1. Introduction

The last chapter noted that a political party that maximizes a utility function defined for a probability of reelection and other variables could only do so subject to certain technical constraints or production conditions. This chapter examines these constraints and analyzes how they define the range of feasible alternatives open to the governing party and how they influence its behavior and indirectly the supply of public output.

If the governing party is to maximize a function such as (7.1) \[ U_p = U_p(\pi, a_m) \], it will of necessity seek to enact and to implement policies that will satisfy the preferences of all those citizens whose support is required for its reelection, a number that is determined by the decision-rules governing the selection of the party that will govern. In the language of chapter 4, the governing party will seek to reduce and if possible to eliminate the coercion which some of its actions has or will impose on the

1. These constraints are additional to the physical constraints imposed by the production technology governing the combination of factors of production discussed in chapter 2.
members of the electorate that are decisive for its reelection. To simplify the analysis of the problem facing the governing party, let us consider a jurisdiction of only two citizens, each characterized by a compensated technocratic demand curve for a single public policy and let us assume that the support of both is required if the governing party is to be reelected; let us further assume that the two citizens have equal incomes, but different tastes, and that the government pays for the public policy it implements by levying a proportional income tax which can be taken to represent the tax-price paid for the policy. The situation is portrayed in figure 8.1 where the $A$ and $B$ curves are the

\begin{figure}[h]
\centering
\includegraphics[width=0.7\textwidth]{figure8.1.png}
\caption{Figure 8.1}
\end{figure}

2. I will not discuss the restrictions that prevent a majority from exploiting minorities until the end of this chapter, since this problem can be logically dissociated from the questions examined in this and the next four sections.