

*Austria's Bruno Kreisky played a key role in North-South relations.*

experience in dealing with the Russians remains valuable to Germans who are increasingly envious of the Austrian solution.

Ornery, shrewd and outspoken, Kreisky once advised French journalist Mark Blaise never to believe what men in power say, but only to analyze what they do. "Everyone is lying," said Kreisky. "The truth, the real decisions are to be found behind closed doors where journalists are kept out. Everyone is manipulating everyone else and that is what makes politics so fascinating and dangerous at the same time."

### The return of Soares.

And now we come to Mario Soares, who with 36.2 percent of the vote is being elevated to the head of a coalition government with the fairly right-wing Social Democratic Party. The amiable Soares began his career as Portugal's Socialist leader right after the April 1974 revolution, thanks to the sponsorship of the German Social Democratic Party. In those days, he often spoke of revolution and the evils of capitalism. Yet the Portuguese Socialist Party failed to make any headway in breaking the Communist Party's grip on the labor movement, and it remains the party of the vaguely well-intentioned middle class.

Soares' first stint in office was a flop, and the smart money turned to dynamic center-right leader Francisco Sa Carneiro, who after a year as prime minister was killed in an air crash in December 1980. Deprived of its natural leader, the task of modernizing capitalism has fallen back on Soares—at least for the moment.

Meanwhile, Soares abandoned German for American patronage. The warm reception he got in Washington last February was understood to be his consecration as the Reagan administration's official candidate. Soares reportedly agreed to extend U.S. military facilities in the Azores and also to take the Beja base south of Lisbon back from the West Germans and turn it over to the Americans. Soares is supposed to appoint Azores Socialist Party member Jaime Gama as defense minister in charge of transforming Portugal's Atlantic islands into stepping stones for intervention in Africa by a rapid deployment force.

## Mario Soares was Reagan's favored candidate in Portugal... Austria has Europe's best economic record, yet Bruno Kreisky didn't get a majority.

East and West. In his retirement home in Majorca, he will no doubt continue to try to play an international role, but his flair for compromise has been finding few takers recently. After returning from wartime exile in Sweden, Kreisky took part in the negotiations leading up to the 1955 treaty that gave Austria its unity and independence in return for neutrality. His

This fits in with the Pentagon's new strategy of fragmenting NATO by developing bilateral deals—especially with Mediterranean countries—for policing operations outside the NATO treaty area, in Africa and the Mideast. Soares' membership in the Socialist International may be used to provide ideological cover for the new Portuguese mobile intervention force of paratroopers, marines and commandos.

In return for these favors, the Portuguese are counting on American economic and financial aid to help them out of their disastrous indebtedness, plus U.S. pressure to help them get into the Common Market.

Soares is possibly being set up as a fall guy. These compromising deals, plus the obligatory economic austerity measures to go with them, are not likely to garner him much popular support within Portugal. The Communist Party, which under the old-line leadership of Alvaro Cunhal has held its strength in the unions and at the polls (18.5 percent in the latest elections), will probably lead worker resistance.

The middle classes are feeling the economic squeeze and are politically disoriented. Observers predict that a few months of soft Soares will be followed by the rise of a strong man—perhaps the current president, General Ramalho Eanes, who seems to be waiting in the wings for better days.



## EUROPE

# Tale of two socialist parties

By Diana Johnstone

PARIS

IN JUST TWO DAYS IN APRIL, A Socialist Party lost its absolute majority in Austria and Chancellor Bruno Kreisky stepped down, while another Socialist Party won office in Portugal and Mario Soares moved in to head the new coalition government. But the words "socialist party" can cover very different realities. Mario Soares in return for Bruno Kreisky is an exchange about as equal as, say, trading a Viennese fox for a Portuguese jellyfish.

The Austrian Socialist Party has a rich cultural tradition (including the "Austro-Marxism" of the inter-war period), solid roots in organized labor and a wealth of government experience. In comparison, the Portuguese Socialist Party hardly exists. The Austrian party is the strong left in a deeply conservative, prosperous country, while the Portuguese party is a weak chameleon in a poor country that has been rhetorically on the left since the 1974 revolution but is now disenchanted with politics and unsure of itself.

But in both countries, the elections were felt as largely irrelevant to major problems. Both reflect a certain discouragement—a sense of helplessness.

In Austria, the Social Democrats still came in first, capturing 48 percent of the vote. But this was considered a big setback for a ruling party whose record on the twin problems of inflation and unemployment is the best in Europe. When the votes had been counted, Kreisky announced he was retiring at 72. Kreisky's failing kidneys may have been a decisive issue in the voting.

Like Kreisky himself, the Austrian model was beginning to look worn out—especially when the government lost respectability in the wake of a hospital construction corruption scandal.

More fundamentally, the long world recession is finally beginning to undermine even the Austrian model. The Austrian welfare state has long been subsidized by the largest nationalized sector in non-Communist Europe. The nationalized industries export about a third of their products, accounting for about a

fifth of Austria's sales abroad. But foreign markets are shrinking. Hardest hit is the steel industry, the largest in Austria's public sector. To preserve jobs, the Social Democrats have kept the steel industry running at a loss. From 1976 to 1981, the steel industry soaked up 8.5 billion schillings in subsidies while bringing in only 10 million to the treasury.

For the unions, the nationalized industries have long been considered the model in wages, benefits and job security. But recently the benefits extended to state employees have been denounced as expensive privileges that are unfair to taxpayers and ruinous to the public budget.

Having lost their absolute majority, the Social Democrats will likely govern in coalition with the Freedom Party, a free enterprise party considered to the right of the West German Free Democrats, who last year brought down Helmut Schmidt in West Germany.

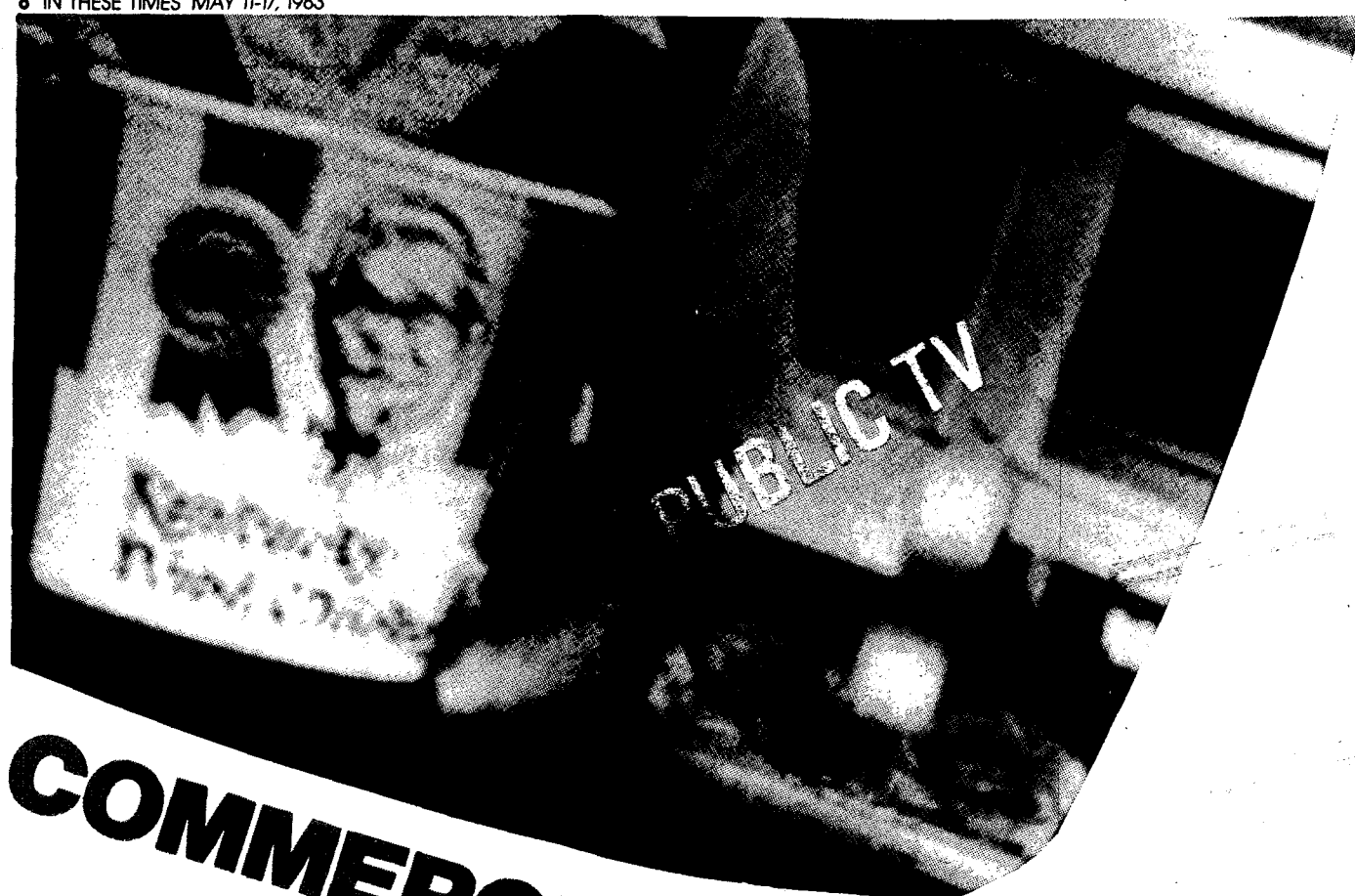
### Greens have effect.

The end of the Social Democratic era in Austria cannot be ascribed to the rise of the ecological Greens, who did not do as

Mario Soares







# COMMERCIALIZATION

THE NEW ENTREPRENEURIALISM has come to public TV, with an ingenuity that would make the crustiest Yankee proud. The genteel folks in public broadcasting used to beg, borrow, cajole and wheedle—from viewers, corporations and foundations—the 30 percent of the budget that doesn't come out of the public pocket. That's worked, and it still does. Corporate contributions took a record leap upward last year, and subscriber dollars are up a record 13.6 percent in one year too (although the total number of subscribers is down). Public TV is also pulling in more viewers than ever before, and can now count on an average of 5 percent of the viewing public in a month.

But what those viewers get when they tune in may have a great deal to do with the beggar-turned-businessman transformation in public TV's inner offices. And that is leading some people to ask where the public in public TV went.

There are three ways that public TV is becoming more businesslike. One is "enterprise groups," which has become the phrase of the day. They are the departments at many public TV stations that brainstorm for-profit strategies within their nonprofit outfits. Some simply involve renting or retailing services the stations already have. For instance, some stations offer nighttime use of their video recording facilities to commercial stations. But leasing facilities, says John Ford, a planning associate at the National Association of Public Television Stations (NAPTS), "is spare change. You're providing five dollar answers to million dollar problems." Still, some of the five dollar solutions are a little startling. According to *Access* magazine, WJCT-TV in Jacksonville, Fla., has gotten a license to sell liquor at public events. "It's not just an educational TV station anymore," said the president of the station.

More important is the burst of production and co-production deals with the private sector. WCET (Cincinnati) has made commercials on contract, using public staff and facilities. Some stations want to offer a pay-TV service on a second channel, or even to first offer their own programming on a pay basis, then show it for the public audience as reruns. They are also scrambling for joint deals with pay-TV services, to minimize capitalization costs. And last month the FCC finally permitted public TV stations to offer teletext services on a for-profit basis. (Teletext is transmitted on the bar between the 525 lines on the

screen, and requires a decoder.) So this month PBS and Merrill Lynch are joining together to offer business teletext services to Merrill Lynch's account executives and clients in New York, Chicago and Miami.

A strategy with more potential is co-production. PBS and Columbia Pictures, for instance, have struck a deal to co-produce and distribute shows. They plan to make music specials, series and low-budget movies; typically, the shows would air first on pay TV, then on public TV. The part of the public TV audience that overlaps with cable and pay-TV's upscale viewership will benefit; as Columbia executive Tony Lynn told *Current* magazine, "The primary thing we're working on is creation of original programming that will work for my pay-TV market and PBS." PBS viewers may also get to see some of Columbia's more "special product," like the movie *Tess*.

Individual stations too are striking such deals—with cable, syndication and pay-TV. Chicago's WTTW enterprise group, for instance, does a brisk business in selling to cable firms shows such as *Music America Live*. These are live concert telecasts that share producers and facilities with the non-profit production *Soundstage*, but which are aimed at a more commercial market. WTTW is also making kids' shows for the Disney studio. In Pittsburgh, WQEC has been successful in international sales of its *National Geographic* specials, as well as concerts and documentaries. In Cincinnati, WCET's enterprise group has made a one-hour show on antique autos. KQED in San Francisco is still working out a marketable format for a half-hour quiz show.

## Tried-and-true TV.

The final way that public TV is breaking through to profit is tried-and-true: commercials. Nine TV stations have been experimenting for the last few months with selling advertising, although two of them only allow "enhanced underwriting"—a more general message. On New York's WNET, ads for Gucci, Piper Heidsieck, Chemical Bank and E.F. Hutton now appear; Clairol has placed commercials on all nine stations. Sales seem to be going well, in the face of early concern by some stations that they might lose viewers without gaining ad dollars. The most successful station, WTTW, is talking about grossing \$1.5 million in 1982-83. The trial has gone so well, in fact, that NAPTS estimates the commercials' revenues could add a free-and-clear 10 to 15 percent to

stations' budgets.

These entrepreneurial gambits are working better than many people expected, especially those who saw the advent of cultural cable programming as a death knell to stuffy old PBS. But CBS Cable, an arts-and-culture channel, folded after only a year, and both ABC's ARTS chan-



Photographs by Paul Comstock

nel and the Entertainment Channel have put their prospects on hold. So public TV is laying sole claim to an upscale chunk of the American TV viewing public—a very tempting market for designer clothiers, champagne makers and stockbrokers. The ad director of Chemical Bank told the *New York Times*, "We're delighted" about placement of ads on *Wall Street Week*. "The audience suits us to a T."

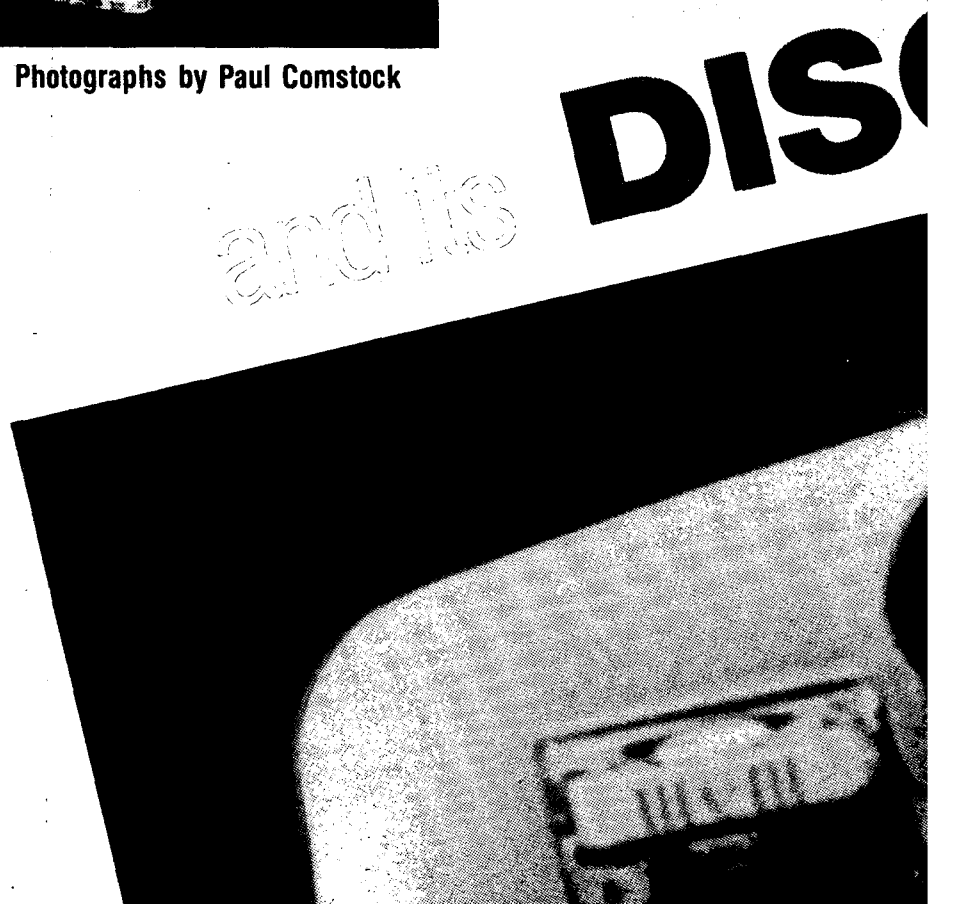
True, not all the new business schemes have panned out. WNET invested heavily in *The Dial*, a for-subscribers free magazine carrying advertising. But the magazine has not gotten enough ads to make up for the millions it cost. In fact, WNET suffered the humiliation of trying to sell the thing, only to have the buyers—a company that also owns *Oui*—back out in a flurry of media criticism. And KCEI had so much trouble trying to sell off its studio facility—the recession didn't make the real estate market congenial—that it has taken the property off the market.

And then there's the decline and fall of free-marketeer *par excellence* Robert Chitester at Erie, Pa.'s WQLN. Chitester, founder and president of Erie's public TV station, had always itched to get loose from government funding and its accompanying strictures. His station produced *Free to Choose*, a highly-popular series by conservative economist Milton Friedman. With that success to bank on, he set up Penn Communications, a for-profit subsidiary, to distribute *Free to Choose* and other programs. He also set up a non-profit subsidiary, Amagin, to make more shows. WQLN's parent corporation then loaned the two of them \$700,000. But later programs weren't nearly the success that *Free to Choose* had been. Amagin lost money and didn't deliver the goods to Penn. Penn's liabilities are now twice its assets. Chitester has resigned as president of the station, and WQLN's viewers are falling away.

## Ominous success.

Still, with any new business strategy you have to expect setbacks. The successes are in some ways more ominous, because commercial priorities take precedence over noncommercial ones. For instance, selling shows and co-producing them with commercial enterprises means thinking first of the bottom line. As the head of KQED's enterprise group told *Advertising Age*, "The marketplace is different once you have to sell. Commercial TV has to live on ratings." And so you get antique auto shows, pop stars in concert and quiz shows. People may like it, especially in contrast to other fare on the networks, but is it an alternative?

Take the case of the new Julia Child cooking show. It's produced by a public TV station, WGBH, but the guiding principles of its development all lie in the





commercial arena. To make the show more appealing to an upper-middle-class audience, new segments will add brief appearances by a guest winemaker and a guest chef, and will show Child presenting the food in elegant surroundings at the end of the show. Polaroid is bankrolling the new production with a million dollar grant.

Polaroid will get more than a genteel murmur of appreciation—more even than a bit of “enhanced underwriting”—for its money. WGBH is making 40 one-minute-long how-to spots (“how to sharpen a knife,” for instance) pulled out of the show. It will give those spots to Polaroid free, and in turn Polaroid will offer them to local commercial stations to use as soft-news items, in trade for ad spots.

The Julia Child swap strategy is being heralded as a burst of ingenuity, and indeed its intricacy and cleverness takes it beyond Yankee ingenuity and puts it up there with Jesuitical casuistry.

But public TV's pursuit of profit is hardly a natural expression of a sudden found belief in free-marketeering. Public TV administrators have been driven into new business strategies by harsh realities.

The Reagan administration is deeply hostile to public funding of public broadcasting. In 1981 the Corporation for Public Broadcasting (CPB) lost a major battle when the administration won a congressional fight to cut back 1983 funding for CPB, in spite of the fact that its funding had already been approved two years in advance. (That advance funding was a safeguard instituted after the Nixon administration got embroiled in a scandal by trying to defang public affairs programming with threatened budget cuts.)

The chickens have come home to roost right in CPB's budget offices. The 1983 budget was cut by 20 percent. Although the 1984 budget has been increased, it still rests at a bare minimum—\$130 million—that will only sustain the system at austerity levels.

Public TV doesn't get much public money anyway. For instance, in 1983 all of public broadcasting—TV and radio together—got less than the allocation for military bands. And Reagan's proposed 1984 budget increased the military bands' budget by 9 percent. (A Pentagon spokesperson told the *Washington Post*, “Inflation was to blame for the increased costs of martial music.”) CPB gets \$22 million to produce national TV programs for a year. In contrast, the Pentagon's public relations department alone will spend \$30 million this year merely to buff the public image of defense.

It's all a far cry from how the Carnegie Commission saw public TV in 1967: “We recognize that commercial television is obliged for the most part to search for the uniformities within the general public, and to apply its skills to the uniformities it has found. Somehow we must seek out the diversities as well, and meet them, too, with the full body of skills necessary for their satisfaction.”

### Free speech safeguard.

The Commission's notion of diversity was not rooted in the desire for quality entertainment, but in the concept of pluralism as a safeguard of freedom of speech. Freedom of speech as fundamental to democracy is a vision that animates such public interest advocates as Sam Simon of Telecommunications Research and Action Center, who says, “Diversity is a democratic principle. It's hard to ask somebody, ‘What would happen to your life if you didn't have access to a different idea?’ The answer would probably be ‘Nothing.’ But there would be dire consequences for the society.”

“Nobody from our point of view was ever happy with the amount of access on public TV,” Simon continues. “But Reagan's policies are forcing people to think more commercially and to focus on blockbuster programming. A publicly supported system ought to be more investigative, aggressive, experimental—why, there isn't even a consumer show on public TV. When Nader-type groups have suggested it, we've run into public TV people's concern for advertiser support.”

By Pat Aufderheide



Other critics object to the trend toward mass-appeal entertainment programming from an aesthetic viewpoint. In an ascerbic column in the *Village Voice*, Tom Carson suggested that what PBS really offers these days is “moral superiority.” “PBS,” he wrote, “just puts on programs that are more tasteful, equating good taste with good manners when most good art contravenes good manners. Their definition of quality is no different from the commercial networks’—production values, ‘serious’ themes, refined sentiments.”

“The public” has not been eloquent in its demands for programming that reflects and fosters debate on the public issues of the day, or that displays artistic work challenging the safely tasteful. In fact, one of the most regular voices in defense of the public interest on public TV is a special interest group: the Association of Independent Video and Filmmakers (AIVF), a group that depends on public TV as the only wide-range outlet for their products. Bob Richter, chair of AIVF's

board and a veteran filmmaker (among others, *Pesticides and Pills* and *Gods of Metal*, the latter an Oscar nominee this year), told me, “I foresee a diminution of the many voices that public TV is supposed to present to the public, regardless of the political coloration. Public TV has not shown that when it acts commercially it does anything better than the networks. They're running old movies and sports events! It was created to be an alternative.”

For a small and run-on-a-shoestring group, AIVF has had some impressive victories in keeping diversity on the airwaves, including successful lobbying for 1978 legislation requiring public TV to give “substantial” amounts of programming budget to independents. But independents and public interest representatives may, ironically, be less important to the continued health of public TV than representatives of commercial TV.

### Unlikely allies.

Commercial television types like public TV. The last thing ABC, NBC and CBS want is the possibility of a fourth commercial network competing with them. They're better off with a public system holding down those channels with a small audience, offering up the less-marketable stuff. And they have been as vigorous as have unions—which traditionally have given public TV a break from union regulations—in protesting the commercials experiment. (Unions say that if public TV is going to make money the way commercial stations do, it can pay union wages too.)

Further, some underwriters are unhappy with the new entrepreneurialism. The biggest ones, such as Exxon and Atlantic Richfield, depend on public TV's non-commercial image to make their contribution look classy. They don't relish being mixed in with Clairol spots. Gulf Oil is “adamantly opposed” to commercials on public TV, Gulf representative Tom Latimer explained to *Advertising Age*, “because PBS would end up as the fourth and least important commercial network.”

That prospect looks disconcertingly familiar to Ed Pfister, president of CPB, who also has criticized the advertising experiment. “Ultimately, advertising revenues will drive programming to the lowest common denominator in order to attract the largest audience,” he warned in December, before station managers urged him to pipe down until the experiment was completed in June. “So you have to measure the cost of that money. Under what circumstances is it worth it?”

Finally, PBS and CPB, both national organizations, cast a cold eye on the plans of some rugged-individualist stations like WTTW. WTTW's president William McCarter has publicly said that the station envisions cutting loose from the system to be subscriber supported and free of accountability to smaller stations and to taxpayers. WTTW would thus take the hefty public investment in building its facilities—the public has now invested more than \$3 billion in the system as a whole—into private business.

Public TV may survive, even in a period where you can read headlines like one that recently appeared in the *St. Petersburg Times*: “White House to Public Broadcasting: Drop Dead.” But in the scramble to find profitable ways to maintain a public system, the public's interest in it may become a casualty. ■

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