out full discussion with the State Department, for the same reason. There is here at least an incipient mechanism for insuring that decision-makers take spillover effects into account in making their decisions, and for providing them with some of the information they need in order to take them into account.[31]

Always, however, governmental decisions involve *some* sort of bargaining. The significant problem, therefore, is the difficult one of choosing particular bargaining arrangements that are better than others. At present, there are surely opportunities for improvement. With existing institutions, for example, the bargainers are often given the perverse incentive of trying to maximize their budgets (their costs) instead of maximizing capability for whatever budget they receive. A subordinate official may well feel that effort devoted to getting his budget increased is more rewarding than analysis and effort devoted to getting greater capability from a given budget.

This tendency might be countered by some device for permitting units to keep a part of any cost savings. An extreme form of correction, which admittedly has certain disadvantages, would be to give each unit a budget fixed in amount for two (or even more) years in advance. Commanders would then have more time and stronger reason for trying to use their budgets efficiently. Another step might be to give commands greater freedom to reallocate funds among appropriation-categories (such as construction, maintenance and operation, and personnel). If this were done, the commands would not fight a running battle over each appropriation-category, pressing hardest for those items that have the most glamour and in the end finding themselves hamstrung by constraints on the amounts of specific items that they can use. Again, commanders would have more time and reason to seek efficient combinations of the inputs, as well as greater freedom to do so. These and other ways of improving the institutional framework — of trying to remove perverse incentives, cause the costs of decisions to impinge on the decision-makers, and make criteria at various levels consistent with national aims — deserve careful study and some experimentation. Some such changes may be essential if many of the improved choices suggested by analysis or better economic understanding, or both, are to be implemented.

[31] This view of bargaining was originally presented by Charles E. Lindblom in "Bargaining: The Hidden Hand in Government," The RAND Corporation, Research Memorandum RM-1434-RC, 1955.