

and the corresponding set of differential marginal tax-prices, each party must have full knowledge of voter preference maps for public and private goods, and must also have full knowledge of the effects of alternative policies. Neither of these requirements seems likely to be even approximately satisfied. In the case of voter preference maps we encounter a strategic-behaviour problem precisely analogous to that facing the legal monopolist under Samuelsonian joint supply (54), namely that the various subsets of voters have an obvious incentive to understate their preference for public goods in an attempt to minimise their share of the tax cost.

Equally important, however, is the further requirement that voters should be able to recognise a Pareto-optimal programme when they see one. For this it is necessary that voters should have full information regarding programme content, and should be able to determine the effects of given policies on their own welfare positions. In fact we know that voter information in both respects is rudimentary. It is here also that the Galbraith point regarding the distorting effects of advertising on the public-private preferences of voters can be fitted into the formal model. Due to high-pressure advertising of private goods, voters will tend to underestimate the relative benefits of public goods and choose a suboptimal supply of public goods in preference to an optimal supply (55).

2.3.3 *General Implications.*

Analysis of the sort which we have been discussing clearly provides strong support for the conclusion of modern public goods analysis that, although serious market failure in public goods supply can readily be demonstrated, it should not too readily be assumed that government can do better. Some political decision processes may clearly be more efficient than others, and there is an obvious need in this area for a more general theory of constitutional choice. Even here some beginning has been made, notably by Buchanan and Tullock in *The Calculus of Consent*, and, of course, on a more general level, in the theory of games (56).

(54) See p. 221 above.

(55) See Downs, *op. cit.* (1959-60), p. 552. Other factors may of course work in the opposite direction, e.g. relative unawareness of the tax-cost of public goods where outlay taxation is employed.

(56) The need for careful analysis of these problems is clearly recognised by Samuelson in his original contributions. However, in his most recent discussion (*op. cit.*, 1966), he takes a somewhat bleak view both of past achie-