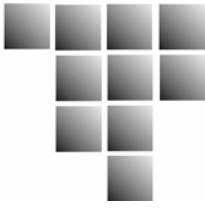


**FISHKIND
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The Phenomenon of Public Radio

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Public radio is an interesting economic phenomenon. Here is a clearly valuable product that costs a substantial amount of money to develop, produce, and distribute. Yet, unlike other radio companies, public radio stations like WMFE provide their product free. There is no advertising or other direct revenue associated with the product. Instead, public radio relies primarily on gifts solicited from those who listen. Additional funding comes from the federal and state governments – approximately 20 percent – and from program sponsors and charitable organizations and foundations. But most of the money – 60 percent or more for most public radio stations – comes from listeners.

This business model poses a number of obvious economic challenges. First is what economists call the free rider problem. If a listener chooses not to become a member or to contribute to the station, that listener can continue to enjoy the product. There is no bar to those who do not contribute; they are classic free riders. Since this is a fact, why would listeners contribute? Economics informs us that listeners contribute to public radio because they gain some sort of satisfaction from doing so, that despite the fact that they are not compelled in any way to contribute, enough members choose to do so and to contribute sufficient monies to allow public radio to grow over time.

What type of satisfaction do contributors achieve? It is more than guilt. It is more than responsibility. It seems that public radio listeners like being part of an organization that does not depend on others, but rather depends upon them. They like that because public radio is funded primarily by its members, it has a certain credibility and responsiveness to its audience, and proven by the fact that enough of its listeners choose to support it.

Yes, sure there are free riders. In fact, there are a lot of free riders; perhaps only one in five listeners are supporters. But the number of listeners and the number of contributors is growing over time. Even without the requirement to pay, or without sales to advertisers, the product and the organization merits wide

ranging, longstanding, and growing support from its own audience. It is an interesting economic phenomenon.

I hope that you will choose to support this station if you have not already done so.

This is Hank Fishkind for 90.7 FM, WMFE News.