

Policy Brief

Equitizing Citizen Inputs In Policy Development  
With POLIWOGS and POSOM

An Economics and Public Finance Policy Brief

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## Equitizing Citizen Inputs In Policy Development With POLIWOGS and POSOM

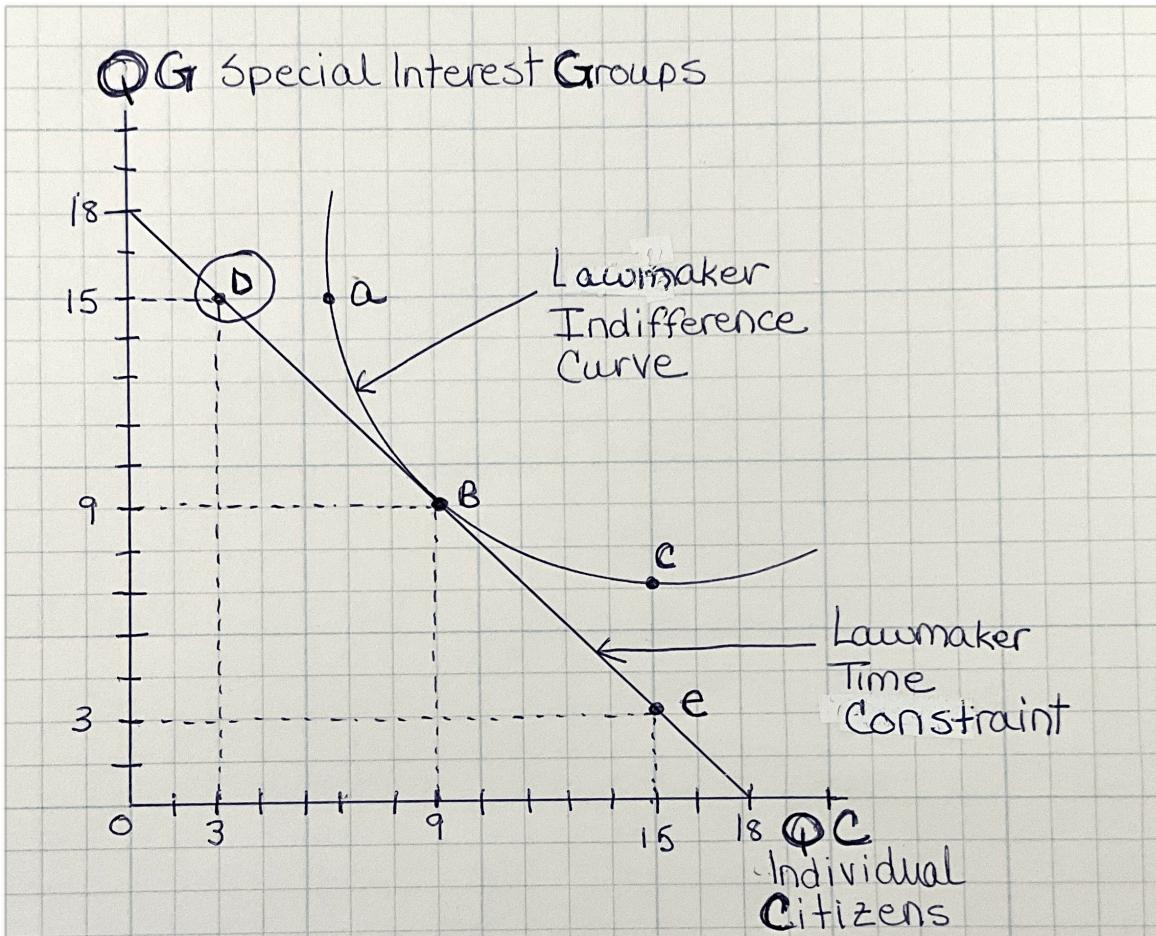
By Krystyn Hartman

**The problem** is lawmakers care too little about messages from affected citizens in proportion to special interest groups when it comes to public policy.

**W**hy? Because for lawmakers the marginal benefits of engaging with special interest groups far outweigh the marginal costs. Special interest group marginal benefits also overshadows the MB of a single citizen input, meaning special interest groups and their resources provide more value to lawmakers than do individual affected citizens within the 24-hour time constraints of any given day. An individual citizen or one Q is worth one Vote in political currency plus maybe a \$5 donation and a token like or share on social media if they are lucky. Conversely, a special interest group is worth many votes plus resources, which can include campaign donations, inside information, influencer networking and connecting, and so on. And, because of the 24-hour daytime constraints, lawmakers must prioritize their time and attention relative to the total social utility pie of each piece of legislation being rushed through the legislative session at any given time so that they are making social utility maximizing decisions — as often as possible.

Lawmakers want each investment or spend of a unit of their time, whether with a special interest group lobbyist QG or individual citizen QC, to result in the greatest amount of social utility possible. For that reason, they might want to do point (A) on the graph shown on the next page, which would be 15 groups QG + 6 citizens QC, but that totals 21 time units, and they only have 18T. They can justify not doing the opposite, which would be (C) 6 QG + 15 QC = 21 T, for the same reason of it being outside the maximum utility constraint. Yet, even if they went for the equilibrium as a compromise (B) 9 QG + 9 QC = 18 T in attempt to *equalize* the two

different Q inputs as a solution, the *magnitude* of the special interest group QG relative to the lone vote of a single citizen QC would not even make a dent in the outcome.



While the time constraint shows us the amount of *time* lawmakers have for special interest group lobbyists QG and affected citizens QC within a given time period, it does not tell us about the *magnitude* or what economists refer to as the relative utility of each Q. The magnitude takes us from an *equality* to an *equity* perspective. Fortunately, economists have developed tools for helping us do that called marginal utility and substitution effect. So, what are the marginal utility and subsequent substitution effect of each Q in terms of their relative value to lawmakers?

## Marginal Utility and Substitution Effect

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A Citizen QC is worth 1 Vote plus (or minus) \$5 in support resources in the form of donations and sharing of related social media posts, etc., while a special interest group lobbyist's QG, is worth, for example, 1000 votes plus support resources valued at \$10,000. When applying the marginal substitution effect, we can see that

$$QC + \$5 = - (1000 QG + \$10,000)$$

which means for every time unit spent with a citizen for a gain of 1 QC, lawmakers must forgo 1000 Votes and \$10,000 in resources from 1 QG. Therefore, from an economics perspective, total utility bundle (D)  $15 QG + 3 QC = 18 T$  indicated on the graph is the most beneficial or social utility maximizing decision for lawmakers and special interest groups relative to TU bundles (B) and (E).

Utility Bundle	Q Groups + Q Citizens	Total Utility of Bundle
TU Bundle (D)	$15 (1000 QG + \$10,000) + 3 (QC + \$5)$	$15,003 Q + \$150,015$
TU Bundle (B)	$9 (1000 QG + \$10,000) + 9 (QC + \$5)$	$9009 Q + \$90,045$
TU Bundle (E)	$3 (1000 QG + \$10,000) + 15 (QC + \$5)$	$3015 Q + \$30,075$

With bundle (D), lawmakers get the most votes and the most resources — and have little if any incentive to solve the inequities between citizens and groups. However, because of the publicness of the problem — number of citizens impacted by the policies influenced by special interest groups and that the total marginal utility clearly favors special interest groups at 1000 QG to 1 QC, the problem of concentrated policy benefits with the policy costs dispersed far beyond the beneficiaries, points directly to a government failure.

## Government Failure

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Government fails when policy benefits are concentrated and the policy cost is dispersed. In this case, the policy benefits are concentrated for special interest groups and lawmakers, while the policy costs are dispersed among citizens. Government failures also occur when lawmakers' or bureaucrats' incentives do not correct a market failure.

Lawmaker indifference to and low participation rates by citizens relative to the volume of special interest group driven policies is a public choice problem. Public choice theory tells us that politicians will grow the public budget in excess of voters' preferences to accommodate special interest Groups. In economics, the term for a special interest Group is rent seeker. Economic rent equals the amount in excess of the socially desirable or productively necessary amount to put a good into service. Rent seeking special interest groups QG extract favors from lawmakers at citizens QC expense.

Understanding that citizens and special interest groups are demanders or consumers of policy, and that lawmakers are suppliers or producers of policies demanded, lawmakers and their rent seekers want to pass policies that concentrate political benefits but disperse the costs of those benefits beyond the realm of the beneficiaries. The more dispersed the costs, the fewer citizens there are with the time and resources to fight it.

X Policy Cost

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Y Quantity of Taxpayers

By dividing the policy cost X by the number of taxpayers Y, we can know the cost per individual taxpayer. As the Y number of taxpayers increases, keeping the X policy cost constant, the average cost to the average citizen decreases, which makes it more expensive for any one citizen to fight it because the opportunity cost (time and money) exceeds the average cost

gained (benefit) should the policy get rejected because of the fight. So, lawmakers get fewer objections and protests.

The unused citizen demand inputs, or what economists call deadweight loss, depends on the relative elasticities of supply and demand. When supply is time *elastic*, it is *more* time sensitive to demand. When supply is time *inelastic*, it is *less* time sensitive to demand. Because there are only 24 hours in a day, the amount of time that lawmakers have available on any given day is limited to 24 hours, which means it is *inelastic*. No matter how much citizen and special interest group demand for their time increases or decreases, they are still bound to no more than 24 hours per day, so whatever inputs they take in, they must do it within 24 hours, including sleeping, eating, checking in with their attention-starved families, and so on. Therefore, we can assume that the producers of policy, the lawmakers, are working with an *inelastic* supply of time to engage with and produce for demanders, who have an almost perfectly *elastic* demand in constant flux.

### **Low Voter Participation and Lack of Public Engagement**

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Low voter turnout and even lower levels of public engagement in the policy process are often cited as lack of incentive for Lawmakers to correct this government failure. Some of the most common reasons given for low participation are that people are “busy,” they feel “the system is corrupt,” they do not feel “informed enough” or connected enough to issues to weigh in on them beyond liking or not liking a few related social media posts, that they are “apathetic” and feeling that their “voice doesn’t matter” (Khalid 2018). Considering the marginal benefits to lawmakers and special interest groups, along with a government failure that concentrates those benefits for *them* while dispersing the policy costs to those “apathetic” citizens whose “voices don’t matter,” the perceptions of the citizens are accurate when viewed through an economics lens, as shown in the graph and table presented in this policy brief. Citizen individual voices do *not* matter because whoever is elected will likely do the socially maximizing efficient thing and supply the special interest groups with the policies that matter to *them*. And, since lawmakers

tend to make vague laws based on all those special interest inputs, more pre-vetting of policies overall is needed if correction of the government failure is to be achieved.

So, how do we solve for the government failure that concentrates policy benefits while dispersing policy costs when it is more socially efficient for lawmakers within their time constraints to leave the inequity as it is? Doing nothing as a solution works for lawmakers and special interest groups but does not address or utilize the deadweight loss of consumer citizen demand surplus.

The following two proposals attempt to solve the inequity of inputs problem by taking advantage of the consumer surplus of inputs but with elevated consideration of lawmaker incentives. Proposal One, POLIWOGS, addresses the government failure directly, while Proposal Two, POSOM, acknowledges not only the government failure in the problem, but also reveals a market failure as well as a potential market opportunity to correct both.

### **Proposal One: Citizen POLIWOGS PolicyWorkGroups.org**



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Citizen POLIWOGS, pronounced polliwogs as in baby frogs, are a network of citizen-driven **Policy Work Groups** and subgroups in each legislative district who meet in person and online to review, evaluate and discuss direct impacts of policies with the goal of reporting the impacts, key points, and recommendations to lawmakers and to local news media.

How are citizen POLIWOGS supposed to solve the initial problem of lawmakers caring too little about messages from affected citizens in proportion to special interest groups when it comes to public policy? Based on the economics, we need to incentivize lawmakers by increasing or at least equitizing the marginal benefit of citizen QC inputs relative to the marginal benefits of special interest group QG inputs. Citizen POLIWOGS increase the marginal utility of the citizen Q from one QC to more than one, a lot more than one. If we keep the special interest group QG constant at QG 1000, but increase the citizen POLIWOGS QG to, say, 100 participants as a start, then network all the district POLIWOGS on a policy area or issue

and suddenly a citizen POLIWOGS Q is worth QC 100 x 20 districts = QC 2000, twice that of the special interest groups — with an entire untapped consumer surplus pool of citizens across the State for growing that QC 100 in each district to QC 1000 on to QC 10,000 and more based solely on the millions of unused “apathetic” consumer surplus citizen inputs that suddenly *do* matter. At that point, the Citizen POLIWOGS QC 10,000 is worth 10 times the special interest QG 1000. How might *that* impact the lawmakers’ indifference curves when it comes to citizen Q relative to special interest group Q?

For the proposal to work as intended it would first have to be plausible. Is it? Yes, but there would have to be knowledgeable organizational leadership teams led by citizen volunteers and partnered with local news media. If the proposal works as intended, lawmakers and citizens would be the winners and special interests the losers. Lawmakers would get 10+ times more of what they want as the marginal utility of each citizen QC increases by way of growing and networking POLIWOGS. Citizens would not only increase their individual value and inputs into the policy process, but POLIWOGS could even have leverage over special interest groups whenever those groups attempt to concentrate policy benefits. POLIWOGS are likely to spot the concentrated policy benefits as well as the policy cost disbursements earlier rather than later in the policy development process. The web domains PolicyWorkGroups.com and .org would need to be available or attainable as part of the POLIWOGS brand equity package.

Possible unintended consequences of citizen POLIWOGS are the intrusion of partisan politics on the issues as Citizens need to be able to discuss the direct impacts on them and their families as individuals in a safe working group without fear of partisan harassment. Ground rules of agreement and engagement would have to be established, but enforcing them, safely, could be a security issue if participating citizens do not feel safe amidst partisan hate and righteous superiority flexing and threats. Having to constantly keep everyone on the productive

side of sensitive policy topics so that the work group sessions are not just complaining sessions could also be an unintended consequence.

## Proposal Two: POSOM PolicySocialMedia.org



POSOM, pronounced possum the animal, stands for **Policy Social Media**, which is a policy discussion forum and real-time policy position monitor for citizens to be hosted by the University of Colorado School of Public Affairs, funded by major grantors such as Pew Charitable Trust, Becher Foundation, El Pomar, and others, monitored and moderated by students and faculty. POSOM is ad free to minimize special interest group intrusion into and disruption of policy discussions and eliminates any need for collecting of citizen personal data used by commercial social media for their special interest group advertisers. POSOM would be free to the public as a public media service. Developed by CU School of Public Affairs, POSOM could later spin off as a nonprofit public education media organization like NPR and PBS, for example. If POSOM was created as a nonprofit educational media organization, portions of donations could be tax deductible too.

Existing social media reflects allocative inefficiency as a market failure because it is free to consumers paid for by targeted ads. Social media companies, as with lawmakers, cater more to the special interest groups, the advertisers and sponsors, the pay-to-plays, than to the citizen consumer. Because the market price is too low, as in free, excess consumption of misinformation and disinformation by citizens about public policies continues unabated. POSOM, on the other hand, is what economists call a positive externality because of the public policy education and engagement focus in its platform versus the negative externalities imposed by special interest groups in current social media that leverages and exploits the low impact value of individual citizen QC.

POSOM attempts to solve the problem of lawmakers not caring about citizen inputs because lawmakers get the policy benefit of concentrated citizen inputs in real time and can even

participate in the forums as well as see at-a-glance the real time policy position monitor. Citizens already spend hours each day on social media platforms because they can engage and have their “voices matter” to someone, at least, and there is a lot of misinformation and disinformation about policy related issues being served to them because of it. They do want to engage via social media, even if it is only to share news about the new puppy they adopted from the animal shelter where they volunteer on Thursdays. There are all kinds of animal related policies that might be of interest and about which that person could learn and contribute if they spent some of their social media time on the animal policy section of their local POSOM, complete with valuable insights from local veterinarians and educators who also share on the site. POSOM combines the best of the best in social media technology and public policy higher education pedagogy. Several plausible assumptions must be made for POSOM to work as intended.

1. The marginal utility of the new citizen QC will be incentive enough for the lawmakers to reprioritize their indifference curve options.
2. Citizens will want to participate based on their current usage, content, and engagement of social media.
3. POSOM is a safe and productive space in which to learn and discuss with clear rules of engagement for civil discourse with an equally civil enforcement mechanism.

Winners of this proposed solution are citizens because they increase the marginal utility of their QC relative to special interest groups QG and lawmakers get to stick with the goal of maximizing social utility in their policy decisions. Special interest groups would be the losers if the proposal works as intended, if we need to call equity a losing position, because they would lose their concentrated QG competitive advantage over citizens original one QC within lawmaker time constraints.

Possible unintended consequences of POSOM are intimidation of participants by other participants outside the forum that could discourage citizen engagement. Although, many social media users scroll and read without ever posting or commenting, which we would expect to see a lot of on POSOM as well since it has an educational core. Partisan and faith-based intrusion and intimidation, as with the citizen POLIWOGS proposal, could also be an unintended consequence for POSOM.

## **Conclusion**

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Economic costs and benefits are not the same as political costs and benefits. The solution to the problem of lawmakers not caring about individual citizen messages is to equitize, at minimum, the marginal utility of citizen QC relative to the MU of special interest groups QG so that the marginal benefit of citizen QC outweighs or is at least equitable relative to the MB of QG. If lawmakers prioritize socially maximizing utility when deciding which Q to engage with directly and in what proportions within their time constraints as overviewed in this policy brief, they could choose either or both proposed solutions separately or in combination to help solve the government failure problem.

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