

'KEAN': A CASE STUDY OF THE HIGH COST OF THEATER ON BROADWAY

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When the play "Edmund Kean" with Ben Kingsley ran in London last year, the production cost \$30,000 and the top ticket price was \$13. When the identical play and actor came to Broadway earlier this season, the production cost \$150,000 and the best seat was \$32.50.

The higher price of producing - and seeing - "Kean" in New York is not an isolated example of the higher cost of theater on Broadway compared to London. Virtually every play that moves to Broadway from the commercial theaters of London's West End is more expensive here, in many cases as much as five times more costly.

Most producers and theater owners in New York object to the making of an economic comparison with London, arguing that the higher price of theater here is consistent with the higher level of a variety of goods or salaries. Nevertheless, the disparity in theatrical costs considerably exceeds the average difference in wages and the cost-of-living between England and the United States. Nor does the growing strength of the U.S. dollar in relation the British pound - a gain of about 33 per cent by the dollar since 1978 - account for the gap in theatrical finances.

The question is why, and an examination of "Kean" provides some of the answers: higher salaries in both labor and management positions in New York; more unionized jobs with less flexible work rules; higher property taxes and utilities costs on theaters; higher costs for advertising and a greater use of it, and Broadway's tendency to stage more technically elaborate, and thus more expensive, physical productions. The effect is felt in ticket prices: a \$45 top on Broadway and an

\$19.50 top in the West End for musicals, and a \$37.50 top on Broadway and a \$15 top in London for plays.

Opinions are sharply divided as to the significance of the difference. "The costs in New York are so enormous," said Duncan Weldon, the producer of the West End production of "Kean." "That's why half of your theaters are empty. Someone's got to do something about it soon, because going to the theater is a luxury item for the public. If times are austere, theater is totally dispensable. You must make your price viable or you'll price yourself out of the market."

But many Broadway producers and theatrical union officials argue that the higher costs in New York are justifiable. "The reason we don't have more shows going up," said Robert McDonald, the legitimate theater business agent for Local 1 of the International Alliance of Theater and Stage Employees, "is because we don't have the product."

When "A Chorus Line" raised its top ticket price to \$17.50, producers point out, there were predictions that the increase would drive off the audience; years later, with a top of \$45, the show runs on. "Cats" and "La Cage aux Folles" regularly sell out with a \$45 top, and scalpers sell tickets to hit shows at \$100 or \$200.

"It costs more to put on a play in New York and it always did," said Harvey Sabinson, the executive director of the League of New York Theaters and Producers. "There's the cost of labor, the cost of advertising. But everything costs more here than in London - a cab ride, a newspaper."

Yet producers and investors, as much as audiences, feel the effect of the higher costs in New York as opposed to London. For both the potential gain and the potential loss are much greater in New York. "Cats" cost nearly \$1.1 million in London and \$5.3 million in New York. "Noises Off" cost \$75,000 in the West End and \$400,000 on Broadway. "The Real Thing" cost \$135,000 there and \$800,000 here.

"Kean," then, is typical of the most recent British imports in costing about five times as much to produce in New York. The play is not a perfect example of the discrepancy - in the opinion of its producer, Alexander Cohen, and such major theater figures as Bernard Jacobs, the president of the Shubert Organization, as well as union leaders - because no two shows or producers are identical.

"Kean," however, provides several bases for comparison. Although the play was first performed in a subsidized English theater, the Lyric- Hammersmith in London, it had identical six-week engagements last year in London and in New York, where it ran from Sept. 19 to Oct. 29. It played in theaters of similar size, the 906- seat Haymarket in London and the 1,090-seat Brooks Atkinson here. And because "Kean" was a small play - one set, one actor, a relatively small crew - it facilitates an item-by-item cost comparison.

"Kean" actually employed two more people in London than in New York - 37 to 35 - but in virtually every job the American salary exceeded the British salary. And this disparity does not appear consistent with the general economic difference between England and America.

In 1982, the average hourly compensation for manufacturing workers was \$11.79 in the United States and \$6.67 in England - a difference of 76 percent - according to the Federal Bureau of Labor Statistics. The annual compensation for a worker is \$19,400 in the United States and \$11,030 in England - a difference of 75 percent - according to Wharton Econometrics, an economic forecasting The United Nations, in determining the per diems for its officials when they travel abroad, put the cost at \$115 in London and \$138 in New York - a difference of 20 percent. Dr. John Williamson, a senior fellow at the Institute for International Economics in Washington, said wages for the same job average about 50 percent higher in the United States than in England.

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Yet the salaries in "Kean" on Broadway - and in most other Broadway plays, because they are governed by the same union contracts - generally ran from 100 to 400 per cent higher than in London.

The weekly minimum salary for an actor is \$610 on Broadway and \$180 in the West End, although Ben Kingsley received far more in each case. A stage manager of "Kean" made \$1,000 a week in New York and \$300 in London. A carpenter made \$658 a week in New York and \$324 in London. A press agent made \$914 a week in New York, \$225 in London. The box-office treasurer in New York made \$670 a week - or \$30 less than the combined salaries for the four-person staff in the box-office in England.

The man who tended to Ben Kingsley's wig in the New York production, Joseph Dal Corso, was paid \$500 a week under a standard union contract - although the job required only about an hour a day, Mr. Dal Corso said. In the West End, a weekly salary of \$500 "is what a semi-name actor gets," said Mr. Weldon, the London producer of "Kean." The wig man in London received \$140 a week, but the salary covered work on several shows, said Anthony Peak, the business manager of the Haymarket Theater. The curtain man in New York, Dick Miller, made \$549 a week, according to the union contract. Yet the curtain was lowered and raised only once during the show, Mr. Cohen said. Union officials said a curtain man also may give some lighting or sound cues.

The difference in the labor situation between New York and London is not simply a matter of salary. Although British unions are known for their pervasive and often militant presence, American unions actually have organized the theater industry more thoroughly. Jobs such as ushers, porters, box office employees, press agents and company managers are covered by unions in New York, but not in London.

"Labor is essentially where we have the difference between New York and London," Alexander Cohen said. "All costs in the theater today are essentially related to labor." Other producers concur.

But the unions are quick to note that the producers and theater owners, through their league, negotiated the contracts they often criticize. "We don't unilaterally tell anyone what to pay us,"

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Some producers say that perhaps an even more important factor than salary is union work rules, which both English and American producers say are more stringent in New York than in London.

"Work rules can cost you more than salaries," said Bernard Jacobs, the president of the Shubert Organization, the largest theater owner on Broadway. "Most of the work rules were negotiated in times when the salaries involved were minimal, so the total cost of the rules was insignificant. Where you once were paying someone 75 cents an hour to do nothing, it might be \$20 an hour now."

Being paid for "doing nothing" is not the norm. But in many theater jobs - like the wig man and the curtain man in "Kean" - unions have negotiated full-time salaries for what are apparently not full-time jobs. Another work rule requires that the men who install the set be paid not only for the hours they work, but for the hours until the lights are focused on the set. With "Kean," the time from the start of installation until the focusing of lights was relatively short, less than three working days. But no such rule exists in the London theater and the set-installation cost for "Kean" was \$10,000 on Broadway and \$1,600 in the West End.

Union officials, and even some managers, defend such practices in an unstable profession. "Are we going to live by the rule that if we don't need someone we throw them to the dogs?" said Mr. McDonald of the International Alliance of Theater and Stage Employees. "All of the people who worked on 'Kean' were out of work when its six weeks were over. So I don't think the rules are unreasonable. They are there to protect people. Theater is not a normal life and it needs compensation."

But do the salaries and work rules backfire by raising the cost of shows so much that fewer shows can be mounted and there is ultimately less work? "I don't think that's true," Mr. DiTolla, the union official, responded. "The market is available if the product is good. The salaries our people make are no more significant than the actors' salaries or any other factor."

Mr. Sabinson of the League of New York Theaters and Producers, said: "You can't criticize paying full-time wages for part-time work, since you are essentially doing that with the actors. And because it's been the practice, it's hard to change." There have been some signs of compromise, said Harriett Slaughter, the director of labor relations for the League. Annual salary increases for most of the theatrical unions have dropped to about six percent a year from about nine percent in the late 1970s, she said, and cost-of-living increases lessened. New and more flexible rehearsal rules have been negotiated with Actors Equity.

But in some cases, in "Kean" and in many other shows, people still are paid for doing nothing. In London, Ben Kingsley had no understudy. In New York, he had one, who made \$800 a week, according to Mr. Cohen. Yet the understudy's contract specified that he need not attend performances and or be listed in the program.

"If Mr. Kingsley told me he couldn't go on," Mr. Cohen said, "I couldn't have put on the understudy, fine actor though he was. I told him not to even bother learning the lines."

But Alan Eisenberg, the executive secretary of Actors Equity, defended the hiring of the understudy. "Every week we have unemployment in our union of 85 to 90 per cent - 70, even if you count those working in films or television," Mr. Eisenberg said. "And since we are allowing an alien actor to come into our country and take a job away from an American, we want some job for an American. Being an understudy is not exactly a career opportunity, but it's better than unemployment."

The case of the understudy is one example of the tug-of-war on Broadway between a producer's desire to pare obvious waste and a union's desire to protect its constituency. The increased mechanization of theater has produced many such wrangles. There is a work rule, for instance, that mandates that if a play uses at least four minutes of recorded music, the producer must pay four musicians \$375 a week each.

Yet for all the debate over salaries and work rules in the theater, the League of New York Theaters and Producers - a management body - itself estimates that salaries account for only half the cost of a show. Added to the expenses set by union contracts are the costs over which a producer has control, particularly the management fees and the physical elements of a show. Each producer is an individual, making personal choices in these areas.

Alexander Cohen, as the producer of "Kean," said he received \$500 a week in office expenses. He said he did not receive a royalty or a salary as producer, which is the common practice, because he had put up the entire \$150,000 to mount "Kean" (and kept the play's \$40,000 profit).

Virtually all Broadway plays use both a producer and a general manager, the latter to provide added fiscal control and expertise. The general manager of "Kean" in New York, Roy Somlyo, earned \$1,250 a week .

But in many British shows, the producer's office does the work of both the American producer and general manager, and for a smaller total cost. In the case of "Kean," Mr. Weldon said his company made \$750 a week for the management tasks that cost \$1,750 a week in New York. Like Mr. Cohen in New York, Mr. Weldon alone put up the money to stage the London production (\$30,000) and took the show's \$10,000 profit.

Paying stars is another province of the producer. Under the Actors Equity contract, a Broadway actor must receive a minimum of \$610 a week. Some stars, like Al Pacino in "American Buffalo," volunteer to work at or near the minimum to help the financial viability of their shows.

That was not the case in "Kean." In London, Mr. Kingsley received 10 per cent of the weekly gross at the Haymarket, which generally put his salary at \$3,000, Mr. Weldon said. In New York, Mr. Kingsley received a minimum of \$10,000 a week or, if it was greater, 10 per cent of the weekly gross. The grosses averaged \$125,000 a week, Mr. Cohen said, so Mr. Kingsley made about \$12,500 a week. (Mr. Kingsley declined to be interviewed about the financial aspects of "Kean.")

To Mr. Cohen, Mr. Kingsley was worth \$12,500 a week. He had recently won an Academy Award as the star "Gandhi" and he was the major reason, perhaps the only reason, for anyone to see "Kean," a biographical play about the greatest British actor of the 19th century.

"In England, 'Kean' didn't have the same status," Mr. Cohen said. "It wasn't anything special for the English to go to the theater to see Ben Kingsley. They'd done it all their lives. Here, it was an event."

The total packages of royalties for the London and New York productions of "Kean" were roughly comparable - 20 1/2 percent in London and 22 1/2 percent in New York. But authors, composers and other artists often waive or defer their royalties on Broadway - although not in "Kean" - to cut a show's expenses. The practice is rare in London, the artists say.

In addition to the star's salary and the royalty structure, a producer also largely determines the cost of the physical aspects of a play - the lighting, sound and set design. The more sophisticated the physical production, the more is spent on materials and the more stagehands to be employed at union scale to construct, install and work the theatrical hardware. And, according to both American and English theater experts, this is an area of great financial difference between the commercial theater in London and New York.

"Kean" is not a good example in this case, since it involved only one set, a few props and relatively simple lighting. But other plays illustrate the point.

The Shubert Organization spent \$1 million redesigning the entire interior of the Winter Garden Theater as a junkyard for "Cats," Mr. Jacobs said; the entire London production of "Cats," with a less extensive set, cost nearly \$1.1 million. The Shubert Organization and its co-producers spent thousands of dollars to mechanize the scenery for "The Real Thing," reducing to seconds the time needed to change sets. The London production of the Tom Stoppard play used manual set changes in London, which were less expensive but required up to a minute between scenes. When Ronald Lee produced "Steaming" in New York, he spent \$80,000 on a set resembling a London bathhouse, down to imitation tile and an arched ceiling. The cost of the entire London production, which had a much simpler set, was \$125,000.

"You have creative artists who say, 'I want it done my way' and they go 36 hours straight and build up quite a bill," said Mr. DiTolla of the International Alliance of Theater and Stage Employees. "It's the producer's choice. It doesn't happen with a gun to anyone's head."

"There's an aggrandizement of production costs here," Mr. Eisenberg of Actors Equity said. "The costumes are richer. The scenery is more elaborate. And when we bring this up at negotiations, the argument comes back that this is what American audiences want."

That, indeed, is the contention of many producers and theater owners.

"We have a degree of sophistication the British don't have," Mr. Jacobs said. "You can go to plenty of London shows and they may have 70 to 100 lights. In New York, you'll never see a show with less than 300. 'Dreamgirls' had 950. The decision of where to spend money is not the producer's as much as the creative person's - whether that's Trevor Nunn or Peter Hall or Michael Bennett. And when they say something is necessary for the creative success of the show, what producer is going to say no?"

The questions remain of whether the Broadway audience can tell the difference, whether the trappings of a show, rather than its words, songs and performances, make enough of a difference to justify the added expense.

"It's a chicken-egg situation," Mr. Jacobs said. "Could you charge our ticket prices without those design elements? And could you really cut ticket prices if you went without those design elements? One of the great mysteries is whether New York audiences are sophisticated enough to know the difference. We think they are."

Selling a show through advertising is one more area in which producers have some autonomy, and in which the expenditure is generally higher in New York than in London. A large advertising campaign for "Kean" in England cost \$15,000, Mr. Weldon said. In New York, what Mr. Cohen termed a "minuscule" advertising push consumed \$45,000.

Many producers and theater owners attribute the difference to higher advertising rates in New York. Newspaper advertising rates are indeed higher in New York than in London, and have risen here by better than 200 percent since 1970, producers say. But both American and English producers say television rates are lower here because in England there is heavy competition for limited slots available on England's only two commercial networks,

Regardless of the rates, shows seem to require more advertising on Broadway than in London to compensate for the relative paucity of newspapers.

"With 13 newspapers in London," said Michael White, a British producer who has imported such American plays as "Annie," "no one review can doom a play. There's almost always dissent. If you have a big commercial show in New York and get a poor review in The Times, you have a very difficult time."

"The budget for advertising in London is infinitesimal compared to here," said Mr. Lee of "Steaming." "There are so many more newspapers, so many more critics to listen to."

Certain fixed costs in the theater tend to be higher in New York than in London. The real estate tax on the Haymarket Theater is \$30,000 a year, while the tax on the Brooks Atkinson is

\$49,411, or 65 percent greater. The annual utility bill is \$20,000 on the Haymarket and \$67,437 on the Brooks Atkinson, or 337 per cent greater. These differences - and such factors as telephone, insurance and burglar- alarm costs - were felt in the theater rental, which was \$10,000 a week for the Brooks Atkinson and \$2,500 a week for the Haymarket.

Yet the cost of the entire production of "Kean" was 500 per cent greater in New York than in London. That 500 per cent difference holds true for many other recent productions - "The Real Thing," "Cats," "Noises Off," "Steaming." On the other hand, Mr. White, the British producer, said he has mounted American plays in London for roughly half their cost on Broadway.

What, in the end, does the disparity in costs say about the way Broadway is run now? Or its viability in the future?

Little, suggested Mr. Cohen, the New York producer of "Kean." "We in this office will put on a play if we think it has merit," he said. "We've put on inexpensive shows like 'Kean,' and we've put on shows for \$2 million or \$3 million. Once you've dedicated yourself to a project, the cost - reprehensible though it may be - is the cost. And you have to remember that, while the price of putting on a play may be 10 times greater in New York than in London, the profit potential in New York is 20 times greater."

"Have we run amuck?" asked Mr. Sabinson of the League of New York Theaters and Producers. "From management's viewpoint, yes. From labor's viewpoint, maybe not. I don't know the exact point in time where we ran amuck. All I know is that it's just too expensive."

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