The Eady Levy, "the envy of most other European nations": Runaway productions and the British Film Fund in the early 1960s

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The Eady Levy, “The Envy of Most Other European Nations”: Runaway Productions and the British Film Fund in the Early 1960s

James Fenwick

“At one point at the beginning of this year,” ran the byline in Variety’s April 1964 issue, “there was only one film in production in British studios and that was being financed by a major American company” (Myers 1964: 35). Variety pointed out the irony of this given the existence of the British Film Fund, also known as the Eady Levy, which was meant to bolster British film production and had been lauded as “the envy of most other European nations” (Myers 1964: 35).

The Eady Levy had been introduced as a voluntary scheme in the UK in 1950, before being made compulsory as part of the Cinematograph Films Act of 1957 (Terry 1969: 121), the intention of the subsidy fund being to support British film producers and provide them with an increased share of the “amounts paid by the public at the box office” (Stubbs 2008: 3). Contrary to the bleak view laid out by Myers (1964), the Eady Levy intensified the so-called Hollywood runaway production - the relocating of predominantly American financed pictures to the UK, amongst other countries - and would profoundly affect the British film industry throughout the 1960s. But despite its intention to favor British film producers, it was American film productions that were reaping most of the levy yield and were soon heading to the UK in large numbers. The snide remarks by Myers (1964) were perhaps indicative of the attitude held by many in the film industry toward what equated to state subsidization.

Of course, how successful the Eady Levy fund was depended on one’s interpretation of the industrial context. Some regarded the health of the British film
industry as being in fine form as a result of the Eady Levy fund, such as Andrew Filson, Director of the Federation of British Filmmakers, who commented that the continued success of British films is “well illustrated in a list of the films with the biggest U.S. - Canada rental in 1964. Of 65 films, 12 were British” (Landry 1965: 5); these included *The Bridge on the River Kwai* (1957), *From Russia with Love* (1963), *Becket* (1964), and *Dr Strangelove* (1964). On the other hand, there were those in the US who took a very different view. “I propose that we begin immediate steps to investigate and develop what I would call an American version of the British Eady Plan,” said Walter Mirisch, the Hollywood producer, who saw the increase in runaway productions brought about by the Eady Levy as detrimental to Hollywood (Anon 1960b: 11).

Why is it that the fund caused such consternation for Walter Mirisch, delight for Andrew Filson and indignation for the likes of producer Carl Foreman, who criticized the fact that his own film, *The Guns of Navarone* (1961), received $1,000,000 from the fund? (Anon 1965: 14) This chapter will outline the function of the Eady Levy fund and demonstrate how it was taken advantage of by the American runaway productions that came to dominate the British film industry during the early 1960s. This will be followed by a discussion of the issue of the Americanization of British film and the cultural and economic side effects of the Eady Levy fund upon the runaway production. The chapter will conclude with two brief case-studies of films that exploited the Eady Levy fund for differing reasons, and with differing results: Stanley Kubrick’s *Lolita* (1962) and the first film in the James Bond franchise, *Dr No* (1962). Taken together, these chapter elements work towards a revisionist understanding of the Eady Levy fund and the apparent negative Americanization of British film. The chapter will argue for the fundamental positive
side-effects of the fund on the British film industry during the time period discussed, with the Eady fund being the prime contributor to a British invasion of the American box-office.

**Defining the Eady Levy**

The Eady Levy, named after the HM Treasury official Sir Wilfred Eady, involved “reductions in Entertainments duty and certain increases in cinema seat prices” (Dickinson and Street 1985: 225). Half of the money raised by the increase in cinema seat prices was to be kept by the exhibitors, whilst the remaining amount was to be paid into the British Film Fund (though still referred to at the time as Eady money, or the Eady fund), which was then distributed to producers of British films according to box-office earnings. Previously exhibitors had paid a voluntary levy on cinema seat prices; this became statutory with the passing of the Cinematograph Films Act 1957, under the name The British Film Fund Agency (Cinematograph Films Act 1957: a.2, 1a). Government officials hoped the Eady fund would boost the industry’s income by £3million (Dickinson and Street, 1985: 225). Producers applying for Eady money had to ensure their film met the criteria for registration as British. Qualifying criteria included the need for the production company to have been legally set-up in some part of the British Empire and at least 75 per cent of labor costs to have been paid to British/British Empire persons (Parliamentary Communications Committee 2010). If a production met these criteria, then a payment would be made by the Eady fund “in proportion to the box office gross of their [the producer’s] film. The more popular the film, in other words, the greater the payment it received” (Stubbs 2009: 4). The British Film Fund was also used to make payments towards the Children’s Film
Foundation, the National Film Finance Corporation, the British Film Institute, and the training of filmmakers (BFI Screenonline, n.d.).

The creation of the Eady Levy was spurred on by cultural fears of the Americanization of Britain and of Hollywood’s corporate dominance. It was believed that state protection of the British film industry could “bolster wider trade and [was] a means for British films to compete with their powerful rival” (Glancy 2014: 23). Such concerns had previously led to the introduction of a quota system in the Cinematograph Films Act 1927 (Chibnall 2007: 1-3), as well as measures in other film acts in the subsequent decades that included the blocking of assets and the prevention of American production companies from taking all of their profits out of the UK. Driving these measures was a judgment that British films could possibly be successful with audiences given a more equal market force and so the Eady fund was designed to allow Britain to compete with Hollywood (Glancy 2014: 23). What wasn’t anticipated was the nature of the American runaway production that would come to dominate the Eady fund by complying with its criteria and in the process becoming “British” films.

A statistical overview of the distribution of the Eady fund during the early 1960s can lead to the assumption that the British film industry had become wholly Americanized, due to the extent to which runaway productions were the largest beneficiaries of the fund. But it wasn’t only Hollywood’s economic power that led to the popularity of these runaway productions at the British box office, but also the films’ content. The Eady fund shaped what films were made by Hollywood. To see the Americanization of the British film industry as simply a negative force because of Hollywood’s dominance of the Eady fund is to misunderstand the fund’s cultural impact upon Hollywood runaway productions. The Eady fund certainly attracted
American producers eager to exploit it financially, but it also shaped the kinds of film they made to meet its criteria of “Britishness.”

**The Success of Eady and the Americanization of the British Film Industry**

The history of the Eady Levy fund has become intertwined with the notion of the runaway production. Far from creating a distinct national cinema, the Eady fund was contributing toward Anglo-American collaborations and the establishment of a transnational cinema that persists to this day. But the subsidy itself was not always the prime motivator for these runaway productions; other key factors included the exchange rate of the dollar meaning cheaper labor costs in the UK and the desire for authentic locales (Dickinson and Street 1985: 236). An economic study conducted at the time by the Hollywood American Federation of Labor Film Council (AFL) concluded that there were five key factors as to why producers shot abroad, including blocked currencies and tax advantages, with “easy money and/or subsidies” coming number five (Ulich and Simmens 2001: 358-59).

Whatever the reasons for shooting abroad, and regardless of the seductive nature of the Eady fund, the number of wholly or partially financed American productions in the UK rose rapidly in the early 1960s, from 43% in 1962 to 88% by 1968 (Dickinson and Street 1985: 234). At the same time, because of the criteria demanded by the Eady fund, these films were being identified as British, allowing the Director of the Federation of British Film Makers to proclaim in 1965 that “a British film “Tom Jones” won the Best Picture Oscar in 1964: two British films (“Becket” and “Dr Strangelove”) are among the five nominations for the 1965 Oscar”, making the UK “a production centre of international importance” (Myers 1965: 55).
If the Eady fund was a trigger for this supposed Americanization of the British film industry, then the fund can equally be seen to have instigated a British film invasion of the American box-office. Whilst many may have worried about an American takeover of British film, others saw the Eady fund and the runaway production as the death knell for American filmmaking in Southern California. The headline of *Variety*'s 12 May 1965 edition boldly declared that “Britons Top U.S. Pix Imports”, going onto say that “in the 1964 calendar year 83 British pix brought in domestic (U.S. - Canada) rentals totaling a whopping $49,098,000” (Canby 1965: 1). And even though the majority of these rentals were for productions backed by the US majors, 10 per cent was earned by wholly independent British productions, a total of $5,038,000 (Canby 1965: 1). This was an increase of around $1,000,000 for British independent productions in 1964-65 and a step-forward for truly “British” films in the American market place (Canby 1965: 30). This perspective of the British film industry in the 1960s, then, is opposite to how Dickinson and Street (1985: 233) termed it a Hollywood colony. The American majors were not “stealing the Eady Money out of the mouths of starving British film-makers” but instead “getting back a fair share on a big investment” (Houston 1966: 55). It must be noted, however, that it wasn’t only Hollywood productions fleeing to the UK, but also Canadian ones, leading to an editorial in Cinema Canada to claim that “the lack of a clearly defined tax leverage is causing our producers to seek investment advantages elsewhere, notably under Britain’s Eady plan” (Anon 1973: 5).

And the advantages of the Eady subsidy to runaway productions were undoubtedly alluring. The Eady Levy yield could at times build to a substantial amount, as in 1960 when it totaled over $11,000,000 due to “the larger number of box office hits playing in Britain” (Anon 1960a: 13). The more successful films were at
the box office, the larger the rewards were from the Eady fund. This was best emphasized in the Eady payments made to films such as the American runaway Thunderball (1964), which received an estimated $2.1 million payment from the Eady fund, equating to around 15 percent of the available fund money that year (Stubbs 2009: 7).

Other filmmaking had been taking place within Britain at this time besides the Eady subsidized Anglo-American runaway productions, most notably British New Wave films like Saturday Night and Sunday Morning (1960) and The Loneliness of the Long Distance Runner (1962). These films were not as successful at the box office as the runaway productions and so did not necessarily feel the effects of the Eady fund. This did lead to disquiet amongst the British Film Producers Association (BFPA), which called for an alternative distribution method for the fund, including an idea whereby “American-financed British pix should be excluded from the share-out” (Anon 1965: 14). Such a reaction is easy to understand given the above example of Thunderball reaping the benefits of the Eady fund. This could be misconstrued as negative Americanization of British film, and the runaway production as an undesirable cultural monopoly. Yet, the productions taking advantage of the Eady fund were also often influenced by its criteria of "Britishness", with the fund therefore possessing an unconscious cultural aspect and being responsible for “shaping the content of the films produced by American studios in Britain” (Stubbs 2009: 1). The Eady-backed runaways offered portrayals of Britain and British identity, thereby complicating “the distinction between British and American film-making” (Stubbs 2009: 1). Producers were conscious of ensuring that the content of their film conformed to this British identity required of the fund criteria in order to reap its financial benefits, and as a consequence were often turning to particular British
themed narratives and characters, such as *Lawrence of Arabia* (1962) and *Becket* (1964). These films had intriguing transnational identities, being British-made, American-financed, Eady-backed productions.

What follows in this chapter are two brief case studies of runaway productions that received Eady funding: *Lolita* (1962) and *Dr No* (1962). These two productions reveal the economic and cultural imperatives faced by producers and how the fund influenced their content (Stubbs 2009: 2). What is revealed is that those producers who exploited the Eady fund purely for financial gain offered films that were weaker and suffered due to production in the UK, versus those who shaped their content accordingly to meet the fund criteria of Britishness going onto produce a more successful product. Thereby, Eady was not contributing to a negative Americanization of British Film, but rather guiding it toward a more British generic trope.

**Eady’s Seduction of *Lolita* (1962)**

Perhaps the most celebrated of runaway exiles during this period was film producer-director Stanley Kubrick, who in 1961, along with his business partner James B. Harris, took the decision to shoot *Lolita* in the UK at the Associated British Studios, Elstree (Corliss 1994: 16). What the production of *Lolita* demonstrates was how, contrary to Stubbs’ (2009) analysis of the cultural dimensions of Eady, independent producers and companies did choose to relocate to the UK purely for economic gain, the results of which had a negative effect on the final picture. Independent package-unit outfits like the Harris-Kubrick Pictures Corporation had flexibility in where they filmed, often given creative freedom by their financiers; in the case of *Lolita* this was the Canadian company Seven Arts, headed by Elliot Hyman, and the distributor MGM (Corliss 1994: 52). The shift toward package-unit modes of production saw the
major studios becoming “managerial entities” and “capital intensive”, with runaway productions being a “direct cause, as well as an effect, of this shift in the fundamental business” of Hollywood (Monaco 2001: 12).

In order to secure financing from Seven Arts, Harris and Kubrick decided they needed to film *Lolita* on a low budget in a country where production and labor costs were low and where subsidies were available (LoBrutto 1997: 202). James B. Harris had visited Europe in search of finance and locations, settling on the UK precisely so as to utilize the Eady fund (1997: 202-203). The complexity of the financial arrangements on *Lolita* went further, with Harris-Kubrick setting up two additional production companies, Anya Productions and Transworld Pictures, which were registered to Switzerland, presumably for tax arrangement purposes. By filming in the UK, Harris-Kubrick were easily able to gain financial backing, since MGM had frozen funds in the country that they wanted to use (Castle 2005: 328). Kubrick himself remarked in an interview with Gelmis (1971: 299) that, “it turned out the only funds I could raise for the film had to be spent in England.” Harris and Kubrick realized that savings of upwards of 30 percent could be made by their decision to film in the UK (Baillieu and Goodchild 2002: 84). In order to qualify for the Eady fund, Harris had to ensure that 80 per cent of the labour costs were towards British persons and all but two of the main featured actors had to be British subjects (Corliss 1994: 78). Harris obliged, with a number of British actors appearing in the film, the most notable being James Mason, Peter Sellers and Lois Maxwell, amongst others. The remainder of the cast were a mixture of American, Canadian and British, with some able to “counterfeit American dialogue more persuasively than others” (Corliss 1994: 78). But it was in the choice of crew that the compliance with the Eady fund was most notably felt, with the majority being of British nationality, including the noted
cinematographer Oswald Morris, editor Anthony Harvey, and assistant director René Dupont.

The second half of *Lolita* is very much in the vein of an American road movie (LoBrutto 1997: 222), but shot in England for economic purposes. This decision to film *Lolita* in England “sacrificed the grit of the seedy American town and the entire freeway culture which gave the book so much” (Higham, 1972 cited in Monaco 2001: 15). The cost-savings led to the loss of the authenticity of the American highway locale of Nabokov’s novel and instead gave the film a decidedly cozy, British feel. This is one of perhaps many flaws in the final film (censorship issues aside). Whereas the content of other runaway productions had been influenced towards an authenticity that Britain and its Commonwealth could provide, *Lolita* turned this down in favor of financial discounts.

*Lolita* and the Eady fund were successful in showing Kubrick how attractive Britain was to independent American film producers, there being “tax breaks for overseas artistes who made their permanent home in Britain and there was a pool of technicians without any of the language obstacles of other European countries” (Baillieu and Goodchild, 2002: 90-91). The Eady fund and its criteria for the use of British crew and technicians would persuade Kubrick permanently to relocate to the UK, utilizing its innovative talent and studios like Pinewood, Elstree and Shepperton and the post-production houses in London which were enjoying a boom. Kubrick would take full advantage of the Eady fund throughout the 1960s and 1970s, with British crews populating his sets. The government subsidy that had originally seduced *Lolita* and its producers and financial backers to film in the UK, permanently married its film director to the British film industry.
Eady’s License to Kill: United Artists and James Bond

If *Lolita* exemplifies the balance of economic imperative at work in the relationship between the Eady fund and runaway productions, then United Artists (UA) and their James Bond franchise demonstrates the balance of cultural imperative (Stubbs 2009: 2). UA was possibly the American company best positioned to utilize the Eady fund, having no studio overheads to support like the traditional majors and thereby having the “freedom and mobility to deal with independent producers all over the globe” (Balio 1987: 233), whilst the issue of shooting on location was very much central to the company’s policy of distributing films with an international appeal. The company in the 1960s would agree to finance what would become one of the most successful film franchises in cinema history: James Bond. Whereas the producers of *Lolita* exploited the Eady fund for economic gain, the producers of Bond saw an opportunity to gain American backing for a “British” product and to offset the production financing risk with government subsidies. Bond, an American-funded film franchise adapted from the work of British author Ian Fleming, was subsidized – often substantially so, as in the case of *Thunderball* – by Eady money.

The Bond series was packaged and produced by the duo of Albert R. Broccoli and Harry Saltzman, the former an American, the latter Canadian. In circumstances similar to Harris-Kubrick when they were putting together *Lolita*, Broccoli-Saltzman incorporated their production company, Eon Productions, in Switzerland (Balio 1987: 253). The original deal set out by UA was cautious, with the company decreeing that “the first Bond picture had to be a low-budget item,” (1987: 257) and there lie the seeds of Bond’s application to the Eady fund. UA, which provided 100 per cent financial backing (Chapman 2009: 43), insisted that in order to reduce the production financing risks, *Dr No* – the first film in the series – “had to qualify for an Eady Plan
subsidy, which meant that it had to have an all-British cast and shot on British locations” (Balio 1987: 257) – this latter point extended to the entire British Commonwealth. Broccoli has said of the Eady fund that it was “the carrot that induced American production to come here” [the UK] (Chapman 2009: 40). The producers had initially wanted to film *Thunderball* as the first picture in the series, but were persuaded to adapt *Dr No* because filming in the Caribbean allowed the film to qualify for Eady money. The Bond films were shot primarily on set at Pinewood Studios, which would become the historic home of the series, and utilized a large British crew, upwards of 80 per cent of the labor costs being towards British technicians, ensuring the producers would be eligible for an Eady fund payout (Chapman 2009: 43).

The unprecedented success of the Bond films from the very beginning, with *Dr No* for example grossing “$840,000 in two weeks [in the UK] and quickly becoming one of UA’s all-time box-office champions” (Balio 1987: 259), was indicative of a change in audience tastes within the UK. This perhaps reflects the kind of films that were subsidized by Eady money, which in turn were the films most popular with audiences at the box office. By around 1963/1964 the taste for the British New Wave films had begun to flounder and by 1963 “there were strong indications that the tides of critical and popular taste had turned” (Chapman 2009: 51). Films like the James Bond series with strong entertainment value were seemingly what audiences now wanted. By 1974, estimates suggested that the Bond franchise had “drawn over £3 million from the Eady fund. Given that the Eady money was distributed among eligible producers on the basis of box-office takings, it amounted, in effect, to a subsidy for commercial success” (Chapman, 2009: 150).
Runaway productions being made to meet Eady fund criteria were not so much an Americanization of British film and its audiences, but a response to British tastes in entertainment. By the early 1960s, audiences were turning to both the epic Hollywood blockbuster fare in the vein of Ben Hur (1959) and The Magnificent Seven (1960), as well as British genres, in particular war films, such as The Dam Busters (1955) and The Bridge on the River Kwai (1957) (Chapman 2009: 54). Eady films/runaway productions attempted to bridge the gap between these two tastes, with the likes of the James Bond franchise being both of the British generic tradition, based on British literary material, including spy thrillers, whilst simultaneously containing high production, Hollywood spectacular values (Chapman 2009: 54).

The primary influence of the Eady fund, then, was for British-themed films coming to dominate “Hollywood’s operations in Britain” (Stubbs 2009: 17). For UA, the Bond films were a part of its international operations and an integral element of its “British production strategy that also included Tom Jones (1963) and the Beatles films” (Chapman 2009: 43-44). This strategy involved UA taking advantage of the Eady scheme from its inception, with the company financing a “program of British-made productions” with the “Eady Pool not only encourag[ing] runaway production, it also aided UA in its financing efforts” (Balio 1987: 236-237).

**Conclusion**

Ultimately, these case-studies emphasize the importance of moving away from the consideration of Eady fund-backed runaway productions as distinctly “Hollywood”, “American”, or even “British”, and instead move toward an understanding of their Anglo-American collaborative nature and the way in which investment by American production companies helped foster the British film industry during this period. The
extent to which the Eady fund can be seen as contributing to this success is debatable, but it certainly was one among many circumstances that attracted runaway productions. The Eady fund had a degree of influence on the content of runaway productions and forged a British national identity within big box-office fare (Stubbs 2009). The Eady fund was a force of positivity in the flagging British film industry in the 1950s and 1960s. Far from imposing an unwanted Americanization or cultural hegemony onto the industry, the Eady fund established Britain as a premiere ground for filmmaking prowess and technical brilliance. Stanley Kubrick chose to make the majority of his films in the UK as a result of the economic draw the Eady fund provided. And as a consequence, he went onto contribute to the UK’s status for technical excellence with his assembly of technical and special effects personnel on *2001: A Space Odyssey* (Parliamentary Communications Committee 2010).

The Eady Levy would continue to be dogged by controversy though, particularly amongst those in the British film industry who saw the levy yield as being taken over by Hollywood corporations. Thus constant lobbying took place to try and halt or amend the Levy, particularly by members of the BFPA, who at one members’ meeting suggested, “part of the coin could be used to help promote the exploitation of British film production in national trade fairs which are sponsored by the government in various overseas territories” (Anon 1965: 14). Such a suggestion was never adopted and for a significant number of years the likes of United Artists with their James Bond franchise, and Stanley Kubrick who had made the UK his permanent workplace, continued to take from the Eady Levy, until the Thatcher government finally abolished it in 1985.
Further reading


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