

## Background Guide



Alphabet Soup Strike: WGA SAG-AFTRA Strike Negotiations

Topic A: Regulating AI Use in the Entertainment Industry

Topic B: Negotiating Compensation Regarding Increased Streaming Platform Use

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Greetings Delegates!

My name is Jolie Nguyen and I'm the director for TAEMUN's Alphabet Soup Specialized Agency. I am a sophomore at Edison High School and in multiple clubs including Spanish Honor Society, Environmental club, Period 101, Photography club, and more. I'm also on the tennis, swim, and dive teams as well. Outside of school, I'm involved in activities such as figure skating and piano. Good luck!

Sincerely,

Jolie Nguyen

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## **Topic A: Regulating AI Use in the Entertainment Industry**

### **Background:**

The Writers Guild of America (WGA) is a labor union founded in 1933 that represents thousands of writers who create content for motion pictures, television, news, and online media.



The Guild is dedicated to ensuring that writers are adequately compensated for their contribution to the media industry. The Guild works to negotiate with film and television producers in order to ensure the rights of media writers. Through the drafting and enforcement of contracts, the Guild aims to ensure that credits and residuals are paid per industry standards, as well as safeguard the creative property of its members.

The Screen Actors Guild and the American Federation of Television and Radio Artists (SAG-AFTRA) was founded in the 1930s by combining two labor unions to optimize leverage, funding, and outreach. Together, the union wholly represents actors, announcers, broadcast journalists, dancers, DJs, news writers, news directors, program hosts, puppeteers, recording artists, singers, stunt performers, voiceover artists- pretty much all professional media performers. Like the WGA, the union “negotiates wages, working conditions, health and pension benefits; preserving and expanding members’ work opportunities; vigorously enforcing our contracts; and protecting members against unauthorized use of their work.”



Both labor unions negotiated with the Alliance of Motion Picture and Television Producers (AMPTP), which represents over 350 motion picture

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and television producers. This partnership opened the two unions up to big companies such as Paramount Pictures, Sony Pictures, Universal Pictures, Walt Disney Studios, and Warner Bros, as well as principal broadcast television networks ( ABC, CBS, FOX, and NBC), streaming services (Netflix, Apple TV+, and Amazon), some cable television networks, and independent film and television production companies.

#### **Current Situation:**

The WGA went on strike on May 2nd, 2023 due to a disagreement over a new contract with the AMPTP. Contracts must be renegotiated every 3 years, which allows for all participating parties to assert new clauses or amend in-place ones. One disagreement that arose was over artificial intelligence (AI). Like most modern technology, AI is rapidly evolving and developing causing writers to be cautious with the implications of such advancements. A primary concern of media writers is AI's potential to take the work of writers without consent or being informed, leaving the writers under-compensated and uncredited.

However, the most pressing concern for writers is being replaced by AI.

Similar to the WGA,  
SAG-AFTRA found themselves to be



at odds with AMPTP after multiple negotiations failed between the two unions. In a press conference on July 13th, 2023, SAG-AFTRA announced that they were going on a strike, thus joining the WGA writers on the picket line. The members of SAG-AFTRA fear being exploited through the use of AI as the AMPTP wants to permit the use of AI to create digital replicas of

both background actors and principal actors. Additionally, AMPTP wants to authorize the use of digital alteration in post-production. Both the WGA and SAG-AFTRA have qualms about the incorporation of AI into the media industry and believe that any leeway will allow AI to completely take over the industry.

In a press release, the AMPTP said, “Writers want to be able to use AI as part of their creative process, without changing how credits are determined, which is complicated given AI material can't be copyrighted.” On the other hand, SAG-AFTRA claims that AMPTP wants to use their members' AI replications without their consent. Some production companies already have AI scans of media performers as a byproduct of these professionals being filmed. Through that, production companies have easy access and opportunity to exploit the faces of media performers. Accordingly, these performers state they would not be compensated with AMPTP, saying that the AMPTP “want to be able to scan a background performer’s image, pay them for a half a day’s labor, and then use an individual’s likeness for any purpose forever without their consent.” Saying that they also “want to be able to make changes to principal performers’ dialogue and even create new scenes” via AI, which has the possibility of being done without a performer’s informed consent. Furthermore saying that they “want to be able to use a performer’s images, likenesses, and performances to train new generative AI systems without consent or compensation.”

AMPTP has denied such claims saying that SAG-AFTRA “publicly mischaracterized and distorted their proposal.” AMPTP stated that in reality, their proposal involved these conditions:

- (1) No Digital Replica of the performer can be created without the performer’s written consent and description of the intended use in the film.

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(2) Prohibition of later use of that Replica unless the performer specifically consents to that new use and is paid for it.

(3) Consent needed for later use of Digital Replicas applies to background actors as well as principal performers.

(4) No “Digital Alteration” that would change the nature of an actor’s performance in a role is allowed without informing the performer of the intended alteration and securing the performer’s consent.

### **Past Actions:**

As of a couple of months ago, both the WGA and SAG-AFTRA went on strike against the AMPTP. For the duration of the strike, actors were prohibited from engaging in film or television productions and could not take part in promotional work, such as premieres, interviews, events, etc. Writers were not allowed to do any writing, revising, pitching, or discussing future projects with companies that are members in AMPTP.

Meanwhile, production companies have started investing in and incorporating AI into their industry. This means that the fears of actors and writers are already beginning to actualize as AI is currently being used to replace their absences. Recently, Netflix has released a show called “Deep Fake Love” in which some characters and their actions are heavily edited with ‘deepfake technology.’ Additionally, there have been job listings for companies like Disney and Netflix, to integrate AI into their productions.

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#### **Questions to Consider:**

1. Is there an approach to solving the issue of AI integration that satisfies all parties?
2. What are the potential benefits and drawbacks of integrating AI into industries?
3. How can we ensure that AI is developed and used both ethically and responsibly?
4. What are the potential consequences of AI taking over certain jobs?
5. How can the protection and fair compensation of workers be successfully regulated?

#### **Useful Links:**

- [WGA Official Site](#)
- [SAG-AFTRA Official Site](#)
- [Press Archives | AMPTP Website](#)
- [Summary of the 2023 WGA MBA](#)
- [JOINT STATEMENT: Hollywood Labor Supports SAG-AFTRA, Calls On Studios to Bargain In Good Faith](#)

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[www.sagaftra.org/files/sa\\_documents/SAG-AFTRA\\_Negotiations\\_Status\\_7\\_13\\_23.pdf](http://www.sagaftra.org/files/sa_documents/SAG-AFTRA_Negotiations_Status_7_13_23.pdf).

## Topic B: Negotiating Compensation Regarding Increased Streaming Platform Use

### Background:

In the entertainment industry, “residuals” is the term used to indicate long-term financial compensation to any people involved in the making of a film or show. Such people can include actors, producers, writers, etc.

Generally, actors and writers are paid when a show runs on broadcast and cable, or when someone buys a physical copy such as DVDs, Blu-ray, or VHS. The issue with this



system is that with the introduction of streaming platforms such as Netflix, Amazon, Hulu, Max, Disney+, and Apple TV+, the regulation of compensation is not stipulated. As a result, a sort of gray space has emerged; and, due to its unprecedented nature, action on this gray space has been slow. In fact, it is speculated that streaming platforms are taking advantage of the stagnation and are paying much less for a film, thus not properly splitting the profit. As a result, members of media labor unions such as the WGA and SAG-AFTRA feel that they are not being properly



compensated.

In tandem with the increasing technologicalization of society, streaming platforms have increased in usage. Most people in the US have a phone, but not every person has a TV. Unlike cable, DVDs, VHS, or

Blu-Ray, streaming platforms are conducive to phones, and consequently, streaming platforms

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have eclipsed all other film consumption technology. The ramification of this is that technology, where compensation has been stipulated, is decreasing, and in turn lessening the earnings media professionals receive. Conversely, streaming platform usage is growing exponentially as a byproduct of technologicalization and the extinction of other film consumption options, which is only further exacerbating the amount of compensation that media professionals are not receiving.

#### **Current Situation:**

Actors are finding that their residuals are being reduced (down to pennies!) saying that once their work goes into streaming, they stop getting paid. Some actors say they could have received \$20,000, but because their work was displayed through streaming platforms, they were only paid around \$200. While in traditional cable, old shows created over a decade ago are still getting paid for streams.

According to the WGA's calculations, the entertainment industry's profits have increased greatly from \$5 billion in 2000 to \$28-\$30 billion from 2017-2021. The cause behind this balloon in profits is because of the introduction of original streaming content, but also the lack of compensation for writers and actors from such streaming service projects. Additionally, since original streaming content is only aired on its parent platform, there is less money being shared with media professionals in the form of royalties, and more accumulated by the platform producers.

All this being said, the WGA SAG-AFTRA strike is making waves in the entertainment industry. Many streaming platforms such as Netflix and Disney+ are reporting declines in subscriber counts due to a lack of new content as a result



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of media professionals refusing to create content with such companies. In one respect, this downturn in subscribers is alarming streaming platforms and causing them to panic for content, which in theory enhances the tenets that WGA and SAG-AFTRA are on strike for. However, in another light, the panic for content is causing streaming platforms to ‘cash-burn’ on poor-quality films, thus angering media professionals because their industry is being degraded.

#### **Past Actions:**

In the 2020 WGA MBA (Minimum Basic Agreement) contract, there was a 46% increase in residuals negotiated to take effect in 2022. With that timeline, most writers have only recently begun to see these increases in their paychecks. Under the formula for a one-hour series produced for Netflix or Amazon Prime Video in 2020, a writer receives \$72,000 in residuals for one episode over three years. Over five years, that amount grows to \$99,000, and then to \$114,000 over seven years. The challenge is, however, whether or not these wages are equitable with the work efforted by media professionals, and whether or not these wages are sustainable.

In previous contract negotiations, Netflix and Amazon Prime Video agreed to change fixed residuals for broadcast sales of dramatic programs to 2% of the company’s accountable receipts for series licensed to the market after July 1, 2020. This amendment is a small improvement for media professionals, but it still leaves professionals seeking wages from work pre-July 2020 without compensation. Moreover, the two streaming platforms agreed to reduce fixed residuals for the first two seasons of any new low-budget non-dramatic programs made for broadcast and rerun. Also, Netflix and Amazon Prime Video agreed to a fixed residual payment when high-budget Subscription Video-on-Demand (SVOD) programs are exhibited on a related

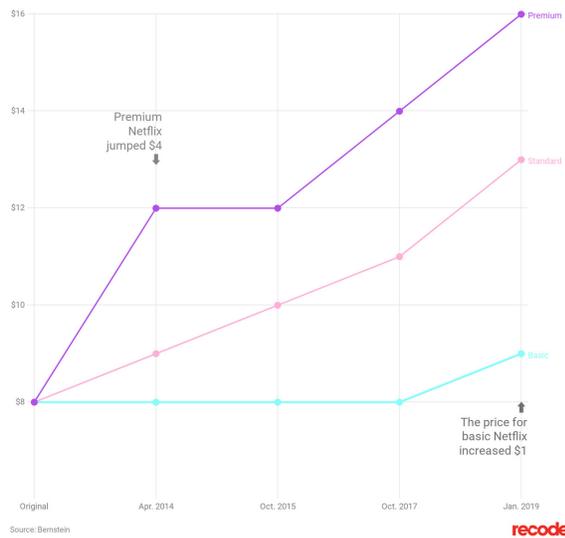
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ad-supported online streaming platform. Streaming platforms are reluctant to negotiate any terms that severely decrease their profits.

Despite all the money streaming services are withholding, their dominion is starting to collapse. Over the past decade, consumers have watched streaming service fees skyrocket and they have started to fight back. After ten years of being a DVD rental service, Netflix established

History of Netflix price increases



the first fully online, app-based streaming service in 2008. Their initial monthly subscription fee was \$7.99 and since then, the company has splintered into “basic” with ads for \$7.99, “standard” for \$15.49, and “premium” with 4K Ultra HD plus exclusive titles for \$22.99. This increase in pricing, as well as incentives to pay for their premier- most expensive- subscriptions, is seen across all

streaming platforms. Through consumers refusing to buy subscriptions as well as password-sharing, they attempted to take back financial control over these unregulated streaming platforms. That being said, as of 2023, most streaming platforms are retaliating with ads and subscription-member limits.

### **Questions to Consider:**

1. What actions have been taken in the past to address the issue of residuals in the entertainment industry? Were they successful?
2. How have streaming services complicated the process of paying media professionals their proper residuals?

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3. In what ways can streaming platforms be motivated to release the profit they have been withholding?
4. What formula would specify the percentage of income each associated party of a media production is entitled to receive? How would these percentages be protected?

#### **Useful Links:**

- [July 22, 2020, Memorandum of Agreement Between the SAG-AFTRA](#)
- [WGA Negotiations—Status as of May 1, 2023](#)
- [Hollywood’s writers are on strike. Here’s why that matters.](#)
- [SAG-AFTRA Letter](#)

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