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Hard Jobs in Hollywood

How concentration in distribution affects the
production side of the media entertainment industry

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Introduction

While studies of the creative economy and creative work have exploded since the mid-1990s, it is only recently that creative production and creative work have been analyzed as embedded in *industries*, with particular dynamics of capital accumulation (Deuze 2007). In the economics literature on creative industries (Caves 2000), as well as in more expansive, “catch-all” definitions of creative work (Florida 2002), the focus has been on the characteristics of individual creative workers and their values. With some important exceptions (Bielby and Bielby 1992, 1996; McKercher and Mosco 2008; Mosco 2009b), the analysis of creative work—who does it, how they are remunerated, and how and where it takes place—has been disengaged from the decisions of industry firms about how to make profits. This has been true even in those industries such as television, in which work has taken place in corporate environments where firm decisions have been, historically at least, more visible. In general, the industries in which creative talents are employed have been treated as unchanging, except for the ups and downs of business cycles. As a consequence, the contemporary literature on creative work has focused on labor *supply* and the characteristics of individual creative workers without adequate consideration of the *demand* side—the long-term structural changes affecting the environments within which creative workers enter the workforce, access jobs, and build careers.

In this chapter, I examine what an approach focused on the industry context can offer as a way to understand creative work, especially in the entertainment media. To illustrate how industry structure shapes the conditions for creative work, I describe how demand has changed in the US film and television industries since the 1980s, in conjunction with concentration among film and television distributors, “financialization” of the media industries, and access to

new high-profit opportunities in emerging markets. I argue that to understand what directors, actors, writers, and other skilled film and television workers do, we need to understand the links between the increasingly concentrated distribution side of the industry and the production side of the industry, which remains highly fragmented and dominated by small firms and self-employed workers.

I then look at how media consolidation and the “financialization” of the industry have altered the profit strategies of the key media distribution conglomerates. Over time, these new strategies have translated into a different structure of demand and altered what happens on the production side. I present evidence to show that the conditions under which film and television workers carry out their crafts have deteriorated as entertainment conglomerates have changed their investment strategies. Finally, I look at how the workforce has responded to these new conditions and their implications for the Los Angeles industry production center. Overall, my findings raise questions about the sustainability of this agglomeration under conditions in which conglomerates search for ways to reduce production costs by favoring low-cost products for key markets and encourage production outside leading industry production centers such as Los Angeles and New York.

The industrial context of creative work

The most common depiction of a career in an industry that produces creative products emphasizes self-organization, intense competition mediated by “gatekeepers,” and the central role of project-based work. Almost all depictions of creative work emphasize that it is risky, offering little in the way of conventional security as defined by a regular paycheck or a pension. The individual is at the heart of the creative career, a self-expressive entrepreneur, and this model distinguishes work that engages self-expression and creative skills from humdrum work driven by economic motives. While adaptability and flexibility in response to change are considered key attributes of creative workers, the sources of change and their effects on opportunity are rarely examined. They are assumed to lie in unpredictable, consumer tastes rather than in the regulations and financial markets that shape the environments within which creative work takes place.

From an industry perspective, however, both economic and creative motivations shape individual and organizational strategies. The fine artist has different motivations than the gallery owner or publicist, though all are engaged in careers that require a sensibility open to creativity and innovation. The artist develops a range of economic activities to sustain a career that also enables creative self-expression (Markusen, Gilmore, Johnson, Levi, and Martinez

2006; Menger 1999). In all creative industries, there are also occupations that do not fall into the creative category, while they may be skilled. These include administrative aides, accountants, lawyers, or electricians.

In some creative industries—including entertainment media, advertising, fashion, and music—the drive for self-expression and economic success (or at least sustainability) is often present in equal measure. And because workers in these industries direct their self-enterprise to the needs of firms buying their services, rather than directly to their audience or market, firm strategies drive access to jobs and opportunities to build sustainable careers. In this subset of the creative economy, the competitive strategies of the firm are more likely to drive the strategies of the workforce (Ursell 2000, 2003).

Thus, freelance entrepreneurial creative workers are in an interdependent relationship with firms in the industries in which they work, whether fashion houses, advertising agencies, galleries, or motion picture distributors (Christopherson 2002; McRobbie 2002; Neff, Wissinger, and Zukin 2005; Rantisi 2004). It is difficult to understand either the nature of a creative worker's "flexibility" or the degree to which self-expression and economic motives are balanced in their work lives without understanding the business strategies of the firms to whom they sell their products or services.

In this respect, research on media entertainment and new media is exceptional because it frequently incorporates perspectives that reach beyond the individual creative worker. The social dimensions of creative work are likely to be brought into the picture (Bielby and Bielby 2003; duGay 1996; McRobbie 2002; Perrons 2003; Ursell 2000, 2003) as well as the technological and political/economic context (Hesmondhalgh 2002; Deuze 2007; Miller, Govil, McMurria, and Maxwell 2001; McDonald and Wasko 2008). This industry-sensitive research, along with data on employment patterns and conditions, can be used to illuminate the changes in creative work in light of the changes in the industries in which workers build their careers.

To examine how industry structure creates a context for creative work, I will look at how the entertainment media industry has been altered by concentration in distribution of profit-making products and by financial pressures produced by mergers and acquisitions. While typically examined in isolation, the combination of conglomerate market power with intensified efforts to reduce risks and maintain stockholder returns has had serious consequences for the production side of the industry and for the workforce.

Entertainment media in the United States, especially in film production, has always been carried out with an international audience in mind and so was appropriately characterized as a "global" industry. But what that means is now changing. The current strategies of the dominant distribution firms that have evolved since the late 1990s go beyond marketing into international market products that were first released in the US national market. First, the emphasis now is on financing media products for a global audience

while *moving away from* investment in riskier and potentially less profitable productions for the US national market. Second, the now “decentered” global media conglomerate is using its market power within the United States and in relation to other nations instrumentally, to foster the “socialization” and absorption of production costs by governments who *perceive* themselves as global competitors and to reduce the use of higher cost production centers such as Los Angeles.

In the next section, I look at the processes that have led to this market power and the emergence of the decentered, “financialized” media conglomerate—processes that arguably create a new phase in the globalization of media entertainment production, with significant implications for US production centers and their media workforce.

How the bargaining position of content producers changed with increasing distributor bargaining power

There is now a fulsome analysis of the origins and consequences of concentration in the US media entertainment industries (cf. Cooper 2009; Noam 2009; Schatz 2008), including the chapters in this volume. For the purposes of this chapter, however, the subject of concentration has to be viewed from a particular perspective—that is, how does concentration on the distribution side of entertainment media affect content production, which is vertically disintegrated and carried out by networks of small companies and self-employed individuals. As Noam (2009: 22) notes (quoting Edwin Baker), content creation and production and the delivery of content are different products. This distinction is particularly important in understanding the impact of concentration in the film industry, which has had a vertically disintegrated *production* organization since the early 1960s (Christopherson and Storper 1986).

The declining bargaining power of independent producers and of the workforce in film and television began in the mid-1980s with the deregulation of the entertainment media industries, and it demonstrates how policies leading to concentration in distribution can gradually change production and working conditions even in a highly fragmented, project-oriented production process.

The history of entertainment media production, particularly in film, is typically divided into two periods: first, the “studio system,” in which production and distribution were integrated via ownership of production and distribution by the major studios; and second, the period of vertical disintegration of production following the Paramount decision and introduction of television (Storper and Christopherson 1984).

Between the 1960s and the mid-1980s, however, there was an important period in which the entertainment media industry was characterized by significant competition on the *distribution* side. New product distribution markets were opening in cable and DVD, and syndicators, such as Lorimar, were searching for new content. The financial syndication rules were still in place, forcing television networks to find and buy content on the market rather than producing it themselves. During this relatively brief period, the content production side of the industry had considerable autonomy in its relationship to distributors (Storper and Christopherson 1984). Because of what in hindsight looks like considerable competition on the distribution side of the industry, content producers—independent producers and the skilled workforce—had unusual bargaining power in relation to product distributors. Not surprisingly, this period was also a “golden age” as measured by the variety and creativity of production.

This competitive situation changed dramatically in the mid-1980s with the abrogation of the Paramount decision (which had legally separated content production and distribution and content exhibition). This decision was followed in the 1990s by a series of regulatory decisions, most notably the end of the so-called “financial syndication rules,” enabling the distributors to regain their powerful position vis-à-vis content producers (Christopherson 1996).

Thus, the history of the relationship between content production and distribution has been more complex than the two-phase model suggests. The contingent and critical factor shaping the relative bargaining power of content producers as against content distributors has been the regulatory policy.

Cooper (2009), for example, lays out two critical processes that have emerged from media distribution concentration: increasing monopsony (few buyers for supplier inputs) and the thinning of alternative sources of production inputs as vertically integrated firms tighten their supply networks:

The leverage that the vertically integrated core of the industry acquired ... dramatically changed the terms of trade between the independents and vertically integrated conglomerates. With a small number of vertically integrated buyers and a large number of much smaller product sellers, the core oligopoly gains monopsony power. They can impose onerous terms on the supplier, appropriating maximum surplus. With all of the major distribution channels under their control, the vertically integrated oligopoly can slash the amount they are willing to pay for independent product. (Cooper 2009: 373)

The impact of distribution concentration on the bargaining power of independent content producers—the myriad small firms that contribute to film and television production—and on the workforce has been magnified by the processes of “financialization” that arose in response to expanded global financial opportunities beginning in the 1990s (Epstein 2010; Milberg and Winkler 2010). As authors in this volume illuminate, financialization was

more significant in entertainment media than in other industries. In particular, media distribution companies leveraged their considerable assets to acquire or merge with their competitors or suppliers, thus tightening their grip on the overall media entertainment market (Greenwald, Knee, and Seave 2009). This merger and acquisition mania increased their debt load, and as both Winseck and Flew (this volume) indicate, it is not at all clear that they are stronger corporations because of their increased size and reach. The vulnerability of the media distribution conglomerates may, in fact, be an important factor in the strategies they have undertaken to (1) cut costs in feeding their US distribution platforms, (2) reduce risks by emphasizing products aimed at a narrow segment of a global audience, and (3) take risks to explore and invest in potentially high-profit media distribution markets such as those in India.

While the six US-based media distribution conglomerates—Time Warner, Disney, News Corporation, Viacom, GE (NBC-Universal), and Sony—are on shaky ground financially, there are bright spots. Possibly the most important and consistently growing source of revenue has come from international film markets. In 2009, for example, global movie ticket sales by the six conglomerates increased 7.6 percent to almost US\$30 billion, with the most growth in the Asia Pacific region. The Asia Pacific box office increased 12.3 percent, mostly in Japan and China, generating US\$7.7 billion in ticket sales (Dobuzinskis 2010). Again, this shift has been occurring for some time: In 2001, international box-office sales accounted for 51 percent of the worldwide total that year (US\$16.7 billion); in 2008, they had grown to 65 percent of the worldwide total (US\$28.1 billion) (MacDonald 2010). Although the net profits derived from the growth in global box office may not be as large as these figures would indicate, the trend is clear. Profit *growth* opportunities lie in the emerging country markets, not in the mature markets such as the United States, Canada, Australia, or Europe.

The exponential shift in the potential profit opportunities from producing event films such as *Dark Knight*, *Avatar*, and *How to Train Your Dragon* for a global market, and the potential advertising revenues from television production and distribution in emerging markets, has accelerated the reshaping of media conglomerate investment strategies. This shift supports the financial objectives of corporations, including General Electric and Sony, who own key media entertainment distribution companies. While still nationally based, the US conglomerates that distribute entertainment media products are also becoming, as Desai (2009) describes it, “decentered”—shifting their attention and investment to markets where superprofits are possible. At the same time, however, they are maintaining their grip on the now “mature” US national market.

As potential geographic markets have expanded, the entertainment media distributors have focused on a narrower audience demographic. The target market is the young moviegoer, either children or young males (Motion Picture Association of America (MPAA) 2010). There are complex reasons for

focusing on very high-budget films for a global family or young male audience. Possibly the most important is that they open opportunities to market ancillary products, including toys and games. Because of their capital assets, the studios owned by the conglomerates have a competitive advantage in producing global entertainment/product marketing vehicles. These megaproject films are, in many ways, less risky than a medium-budget film made for an adult audience in the United States. The conglomerates cooperate in coproduction deals to share the costs and the profits, and set release dates so as not to step on each other's profits. Foreign release dates are chosen to maximize global results and now may occur before a US release date. For the conglomerates, bigger is indeed better.

In large measure, the shift to the global family and young male markets has come about as a result of increasing personal incomes in emerging markets such as China and India, privatization of formerly state-regulated media, and the opening of private investment opportunities in production centers such as "Bollywood." All the major entertainment media distribution conglomerates are now significantly invested in India. In 2009, the MPAA—the multinational enterprise's (MNE) trade and lobbying association—opened an office in Mumbai under the name of the Motion Picture Distribution Association. With growing pay-TV viewership and advertising revenues, the attraction of the Indian market is obvious. Critics of this strategy note, however, that the barriers to entry in markets such as India are much lower than in the United States, and the US conglomerates are therefore entering a potentially highly competitive situation (Greenwald *et al.* 2009).

So, how are the "vulnerable," highly leveraged media distribution conglomerates financing their acquisitions and forays into potentially lucrative international markets? To answer this question, we need to look at the other half of their business strategy—to reduce costs in the distribution markets and platforms they already dominate and to transfer risks to content producers for those markets. In the next section, I look at what these strategies mean for what is produced and how it is produced.

How distribution concentration is shaping what gets made by content producers

To understand how concentration on the distribution side of the industry and the strategies of the distribution conglomerates affect the content production side, we need to look at what the conglomerates are demanding from their content suppliers. As was noted earlier in this chapter, creative media workers and content producers cannot produce what they want (at least if they want to earn a living). They must respond to what the conglomerates want to distribute on their platforms, whether cable or broadcast television or film.

For example, as US-based distribution conglomerates reduce costs in order to pay for mergers and acquisitions and invest in potentially highly profitable emerging markets; they are reducing investment in less profitable and more fickle, medium-budget, adult-oriented products in their own national market.

Theoretically, this conglomerate focus on narrow segments of a global market should be good news for independent content producers—if they can find financing for middle-budget (about US\$50 million) films for those segments of the market not served by the global “blockbuster” strategy. For example, when in the 1950s and early 1960s, the then “major studios” turned to a blockbuster strategy of producing fewer but much more costly films (e.g. *Ben Hur*, *Cleopatra*), Italian and French films developed significant audiences in the United States by playing in exhibition houses that were looking for more films to exhibit. This time around, however, the picture appears to be mixed and inconclusive. Non-US production centers in Europe and Asia have been growing slowly (Scott 2004) even as nontheatrical distribution channels such as Netflix have opened markets for films lacking a US theatrical release.

Without theatrical release, however, a film is unlikely to get enough attention to produce a substantial “request-based” audience, such as that available through Netflix. And, despite the market gap, the percentage of foreign films released in the United States has declined. In the 1960s, imported films accounted for 10 percent of the US box office; in the 1980s, it was 7 percent; in the 2000s, it has declined to less than 1 percent. Why? Because films made outside the United States do not fit into the conglomerate strategy—synergies across their multiple distribution gateways of theatrical exhibition, broadcast, cable, DVD, and ancillary markets—and so do not get distributed on key platforms, even if they are excellent films that win international awards.

What about other geographic markets? Here, too, the conglomerate power to pay for marketing a film globally has enormous significance. The dynamic is similar to that in the book distribution and retailing industry, where the marketing money behind a “best seller” crowds out attention and shelf space for a wider diversity of titles and publishers. And like a small bookstore, a small theater that shows foreign films finds it difficult to survive without getting revenue from the occasional “blockbuster.” As long as film producers have difficulty getting distribution deals in major markets, such as those in North America, their opportunities to garner audiences in global markets are decreased.

A significant by-product of (1) the mergers and acquisitions that enabled media distribution concentration and (2) the financialization that placed media distributors in a highly leveraged and vulnerable financial position is the “squeeze” in which the content producers of media entertainment find themselves. As a consequence of their control of distribution gateways, the

conglomerates and their corporate parents are able to press producers (the suppliers of content) to reduce the costs of production (Cooper 2009).

The place where this pressure is most visible in the United States is in the production center, Los Angeles. In the early 2000s, long before the beginning of the current “great recession” in 2007, the Los Angeles-based film and television industry began to suffer from production declines, cost-cutting, and the redistribution of risk to program and film producers (Christopherson 2008; MacDonald 2010). The MPAA, which represents conglomerate-owned media entertainment companies, indicates that its member studios released 28 percent of all films in 2009. In 1999, that figure stood at 44 percent. While the total number of films released increased over the decade of the 2000s (from 479 to 558), there was a significant drop in films released by MPAA studio subsidiaries (MPAA 2010). So a larger proportion of films are being financed and released by independent production companies. Because they lack access to the MPAA-controlled distribution platforms, however, only a few of these independently made films are profitable (Epstein 2010). The MPAA attributes this decline to recent union actions, contending that changes in production and distribution can be attributed to industry strikes in 2007 as well as to the recent economic downturn. Their own statistics, however, indicate a longer term decline in productions released by their members that parallel the restructuring of the industry and the distribution firms’ shifting investment strategies since the early 1990s.

The acceleration of the distribution conglomerate’s foreign investment and global product agenda is (in combination with falling profit rates in the United States in key segments such as broadcast television) behind significant shifts in what is produced in the United States and how it is produced. This has important implications for the workforce, including the large concentration of entertainment industry workers in the Los Angeles entertainment industry “agglomeration.” In the following sections, I look at some indicators of how the Los Angeles entertainment production industry is being affected by the business strategies of the distribution conglomerates. I then examine the US political response to changes in what is produced and where.

The restructuring of US entertainment media work

Based on record-setting box-office revenues and an expanding labor supply, media entertainment looks like a healthy global industry that, true to its reputation, is “recession proof.” And, for the small number of people working in that portion of the industry producing digital special effects, games, and global blockbusters aimed at family and young male consumers all over the world, the future may be bright. For the majority of the US workforce,

however—those engaged in producing content aimed primarily at a US national market—pressures have increased to produce more with less and to find financing from unconventional sources. These pressures are reflected in four processes: (1) the downsizing and reorienting of corporate broadcast television operations and expansion of low-cost production for cable operations; (2) the expansion of a contract workforce that works project by project for all production types; (3) measures to reduce labor and overall production costs across production types, including shortened production schedules, extended production days, and reorganization to eliminate the influence of unions; and (4) reduced production of products that can support a middle-income workforce because of reduced distribution opportunities for high-value film and television aimed primarily at US audiences. All of these processes are manifested in the industry center in Los Angeles and are gradually undermining its creative and productive strengths.

The data that can illuminate how distribution firm strategies are changing and the consequences for the workforce are difficult to piece together because of the project nature of the industry—companies are established for particular production projects and then dissolved when the television or film project is completed. Publicly available data (which typically are collected on firms) are a highly imperfect source of information on the entertainment media production industry and its workforce trends. Data on firms suggest stable employment and misrepresent employment in an industry dominated by project-based production with a high proportion of self-employed independent contractors. To get a more complete (though still partial) picture of trends, I use multiple sources to derive shifts in industry structure, risk allocation, and workforce adaptation. Some evidence is derived from a study of industry patterns that included 40 interviews with directors, producers, leaders in both unions and guilds, and studio owners as well as analysis of proprietary data and publicly available data on industry production trends and employment (Christopherson, Figueroa, Gray, Parrott, Richardson, and Rightor 2006). Additional interviews were conducted in 2007 along with an analysis of change in key occupations and self-employment from publicly available secondary data.

Corporate downsizing and increased use of independent contractors

Work in television remained distinctively different from that in the film industry until the mid-1980s because of the corporate organization of broadcast television. Bielby and Bielby (1992, 1996) have described the greater stability

of corporate television work and how that provided advantages to some groups, such as women writers, who faced greater barriers in the project-based work environment of film. Apart from the “talent” portion of the workforce, the broadcast network workforce was employed in long-term jobs in large corporations (CBS, NBC, ABC) and highly unionized. With the deregulation of the industry, beginning in the 1980s, the broadcast networks were acquired by multinational firms, in which they were only minor units in a diversified portfolio of profit centers. These firms (including Viacom, General Electric, and Disney) also moved rapidly to acquire cable networks, to cut costs in the broadcast network segment in response to cable’s competition for viewers and segmenting of the mass audience and in order to finance their acquisitions. As broadcast television faced more competition from other media distribution platforms, corporate owners began a series of cutbacks in personnel. According to Raphael (1997),

Feeling the squeeze on profits, production companies and the networks initiated a series of cost-cutting strategies that translated into an attack on labor, mainly on below-the-line workers such as technicians, engineers, and extras. The first move was a wave of staff cutbacks at studios and network news departments. In the mid-1980s, Fox cut 20% of its studio staff, Capital Cities/ABC 10% of its staff, CBS 30% of its administrative staff and 10% of its News Division. NBC resisted a 17-week strike by the National Association of Broadcast Employees and Technicians (NABET) in 1987, shedding 200 union jobs. By 1992, NBC had eliminated 30% of its News Division through layoffs and bureau closings. (Raphael 1997: 3)

These restructuring and labor reduction initiatives continued for two decades, and have accelerated again since 2008, with estimated overall cuts of 4 percent in broadcast television. Disney, for example, recently eliminated 200 jobs at ABC, amounting to 5 percent of total staff.

Job cuts have not been the only strategy to reduce labor costs, however. In the midst of stalled negotiations with the Communications Workers of America that began in 2009, NBC announced plans to close operations in the industry centers (Burbank, CA, and New York City) and transfer them to nonunion facilities in New Jersey. While “runaway production” has received the lion’s share of the media attention, such corporate decisions regarding their skilled craft employees demonstrate how production location has become a key tool in the restructuring of work.

Overall, with the conglomeration of film and television distribution companies since the 1980s, the stable corporate television sector has declined in size and significance, and TV production processes and employment conditions have gradually come to resemble those in the project-oriented film industry (Raphael 1997; Christopherson 2006).

The expansion of the “for-hire” workforce in an industry losing middle-income work

Since the end of the “studio system” in the 1950s, film industry production has been carried out by crews made up of self-employed independent contractors (Christopherson 2002). As a consequence of corporate downsizing, however, more of the television and film workforce than ever before is made up of freelance independent contractors. Individuals reporting themselves as *self-employed* in the Motion Picture and Video Industries (as reported by US federal income tax filings) grew by 28.4 percent between 2002 and 2006 (United States, Department of Commerce, Bureau of the Census 2002, 2006). As in many other industries in the United States, large media firms are paring down their production workforces to an essential core and using temporary workers and self-employed workers on an as-needed basis.

At the same time, data from the Occupational Employment Statistics (United States, Bureau of Labor Statistics 2002, 2006) show dramatic increases in the number of people who place themselves in key entertainment industry occupations. Between 2002 and 2006, there was a 14 percent increase in the number of individuals identified as producers or directors, a 7 percent increase in individuals identified as actors, and a 9 percent increase in those who identified themselves as camera operators for television and motion pictures.¹

This shift to independent contractors has occurred in the context of an expansion of the labor supply, stimulated in part by the success of higher education media training programs. In these programs, which have proliferated in Los Angeles and New York as well as in other cities, students learn a wide variety of production skills and are introduced to new technologies that traverse conventional union professional and craft jurisdictions. They learn how to produce on “shoestring” budgets and to work very rapidly under severe time constraints. They learn to work in efficient multifunctional production teams. When they graduate, they are “hybrids”—writer-directors or director-camera-operator-editors—who make up a flexible workforce of independent contractors perfectly suited to the high growth segment of the media industry—production for cable television (Wyatt 2009).

In some respects, this workforce has more in common with their young colleagues in website or digital design media than they do with their elders who worked in broadcast television and medium- to high-budget film (Batt, Christopherson, Rightor, and Van Jaarsveld 2001). Working style, expectations, and a cultivated amateurism separate this “free agent,” entrepreneurial workforce from the establishment professionals who populate the traditional entertainment media guilds and unions. Although there is still considerable intersection (and even some merging) between the professional worker with a defined role and the multifunctional media production team member, the

contemporary workforce appears more segmented and differentiated (by age, gender, and race) than it did in the 1980s when the major divide in the US entertainment media workforce was defined by union versus nonunion status (Christopherson and Storper 1989).

The expansion of an independent contractor workforce has taken place as the film and television media distributors have moved “down-market.” As the higher prestige and more highly paid jobs, such as those in broadcast television and mid-budget feature films, have been reduced, jobs have been growing in the low-cost environment of cable television. For example, while 4 percent of broadcast jobs have been eliminated since 2008, cable has added 3 percent.

The availability of large numbers of entrepreneurial self-employed workers with at least some level of skill provides media entertainment firms with a strong incentive to subcontract low-end production, particularly if they are providing product for the cable market where production values are of less importance and budget constraints are significant. And the concentration of this unorganized and low-cost workforce in a major production center like Los Angeles gives those firms good reason to funnel low-end production there. In fact, virtually all the recent job growth in the major media centers of Los Angeles has been in production for cable television (Los Angeles County Economic Development Corporation (LAEDC) 2010).

The new working environment for media workers is not only risky but also increasingly difficult. While long working hours are legendary in media production, the boundaries that circumscribed abuse appear to have broken down as unions have lost power over industry practices, and the proportion of productions made on “shoestring” budgets has increased. Hourly wages in the media industries remain high for the smaller number of union members, but reports from the International Alliance of Theatrical and Stage Employees (IATSE) unions indicate that the work has become more arduous and less predictable than it was in the early 1990s. IATSE members commonly complain that producers attempt to cut costs by reducing shooting days while requiring overtime work from the production crew. On the talent side, the Casting Data Report from the Screen Actors Guild (SAG) reports on roles (jobs) and days worked by production type. Between 2004 and 2006, the total number of roles (jobs) was up 10 percent, but the average number of days worked per role was down 7 percent. In nonepisodic television, average days worked declined by 19 percent (Screen Actors Guild 2007). In addition, the largest increase (20.2 percent) in roles (jobs) nationwide was in the low-budget “theatrical” category (Screen Actors Guild 2007). While such figures are only available for actors, they describe a common pattern in the media entertainment industries: a tendency to reduce production time and squeeze the workforce to produce more with fewer resources.

The weakening of the Los Angeles agglomeration

The available evidence indicates that, in Los Angeles, where 45 percent of the total US film and television industry is employed, changes in what and how much is produced have been dramatic (United States, Bureau of Labour Statistics 2008).

First, there is a long-term trend toward less production in Los Angeles, particularly higher budget productions. One of the few available indicators is permitted production days—the number of days of shooting on-location, away from studio facilities, in the Los Angeles area. This surrogate provides some measure of overall production volume year to year and of trends in particular production categories. It shows, for example, total permitted production days in greater Los Angeles rose from 7,831 in 1995 to a steady 12,000–15,000 per year in the mid-2000s, peaked in 2008, and then dropped to near 1995 levels within 2 years. Feature film on-location shooting reached a high of 13,980 days in 1996; by 2009 it was only 4,976 days (LAEDC 2010). By contrast, location activity for TV reached a high of 25,277 days in 2008, reflecting the expansion of low-cost reality and dramatic productions for cable television. However, on-location television production days dropped almost 17 percent in 2009.

These figures indicate a decrease in the volume of higher value production—in mid-range feature films and scripted television, particularly for broadcast—and suggest that the industry workforce is facing a long-term structural change rather than a cyclical downturn.

While blame for such changes is frequently attributed to union actions (particularly as the 14-week Writers Guild strike in 2007–8) or to “runaway production,” those explanations strain to cover a seismic shift in the volume of production, the product mix, and the conduct of production activity simultaneously. The scope of change has been so extensive that even the normally sanguine Los Angeles economic development officials are recognizing its structural origins.

A study by the LAEDC (2010), for example, indicates that the number of workers employed in film, television, and commercials in Los Angeles County decreased 6 percent in 2009 to 132,442, the lowest number since 2001. According to the director of the economic development corporation, California state employment numbers actually undercount employment losses in the entertainment industry agglomeration in Los Angeles: They do not include unemployment of part-time workers (nearly a quarter of the industry workforce), nor unemployment in ancillary business services such as prop houses and equipment rental shops, which depend on Los Angeles productions for their employment and profits.

The result has been heightened anxiety over income expectations, dismay over a loss of creativity, and anger over the pressure to produce too much too fast (Christopherson 2008). Even in this historically high-risk industry,

the recent period has been one in which the rewards of working in media entertainment are more elusive than ever.

How can this be happening in an industry agglomeration that, because of its flexibility, creativity, and high skills, is an exemplar of the global knowledge economy. One answer is that the strengths of agglomeration are *production* strengths. They lie in cooperation between production companies, networks of skilled and creative workers, and the regional institutions that support them. If these skilled content producers, including the entire skilled talent and craft workforce, cannot distribute products in markets that support them financially, the health of the entire creative production complex and its capacity to replenish and sustain its workforce is at risk.

What is important to recognize is that the *distribution* side of the industry could not have had this effect in the 1970s and early 1980s, when there was more competition among distributors. Creative producers then had multiple markets for their products. Concentration and conglomeration since the mid-1980s have increased the relative power of distributors over the creative content producers. This power and the distributor conglomerates' strategy of restructuring and disinvestment are slowly undermining the viability of the production complex and its creative workforce.

The fragmentation of the labor supply and the inability of unions to organize and represent a larger and more diverse workforce have had profound and negative implications for their ability to craft a coherent response to the real changes facing entertainment industry production. Furthermore, responses have been shaped by divided union representation and fear of conglomerate reactions to any direct challenge to their control of distribution markets. Consequently, one of the most visible labor responses to disinvestment has taken the form of an alliance with the conglomerates to support "socialization" of production costs through State and municipal subsidies to production companies.

How workforce responses to MNE disinvestment are further undermining the Los Angeles agglomeration

Changes in entertainment media production and work have been interpreted differently by the so-called "talent" or "above-the-line" workforce, and the skilled craft workers who compose the "below-the-line" workforce. At the top end of the creative entertainment media workforce, producers, writers, and directors are more aware and knowledgeable about changes in industry structure and investment patterns. They complain about the loss of creative control, about tighter production deadlines and budgets, and about the loss of residual payments that sustain them financially during the dry periods when they are not

employed on a project. The Independent Film and Television Alliance, which represents independent producers and directors, for example, devotes a section of its website to analyzing the impact of media distribution conglomeration and to proposals for regulatory action that would reestablish competition (<http://www.ifta-online.org/media-concentration-and-internet-access>). According to one veteran filmmaker,

In cable, residuals (payments for each showing of the product) for writers, actors, and directors are a percent of the producer's gross. But if that producer is a network who self-deals the rights to their cable company ... there is no compensation for that. Suddenly you discover that the eleven or twelve per cent gross residual among the three guilds that has been fought over for so many decades is virtually meaningless, as rights are simply self-dealt among related entities. (Hill 2004: 20)

The 2009–10 discussions between the SAG and the American Federation of Television and Radio Artists (AFTRA) over whether to merge and what issues to bring to the negotiation table with the Alliance of Motion Picture and Television Producers (AMPTP) (which is dominated by the conglomerates) also indicate how divided the unions are within their own membership about how to react to concentration on the distribution side (Handel 2010). Anne-Marie Johnson, first vice president of the SAG, described the impact of distribution concentration in her testimony at the Federal Communications Commission Hearings:

As actors, we find the continued consolidation of media companies has drastically limited our ability to individually bargain our personal services agreements ... the networks decide what the top-of-the show rates are, in a parallel practice. Some networks will even tell you they only pay 50 per cent of the going rate. Take it or leave it. This salary compression cripples the middle class actor's ability to make a living. (Screen Actors Guild 2006)

“Below-the-line labor,” by contrast, has generally ignored structural change in the film and television industries and focused on “runaway production” (or outsourcing, in particular to Canada) as the cause of increasing unemployment and the loss of good industry jobs and project work in the United States, particularly in major centers such as Los Angeles. One analysis of media labor responses to the search for financing and lower production costs by film and television producers also found that the less-skilled and less-geographically mobile craft workers developed a coalition to initiate restrictions on outsourcing, while the “talent” portion of the workforce rejected strategies to limit outsourcing, presumably because they could follow productions wherever they were being made (Chase 2008).

Chase's analysis of the political-economic responses to “globalization,” however, is limited to the demonstration of a split between segments of

labor regarding support for the Film and Television Action Committee's (FTAC) agenda favoring trade regulation restrictions. While the FTAC story is significant, it narrowly depicts the dynamics that the labor force is facing and what they perceive as their alternatives. In fact, the FTAC agenda was rapidly eclipsed by a political project, namely, "the film incentives agenda," that captured support from all segments of the industry—capital, craft workers, and talent. This agenda began with the idea of matching subsidies and cost differentials in production locations outside the United States with federal and State subsidies to finance productions inside the United States. It has morphed into something quite different—the promotion of public subsidization of entertainment media production on the grounds that such subsidies can create new film and television production industries in states with little or no industry base or experience, like Michigan, Connecticut, or Georgia. In 2010, incentives of various forms were offered in 43 US states (Entertainment Partners, <http://www.entertainmentpartners.com/>).

The film incentive-based financing strategy has attracted broad support within the industry because it provides something for everyone. For the major media conglomerates, film and television production subsidies lower the cost of US productions, enabling them to fill out a roster of film and television products with less investment and to free up capital for investment in lower risk products or where future profits may be higher. For talent, it provides opportunities to work and develop careers in an era when these opportunities have significantly diminished. For craft workers, it multiplies opportunities to work, even if they involve moving from state to state to do so. Ultimately, state film incentives programs shore up the national industry by providing a financing alternative for productions that take place in the United States.

The film incentives agenda is led by the conglomerate-owned distribution companies (through MPAA), in collaboration with craft workers (through IATSE). Although talent workers describe the problem somewhat differently, focusing on the underlying sources of structural unemployment rather than outsourcing, they support the film incentives agenda. This is particularly true of those segments of the workforce, such as members of the SAG, whose incomes and opportunities for work have been particularly affected by decisions to limit financing and distribution of feature films and high-value scripted television series (Christopherson 2008). The MPAA, in fact, uses labor to make the argument for subsidies at state houses and in public hearings across the United States. Ironically, this agenda appears to have blunted pressure from labor to stop the outsourcing of production, which has not declined (MacDonald 2010). In addition, although incentive programs are rationalized as producing economic development, the preponderance of the evidence indicates that they constitute a net cost to the citizens of the states in which they exist (Christopherson and Rightor 2010; MacDonald 2010). In fact, film incentives constitute a production subsidy to entertainment media, which is captured by

the conglomerate distributors who have more and better quality products to distribute without having to invest in their production.

Perhaps ironically, one of the side effects of this incentive-driven production-financing strategy is that the industrial commons that support the industry and the labor force in its primary production center, Los Angeles, are being further undermined. Thus, the rational actions of individual firms (and unions) in response to the challenges presented by deregulation, trade liberalization, and financialization are undermining the complex and place-specific strengths of a major US industry—television and film production.

Conclusion

Our ideas about creative work and creative workers have been shaped by a literature that focuses on the supply side of the picture—that is, on the characteristics of individual workers and their motivations. In this literature, personal motivation and capacity for creative production determine why a person enters a creative industry and whether they persist in a creative career. While these personal characteristics and motivations are critical to what happens in high-risk, entrepreneurial creative production markets, they do not tell the whole story.

Many creative workers, such as those in advertising, music, and media, do their creative work in industries dominated by firms whose shares trade on international capital markets and whose success is measured in shareholder rather than creative value. In the US entertainment media, it is the firms that *distribute* entertainment products that confront the pressures and reap the opportunities measured by short-term stockholder value. For reasons that can be traced back to the breakup of the studio system in the 1950s, the production side of the industry is overwhelmingly composed of small firms and independent contractors who are assembled and then reassembled for particular projects. In this chapter, I have described the changing relationship between the *distribution* side of the industry, as it has become more concentrated across distribution platforms, and the *production* side—the marketplace where creative media workers produce their products. One of my central contentions is that relationship between distributors and creative producers is not fixed, as has been implied in some analyses of the relationship of production and distribution (Aksoy and Robbins 1992; Storper 1993). In fact, there is not one Hollywood but two—producers of content and distributors of content, continuously in conflict and sometimes in uneasy alliance. The power of the distributors has increased dramatically since the mid-1980s as a consequence of deregulation. Their increased power is a result of political decisions, not the result of inherent structural properties of the industry.

In the contemporary US media entertainment industry, concentration and conglomeration among entertainment product distributors, enhanced by the pressures of financialization, have resulted in the consolidation of those platforms that distribute the types of products that provide good, career-sustaining jobs to the film and television workforce. This process of consolidation has had profound consequences for product demand—what is produced, where, and by whom. In addition, responsibility for financing production has been redistributed downward to the still largely vertically disintegrated production system, composed of networks of firms and workers, highly concentrated in Los Angeles and to a much lesser extent, New York.

In response to conglomerate disinvestment in US-produced entertainment media products, the US entertainment media industry workforce has joined *with* the conglomerates in efforts, state-by-state, to advocate for film and television production subsidies. While these joint initiatives have retained some production in the United States, they do not address the critical underlying issues: industry restructuring and conglomerate power in distribution markets. They instead socialize production costs for firms that are highly leveraged financially, though achieving peak revenues in the global film market. Over the long term, the incentives battle may undermine the “industrial commons” that has sustained this project-based industry since its last great transformation to a vertically disintegrated production organization in the 1950s.

Note

- 1 These figures are based on averages over the 2002–6 period.