

Hollywood Unions versus Reaganomics

- Hollywood union solidarity could undo four decades of damage to America's middle class caused by Reaganomics.
- Redistribution of wealth by Reaganomics is often cited as the reason for the degradation of America's middle class.
- Returning to a fair share of shareholder value for workers could reduce America's growing extreme income inequality.

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May 30, 2023

UNIQUE MOMENT

This is a unique moment in time when Hollywood could begin to dismantle four decades of the degradation and stagnation of America's middle class. It would be fitting for Hollywood unions to be the force to undo the damage to our middle class caused by Reaganomics, since President Ronald Reagan came from Hollywood.

What makes this moment unique in the history of the past four decades is the timing and solidarity of strong unions in the entertainment industry in Los Angeles, and an administration in the White House that supports workers and the American middle class.

DEGRADATION OF AMERICA'S MIDDLE CLASS

Triggers from Reaganomics and its redistribution of wealth to the wealthy affect us today. Those include President Reagan's weakening of unions and lavishing increased corporate value solely into the hands of corporate executives and Boards of Directors.

The status quo of the past four decades resulted in some of the worst income inequality in world history, constantly enriching the rich while draining the middle class of economic opportunity. Since the election of President

Reagan, income inequality in the USA increased and now reached its highest levels¹. Income inequality is not inevitable and can be reduced by actions such as worker solidarity affecting political actions and social policies.

Reaganomics played a significant role in America's staggering income inequality. A 2017 study by the Center on Budget and Policy Priorities² found that the top 1 percent of earners in the United States saw their after-tax income grow by an average of 187 percent between 1979 and 2016, while the bottom 50 percent of earners saw their after-tax income grow by just 18 percent over that same period after the election of Ronald Reagan. Reaganomics, which favored tax cuts for the wealthy, weakening of unions, and deregulation of the financial industry, contributed significantly to income inequality.

President Ronald Reagan's economic policies triggered significant redistribution of wealth in the United States. His tax cuts for the wealthy under the proven-false doctrine of "trickle-down economics" disproportionately benefited the wealthy and persists to this day. The evidence is clear: trickle-down economics is a failed theory that has no place in our economy³. We need to focus on policies that will benefit everyone, not just the wealthy few.

President Reagan's deregulation of the financial industry triggered such events as the risky lending practices which contributed to the Great Recession and its resulting massive negative impact on the middle class. His increased military spending at the cost of spending for social "safety net" programs further damaged America's middle

¹ Semega, Jessica, and Melissa Kollar. "2021 Income Inequality Increased for First Time Since 2011." U.S. Census Bureau, September 13, 2022. <https://www.census.gov/library/stories/2022/09/income-inequality-increased.html>

² Schlozman, Kay & Brady, Henry & Verba, Sidney. (2017). Growing Economic Inequality and Its (Partially) Political Roots. Religions. 8. 97. 10.3390/rel8050097. https://www.researchgate.net/publication/317115332_Growing_Economic_Inequality_and_Its_Partially_Political_Roots

³ Quartz, "A new IMF study debunks trickle-down economics", June 16, 2015 <https://qz.com/429487/a-new-imf-study-debunks-trickle-down-economics>

class. Significantly, Reagan's anti-union actions began weakening and unraveling workers' solidarity and negotiating strength.

After World War Two and before the Reaganomics redistribution of wealth, productivity gains had been shared between firms and their workers⁴.

THE MIDDLE CLASS

According to a Washington Post analysis⁵, three specific identities for "the middle class" include how close a household is to the typical income for its region; whether the household is in the middle 60 percent of incomes for its region; and how far the household is from the poverty level. Other factors include having a college degree, owning one's home, and wealth (the money one has accumulated rather than how much one earns each year). Above all is the concept of security. "Predictability is central to middle-class life," said anthropologist Caitlin Zaloom. Middle class means financial security to survive inevitable setbacks, plan for retirement, and provide for college education for their family.

A key principle defining the degradation of America's middle class is the number of households who do not have enough savings to survive three months of an emergency situation and do not have significant savings for retirement.

Emergency situations could include sudden major household or vehicle repair or, as has affected 60 percent of the middle class today, high inflation.

⁴ Denning, S. (2021, May 2). Why Business Must Shift From Value Extraction to Value Creation. Forbes. Retrieved from <https://www.forbes.com/sites/stevedenning/2021/05/02/why-business-must-shift-from-value-extraction-to-value-creation/>

⁵The Washington Post. "The Middle Class Income in 2023." The Washington Post, June 3, 2023. <https://www.washingtonpost.com/business/interactive/2023/middle-class-income/>.

America's middle class has been damaged under four decades of Reaganomics, and this could be changed by the resurgence that we see today in worker solidarity and labor actions.

"The kind of lifestyle we associate with the middle is not attainable to people who are in the middle," sociologist Rachel Sherman said. "Being able to buy a home, being able to send your kids to college without having significant amounts of debt ... those things don't go together with the salaries that people in the middle are being paid."

WORKER SOLIDARITY

Today's Hollywood union solidarity is the force that could change this.

Hollywood solidarity and labor actions can begin the reversal of four decades of this damage to the American middle class not only in show business, but also throughout our nation.

With today's newly strengthened unions and solidarity, it is possible to return to equal sharing of productivity gains instead of those gains solely benefiting corporate CEOs and Boards of Directors. By demanding a change to Reaganomics' redistribution of wealth, today's labor actions could move the American middle class out of stagnation and into opportunity. It's time to eliminate the assumed *status quo* of Reaganomics that made the financial interest of the upper echelons of corporations the sole beneficiaries of corporate value growth. Hollywood could trigger a national adjustment. Of course, this will also trigger massive corporate and right-wing political opposition in their fight for the wealthy. That fight will continue.

ASSESSMENT OF REAGANOMICS

There have been many other factors contributing to the stagnation and diminishing of the middle class in America, but most of it was triggered by Reaganomics.

Robert Reich, former Secretary of Labor under President Bill Clinton, has written extensively about the negative impact of Reaganomics on the middle class. In his book,

"Aftershock: The Next Economy and America's Future"⁶, Reich argues that Reaganomics led to a "hollowing out" of the middle class, as jobs were moved overseas and wages stagnated.

Thomas Piketty, a French economist, wrote about the negative impact of Reaganomics on the middle class in his book, "Capital in the Twenty-First Century"⁷. Piketty argues that Reaganomics led to a "great divergence" in wealth, as the rich got richer and the poor got poorer.

Paul Krugman, a Nobel Prize-winning economist, wrote in his book, "The Age of Diminished Expectations"⁸, about the negative impact of Reaganomics on the middle class. Krugman argues that Reaganomics led to a "lost decade" of economic growth, as the middle class lost ground to the rich.

The top 1 percent of earners in the United States now own more than 32 percent of the nation's wealth. This is the highest level of income inequality in the United States since the Gilded Age following the Civil War, a time of extreme wealth for a few individuals and extreme poverty for most others. Yet, today, a century and a half later, the American middle class is shrinking as more and more people slip into poverty and homelessness.

INCOME INEQUALITY

Multi-million-dollar payouts to CEOs of Hollywood corporations by self-focused Boards of Directors is the direct result of Reaganomics. For four decades, they refuse to share the increased value of the corporations with the workers who create the products that generate the value.

⁶ Reich, Robert B., 2013. "Aftershock: The Next Economy and America's Future". New York, Vintage Books.

<https://amzn.to/45LfkXf>

⁷ Piketty, Thomas, 2014. "Capital in the Twenty-First Century". Cambridge Massachusetts :The Belknap Press of Harvard University Press. <https://amzn.to/42nusaC>

⁸ Krugman, Paul Krugman, 1997. "The Age of Diminished Expectations, 3rd Edition: U.S. Economic Policy in the 1990s". MIT Press Books, The MIT Press, edition 1, volume 1, number 0262611341, December. <https://amzn.to/45DCsqR>

As workers continue to struggle for living wages, which have not kept up with the economic growth of America, corporate Boards of Directors lavish upon CEOs and executives multi-million-dollar payouts. There is a principle, an illogical one, that Boards of Directors follow that envisions CEOs of mega-corporations as "entrepreneurs" to be rewarded as if they were lone visionaries creating their own entrepreneurial start-up. This delusional nonsense must be stopped.

Reaganomics crippled unions, crippled financial safeguards and safety nets, and strengthened profiteering that benefits only corporate executives – value *extraction* instead of value *creation*. These are primary causes of the stagnation of America's middle class.

There is at this moment unusual union solidarity in Hollywood, a key for rebuilding a strong middle class. Today's potential for strong worker unity could result in actions to bring back America's middle class and undo the damage of four decades of Reaganomics.

TAKING ACTION

Right now, the Writers Guild of America West and the Writers Guild of America East, "WGA," with about 25,000 members, is striking against the Hollywood studios represented by the Association of Motion Picture and Television Producers, "AMPTP." "The AMPTP currently negotiates 80 industry-wide collective bargaining agreements on behalf of over 350 motion picture and television producers. AMPTP member companies include the major motion picture studios (including Paramount Pictures, Sony Pictures, Universal Pictures, Walt Disney Studios and Warner Bros.), the principal broadcast television networks (including ABC, CBS, FOX and NBC), streaming services like Netflix, Apple TV+, and Amazon, certain cable television networks, and other independent film and television production companies."⁹

⁹ Wikipedia. (n.d.). Alliance of Motion Picture and Television Producers. In Wikipedia. Retrieved May 30, 2023, from https://en.wikipedia.org/wiki/Alliance_of_Motion_Picture_and_Television_Producers

In an unusual show of support and unity, the Writers' strike against the AMPTP has the support of several other unions and guilds in Hollywood.

The Screen Actors Guild-American Federation of Television and Radio Artists, "SAG-AFTRA," which represents 160,000 members and whose annual pay averages just \$40,000 (almost 40 percent below the national average), is now in negotiations for a new contract to replace the one expiring on June 30. The SAG-AFTRA board unanimously voted to ask members for a strike authorization in anticipation of difficult negotiations such as encountered by the WGA in their negotiations with AMPTP last month.

The Directors Guild of America, "DGA", with about 20,000 members, is beginning its negotiations for a new contract which also expires on June 30. The DGA's relationship with AMPTP studios is cozier than either WGA's or SAG-AFTRA's, but this negotiation might become more difficult than usual.

Vocally supporting the WGA, SAG-AFTRA, and DGA is the powerful Teamsters Union, which represents many crafts including drivers, location managers, and others. The Teamsters contract, representing 12,000 showbiz employees, expires on July 31. Teamsters Director Lindsay Dougherty told the WGA, "Our Teamster members are going to be with you side by side."

Also supporting the WGA is the International Alliance of Theatrical Stage Employees, "IATSE," which last month negotiated their new contract with AMPTP. "IATSE supports the workers represented by the Writers Guild of America West and the Writers Guild of America East in their collective fight to win a fair contract," IATSE president Matt Loeb said. IATSE represents 100,000 showbiz workers in technical and cinema/television set positions.

A very strong solidarity approach to demand that workers once again share in the increased value of corporations that profit from their work is suddenly now possible.

Workers demanding their fair share of the multi-million-dollar incomes now lavished solely on the corporate executives could finally set in motion a correction of the

damage to America's middle class by Reaganomics' redistribution of wealth four decades ago.

President Ronald Reagan worked hard to neutralize and demonize unions, while removing safety nets and loosening financial safeguards to create outrageously out-of-synch incomes to make the rich richer.

Showbiz workers must work hard to seize this opportunity and create a new future. Not only has Reaganomics "hollowed out the middle class," but it also paved the way for Trumpism¹⁰. As America prepares for the next presidential election, and as we face another possible Trump presidency, this issue alone should make us strive diligently to reverse the damage of Reaganomics.

Today's Hollywood union solidarity can do this.

NATIONAL IMPLICATIONS

This could reverberate throughout the country.

Four decades of Reaganomics has so infiltrated American society that it now sounds like heresy for workers to demand incomes and working conditions that reflect their contribution to the value of corporations, but prior to the Ronald Reagan presidency, that was "the American way." The middle class in America had been the envy of the world, representing the true strength of our country.

It no longer is.

Extreme income inequality now means the middle class in America has stagnated while corporate executives and their cozy Boards of Directors have crafted obscene payouts to themselves to create extreme income inequality.

The American middle class was an achievement of the best ideals of America, created over the past century by workers fighting for their rights to be strong and live the American dream.

¹⁰ Komlos, John, 2019. "The Road to Trump Began With Reaganomics & the Loss of the Middle Class", Duke Today, January 29, 2019
<https://today.duke.edu/2019/01/road-trump-began-reaganomics-loss-middle-class-economist-says>

Reaganomics reversed that, driving society backwards towards pre-middle class history, redistributing wealth to what it had been when there were only the rich and the poor.

The Judeo-Christian ethic is clear about workers being worthy of their wages, so it is hypocritical in this era of extreme Christian nationalism that income inequality is not only tolerated but embraced.

Although it's only four decades old, Reaganomics has become sacrosanct, as if it were the *de facto* origin of our country's strength. That is not so, and its constant imposition on us must be stopped.

The solidarity and actions today in Hollywood could rebuild America's middle class and protect American democracy. This is the time to stand up and be counted.

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This article available as a .pdf file at <https://www.dropbox.com/s/mh4b4v6tn4oaglv/Proposed%20Hollywood%20Unions%20versus%20Reaganomics.pdf?dl=0>

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