by outmoded structures that render them unable to respond effectively to rapid changes at the studios and networks. Union structure has historically been linked to business and economic structure, different in every industry. We are at a point in time when union structures and bargaining structures are linked to business structures that no longer exist. Particularly for below-the-unions, choices made here will go a long way toward determining their future.

A related issue for unions is how to reacquire control of the job information network. Currently, people in the AEEM industry find out about jobs in the same way they acquire their skills—from a variety of means, often haphazard. If the unions could be perceived as a distributor of job information and a means of obtaining employment in the industry, they could regain some of the power lost in recent years.

Likewise, unions need to seek means to reacquire the training process by which individuals obtain skills necessary to employment. Many unions in other industries have wrestled with this problem, and through jointly funded training programs (e.g., the building and maritime trades and the auto industry) have reasserted themselves as partners critical to the creation and maintenance of skills.

A third issue for unions is the question of when and with whom to merge. Whether mergers occur will have a significant impact on collective bargaining in the industry. A fourth issue relates to the globalization of employers, creating the need for international collaboration among unions.

Issues for Employers

Employers in the AEEM industry are also at a crossroads. In order to compete in the global market, they must be able to predict and plan

costs of production, attract and retain a skilled labor force, and keep abreast of technological change. Global leadership by U.S. production in this industry is ultimately at stake.

One choice is to continue down the nonunion path below the line and risk the eventual alienation of above-the-line unions. If employers pursue the nonunion model, unions could be forced to step up their defensive and adversarial campaigns. Employers, relying on the vagaries of a system uncontrolled by collective bargaining, face real risk in relying on that system to produce the necessary workforce. Alternatively, employers might choose to avoid confrontation and seek to cooperate with below-the-line unions in creating a more constructive environment in which there is a legitimate role for the unions. This could result not only in the creation and maintenance of a stable, skilled labor force but also in mutual efforts in the international area.

Question for Unions and Employers

Clearly, unions and managements have joint interests in finding ways to protect and share the proceeds of increasing productivity and market growth. Common ground could certainly be found in the cause of political action to advance funding for the arts and favorable legislation to protect intellectual property and to secure the access of U.S. products to the world market. These cooperative efforts could lead to more stable labor-management relations and could spur cooperative problem solving in other arenas.

Other industries have found that at certain times, joint union-management interests can outweigh factors leading to labor-management conflict. That has been the case in sectors of the U.S. manufacturing, construction, transportation, and communications industries, where employers and unions have found their integrative interests to outweigh their distributive interests in the face of external threats to their well-being.

Innovative Developments

In fact, movement toward labor-management cooperation is already under way in sectors of AEEM. In the aftermath of the devastating

business and employment impact of the wave of strikes during the 1980s, both employers and unions expressed an awareness of the desirability of working out differences in the interest of promoting their common stake in industry survival and growth (see, for example, statements by Nick Counter and Jack Golodner in the foreword to this volume). In the broadcast industry, CBS and IBEW had led the way by establishing a system of periodic consultation to anticipate problems in advance of formal negotiations. Beginning in 1988, the AMPTP entered into "early warning" bargaining with IATSE, SAG, and the Directors and Writers guilds to resolve outstanding issues in motion picture production well in advance of contract expiration dates. A multiemployer, multilocal Cooperative Committee has been formed between AMPTP and IATSE and the Contract Adjustment Committee of the Writers Guild and AMPTP provides a continuing forum for bargaining during the term of the collective bargaining agreement (Counter interview). Unions and employers have also joined together in common efforts in international forums to protect American products against piracy.

Recommended Research

The arts and entertainment industry is a sector of our economy about which much has been written but very little is known. While there have been solid analyses of business structure and earnings prospects for entertainment firms, there are few recent publications analyzing employment and labor relations practices in this industry. We have outlined some of the key issues highlighting the implications of technological change. It is hoped that further research will deal with employment, compensation, and labor relations patterns. Among the questions with public policy implications are:

—The implications of growing part-time employment for income and job satisfaction.

—Results of a benefit structure in which individual pensions and health and welfare credits are fractionalized through intermittent employment and administration through multiple unions.

—Factors influencing the extent of unionization in the industry, pinpointing the reasons for the declining percentage of representation for below-the-line employees.

—Patterns in union contracts and grievances settlement as these reflect adaptation to technological changes.
—Results of the union-management consultations which are emerging in sectors of the industry.

While the arts and entertainment industry is, in many ways, unique in its employment and labor relationships practices, its experience in adapting to technological change should be of interest to public officials and leaders of other industries and unions which are facing similar challenges.