

## **Policy Proposal:**

**For Facebook to leverage its social media platform  
together with government budget data and an algorithm,  
to develop a “Citizen Budget Balancing App”**

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## Policy Proposal:

*“We the people, in order to form a more perfect budget”*

This is a proposal to develop a process for using a social media platform (like Facebook) and a ranking algorithm together with government data to balance government budgets – a “Citizen Budget Balancing App”.

**Budget Beta:** At this stage, the process won’t have legal force. It’s an experiment that will shed light on budgets and citizen preferences and methodologies. The immediate goal is to explore, then to demonstrate the utility of such a process and work out the issues in a living social media laboratory like Facebook. Once perfected, the process will migrate to where it really belongs, coupled together with online taxpaying.

## Background:

### Government Failure and the rise of Social Media:

- **Government Failure:** Governments everywhere are facing severe budget crises. Even if times were good and budgets balanced, government failure can rise at any time due to five problems inherent in government. These are: voter ignorance or apathy, power of special interests, short sighted elected officials, inefficiency, and imprecise reflection of consumer preference (See Appendix A)
- **Social Media can bring about “regime change” – but this is not enough:** Youtube, Facebook and Twitter are considered the “new weapons of mass mobilisation”, but can they be used for more than regime flipping? It’s one thing to get rid of a bad government - it’s quite another to bring about good government. Information and transparency are not enough.<sup>1</sup> Will social media just create a revolving door of inept leaders? Or can we leverage social media for complex tasks like balancing the budget and clarifying the true preferences, priorities and values of millions of people?
- **“No Taxation Without Representation”** For the first time in history, direct representation may be within reach. With the proper process and algorithm our Social media tools may be able to help us skip the middlemen.

### “Social Network” Inspiration

This policy is inspired by the sequence in the movie “Social Network” in which a bunch of guys sitting around a dorm room came up with an algorithm to make it possible for strangers to rank women by attractiveness. Petty, yes. But also brilliant: a simple, elegant process for helping a large group of people clarify their priorities.

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<sup>1</sup> [Transparency in Government](#) advocates have said: “No taxation without information: Governments should be open and accessible. We need transparency at all levels from the federal government down to our local school boards. After all...it's our money, shouldn't you know how they're spending it?” On the other hand “Governments aren’t afraid of informed individuals. They’re afraid of large groups of individuals acting in concert, which is something social media brings that broadcast media did not.” ([Clay Shirkey](#)). This brings us back to our question; can large groups “act in concert” on something as complex and detailed as a budget?

## **Policy: Develop a Citizen Budget Balancing App on Facebook**

The collective ranking process goes something like this:

- A person is presented with two different options, side by side.
- The person clicks on their preference – which becomes a data point.
- This is repeated many times over by many different people who are randomly presented with different choices and different combinations of the same choices.
- Millions of data points are generated that reflect aggregate true preference.
- No single individual has to rank everything. The task is distributed over the group.
- Over many iterations, the general shape of preferences, priorities and values of the group become apparent, in a quantifiable way.

### **Applications for Budgets**

To use this in budgeting, you would set up a “**Budget Roulette**” platform. Users would be presented with two budget units of similar value side by side. Instead of comparing one woman to another, the user would be comparing one budget request to another. Over many iterations, the priorities would emerge.

**The data would have to be clear, concise and comparable.** Data would be from government agencies.<sup>2</sup> A key outcome of this process is that budget requesters have to gain the discipline to share their project in a quick elevator pitch. Simplicity and accuracy. The job of government would not be so much to take your money and spend it for you – but to clarify the decisions and put them before you.

Think of a baseball card, with an image, and some comparable stats for each item, such as total cost, jobs created, purpose, direct and indirect beneficiaries, triple bottom line metrics. Links to additional information could also be included.

**Equivalent Budget units:** To make people’s values and preferences quantifiable, the budget choices would have to have the same monetary value. For example:

- First choice: On one side, for 18 million dollars, one fighter jet, useful for flying over the stadium on Superbowl Sunday. On the other - a suite of educational programs for 18 million that will serve \_\_\_ kids for \_\_\_ years.
- Next choice: 20 fighter jets vs. one Stealth bomber. Click.
- Next: medicare for viagra vs. a pediatric program. Click.
- One million for a science research project on baldness vs. One million for more protective gear for one unit in Afghanistan. Click.
- A subsidy to a millionaire to build a golf course v. a subsidy to a developer to build affordable housing.
- A subsidy to a developer to build housing vs. vouchers to low income people to improve their current housing.

Some decisions will be hard to make, others easy. Also, it’s not zero sum. You don’t reject anything, you simply express your preference for one item over another.

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<sup>2</sup> Proposed programs by citizens could also be included – ballot measures and the like.

### ***Arguments supporting the proposal:***

At this stage (Stage 1), we simply experiment with budget balancing processes and algorithms on facebook. The argument in support of Stage 1 is that it will be entertaining, educational and enlightening. It might also lead to Stage 2: a practical application that can be used in actual government. Arguments supporting Stage 2 are that it will be an ideal process to use for a budget, positively addressing:

- **True Citizen Preference:** The data that comes from the millions of clicks will efficiently reveal in quantifiable form the true preferences and values of People on a wide array of budget items. We suspect that the results will be eye opening.
- **Information and Perspective on Government Spending:** The data provided by government on each budget item will inform the public about what things actually cost in a comparative way. People may be surprised to find out how little some things cost and how much others do. They may experience shifts in outrage.
- **Government Efficiency:** This process will require clarity and discipline from government representatives as they make the case for each budget item in a small screen space and rearrange the budget to better fit this process.
- **Government Accountability,:** Our current budget process involves a massive bureaucracy operating without accountability. Items for the benefit of special interests get slipped into budgets hidden in random bills. In contrast, this process requires budget requestors to present their request in a transparent and easily comparable format – the burden is on them (and by extension, special interests) to clarify the importance of what they are requesting money for.
- **End of Apathy:** Citizens are overwhelmed by government decisions, and only focus on issues of interest to them. This process addresses overwhelm by cutting budget issues down to size in discrete, comparable units. The experience of balancing the budget will be intuitive and fun, more like shopping, or voting on American Idol. The many different budget decisions will be distributed at random over many people in short, digestible bites so that people don't just push for their own interests, but consider other issues. There may be ways to make it statistically representative. That's all part of the science of the algorithm.
- **Building better citizens:** This will build good citizenship habits. It works with people's natural inclinations, rather than turning them off with complexity. It increases the efficiency and participation in the system.
- **Pushing the limits of Social Media:** We have just begun to tap the power of the internet for enhancing our collective organizational powers. We have a long way to go to create better forms of "Open Source Government". It's possible to live in a world in which all gains from collaboration are exploited and the most efficient budgets and government programs can result. Nothing tests this better than budgeting.

### ***Arguments opposing the proposal:***

- **Administration cost and complexity:** Who is actually going to do this?
- **It's a waste of time and resources.** True. Then again, so is "Farmville." Folks on Facebook have a lot of time on their hands, experimenting with a possible budget-busting algorithm is probably a very good use of wasted time.
- **There's no real power to it.** We can't officially balance a budget this way, so why bother with a facebook exercise?
- **If you do get it to work, Special interests will not stand for it.** I sense a conspiracy here. On the other hand, Special Interests may find this open, genuine approach refreshing and rewarding. It may end up being the preferred route for all citizens who make their case to the rest of us for allocation of funds. Who knows.
- **A system like this can be manipulated** – you can game it, cheat the algorithm, hack it. (Counter argument: The current system is already pretty well compromised/gamed/cheated. This approach may provide improvements.)
- **Voter Apathy:** People will still be apathetic.

The main counter argument to the above is that all of these issues will be addressed while working out the beta version and that's what makes this such an interesting experiment.

### ***Administration and Financing of Proposal***

We have not calculated the cost of this proposal. We're just putting it out there to see if Facebook or another well connected and resourced entity will take on the challenge.

The most important thing to establish is: Who is going to set up this process, and who will be the test group? The key things required for this process are:

- A social media platform (for example, Facebook);
- A process (side-by-side comparison, ranking, true preference algorithm)
- Government data on budget items (Open Source Government data)
- A volunteer government unit (perhaps there is a municipality that would like to be the guinea pig for this process)
- The group that is affected by that budget (the citizens of the city, state or country linked to the chosen budget).

Facebook already has a lot of the ingredients necessary to pull this off (networks, expertise). However, if the folks at Facebook aren't enthused, other platforms may be found.

This might also be something that the people of a country who've just tossed their old leader can try. They'd need to access the budget data to see how he was wasting the country's resources. And then collectively decide the new priorities. It would be cool to experiment and see how quickly a country's fiscal issues could be clarified and decided on by the broader population. How quickly can democratic order be established in a recently revolution-rocked nation? How truly revolutionary can this be?

## Appendix A: Government Failure Bypass

In “[Property Rights, Planning and Markets: Managing Spontaneous Cities](#)” by Chris Webster and Lawrence Wai-Chung Lai. © 2003, the authors discuss the concept of “government failure” in direct opposition to the idea of “market failure”. On page 65, The authors cite five sources of government failure “specific to democratic decision-making setting”. We have put them in the left column below, and juxtaposed them with the Social Media “cure” (or counterpoint) envisioned in the budget balancing app.

Cause of “Government Failure”	Solution possible via Social Media Tools
<p><b>Voter ignorance:</b> “voters do not tend to obtain costly information except on issues that are important to themselves only.”</p> <p><i>Note: This is also referred to as “voter apathy”. Accurate information is hard to obtain, hence “costly”. Disinformation, on the other hand, is abundant.</i></p>	<p>Information is at the heart of the ranking process. The information will be right there, in front of the voter, in comparable, immediately relevant, digestible bites. As this process is developed and refined, accuracy of communicating budget items will improve. Feedback and re-iteration will help, as will external links. The goal is to improve the information signal – clean it up, get rid of the noise – thus driving down the “information cost”.</p>
<p><b>Power of special interests:</b> “Well informed and articulate interest groups dominate the government decision-making process and receive political favors.”</p>	<p>Special interests won’t be able to hide behind the black box of government or slip things into complex bills. All budget items will be put through the budget ranking filter. Special interests will have to win us over on the merits of their ideas.</p>
<p><b>The short-sightedness of elected officials:</b> “election time frames tend to take priority over long term efficiency in decision making”.</p>	<p>Our representatives won’t have to worry so much about making the decisions. Their job will be more about communicating the importance of these decisions to the clickers/rankers/voters (us). And then executing the decision.</p>
<p><b>Lack of incentive for entrepreneurial efficiency:</b> “Government officials are in a weak position to recoup any personal gain from improved efficiency;”</p>	<p>Incentives for efficiency will abound, now that programs have to appeal directly to the people in a quick one sheet. It will help government officials clarify what they are doing for us, as well as themselves.</p>
<p><b>Imprecision in reflection of consumer preference:</b> “There is little opportunity for individuals to pick some of one candidate’s positions and some of another’s. Policy bundles tend to reflect a majority coalition”.</p>	<p>This budget ranking filter is all about true micro preferences. It addresses many government problems at once! The market is considered better than government at determining consumer preference because we “vote” with our money. Open source government with an open source budget process will make government as responsive as markets to true preference.</p>