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THE IMPACT OF ANALYSIS ON BARGAINING IN GOVERNMENT

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¹The views expressed herein are those of the author and do not necessarily represent the views of the Trustees, Officers, or other staff members of the Brookings Institution.

PREFACE

Research focused on issues of public policy has had a long and honorable history in the United States. During the last six years, however, it has achieved a special and somewhat controversial prominence. Systems analysis (or cost-benefit analysis) and its companion, the program (or performance) budget, have come to play major roles in the policymaking of the Department of Defense. And the Bureau of the Budget is now working to implement President Johnson's memorandum of August 25, 1965, in which he directed the heads of all other Federal Government departments and agencies to introduce a planning-programming-budgeting system to their organizations.

These developments have not lacked their critics concerned with the impact of the new system on traditional bargaining relationships. Nor have they obviated the need for careful appraisals of what has been accomplished thus far, and how to improve the art of research for public policy. It was, indeed, with these purposes primarily in mind that Albert Wohlstetter, of the University of Chicago, organized three panels for the annual meetings of the American Political Science Association in New York in September, 1966. The panels, for which nine papers were prepared, dealt with the following topics: military estimates and foreign policy; theories of conflict; and analysis versus bargaining in government.

Immediately after the meetings in New York, the Center for International Studies sponsored a conference at Endicott House during which

further discussions took place on both the broad topics and the specific papers. It seemed appropriate, considering the importance of the problems addressed, to follow these meetings with publication of such papers as the authors wished to make available to a wider audience. The Center is pleased to act as host for the project, and this memorandum is part of a resulting series on issues of systematic research concerned with problems of public policy.

Max F. Millikan
Director
Center for International Studies

Does the current addition to Washington's alphabetic vocabulary-- PPBS--signify that a real and important change is occurring in the Federal government's decision-making process? Or do the techniques, devices, and ground rules summed up in the terms for which those initials stand--Planning-Programming-Budgeting System--merely represent a semantic eruption which will leave unaffected the real elements--and the actual results of--the "bargaining", or decision-making process, in government?

My assignment as I construe it is not to attempt a complete assessment of PPB, but rather to concentrate on one element in the total "bag of tricks" which the President asked for just over one year ago, namely, "analysis." I will have relatively little to say about the "program budget" and its structure, the five-year program and financial plan, the "program memorandum", or the revised time-table of the budget cycle. In short, I will focus on the first "P" in PPB, which I take to be a synonym for the word "analysis." (I recall when we were originally developing the basic nomenclature a year and a half ago a good deal of discussion occurred as to whether or not we should elevate the term "analysis" or even "systems analysis" to part of the title of the new system. "Analysis", however, seemed to some to be a frightening and forbidding word, conjuring up as it does in Washington these days massive computers, programs, linear and otherwise, for those computers, and--worst of all--Ph.D.'s in mathematics and economics. Of course, the word "planning" is also somewhat frightening in our political lexicon, but seemed to be more acceptable. In any case, we ended with "PPBS".)

What I hope to do in the time available is to discuss a few of the major issues which have arisen in the discussion of the increased emphasis called for under PPB on the use of systematic analysis in the evaluation, development, and budgeting for government programs. While I will not put my remarks in the form of a debate or as an answer to charges which have been brought, I will at several points be responding to some of the questions which have been raised and criticisms which have been leveled at the usefulness and significance of analysis in the budgetary process.

Is Analysis "Anti-Political"? I would like to get one rather basic point out of the way at the outset: to my mind (and as far as I know, in the minds of others who helped to initiate PPB) there is no question that this system is very much a part of the political process. Indeed, if it is not--or at least does not become a political instrument--then it will be for naught. Professor Aaron Wildavsky, in a recent paper ("The Political Economy of Efficiency")¹ suggests that some of us at least do indeed view systems analysis as "superior" to the "ordinary" political process and antithetical to that process. I dissent from this view. Any suggestion that we are somehow degrading politics and political judgments, that we are substituting "rationality" for the "irrationality" of the political process lies only, as far as

¹ Paper for a Conference sponsored by the Committee on Governmental and Legal Processes of the Social Science Research Council, Princeton, N.J., June, 1966.

I can tell, in the minds of those who have made this charge. I will grant that in the dialogue of the last 18 months and, indeed, going back over the last 10-15 years, there have been some advocates of a greater use of systematic analysis of one form or another who have perhaps given the impression that they were promoting an approach to public policy issues which was in some way antithetical to politics and to "political" decision-making. Perhaps some analysts have felt that this was what they were up to. But it seems to me a complete misunderstanding of the basic decision-making structure of our system of government and the role of the Executive, the Congress, interest groups, and the public at large to view the greater reliance on more formal analysis of policy issues and alternatives as in some sense basically (and necessarily?) changing the underlying process, relationships, and roles which are embedded in our system and have been throughout our history.

While accepting PPB as a part of the political process in this country, it seems to me perfectly consistent to go on to suggest that, to the extent that this system is in fact accepted and becomes a fully working part of the budgetary and program decision-making process, it must certainly have a significant impact on that process. It may be perfectly true, as had been suggested, that a broad range of decisions will not be affected no matter how skillful and splendid the analysis provided by the Executive Branch: the pork barrel will still offer a rich and tempting diet of pork (though this "pork" is usually poured concrete) and we may still have Cross-Florida barge canals and Arkansas River

projects--and even perhaps dams on the Colorado--even if we substantially improve the quality and sophistication of the "cost-benefit analysis" applied to evaluating such proposals.

Three Impacts of Analysis. Accepting this point, I would still assert three claims for the potential of the wider use of systematic analysis in government:

- the dialogue between the parties involved (the bureaus, the departments, the Executive Office of the President, the Congress, the private interest groups and "constituencies") will be conducted differently and will certainly be "impacted" by PPB;
- some decisions will be different from what they otherwise would be without this approach;
- and some of these decisions will be better than they would have been without the use of more formalized analysis.

Of these three claims, the second is certainly more difficult to substantiate than the first, and the third incomparably more difficult to substantiate than the first or second. Indeed, until the art and science of political science and economics (and philosophy?) have advanced beyond their present stage of very rudimentary development, the last statement can only, in the final analysis, be defended as an individual value judgment and cannot in any meaningful sense be "substantiated."

I have used and will continue to use the term "budget process" and "budget decision" as a short-hand to encompass not only the dollars and cents decisions but also the program decisions and policy decisions which are affected by and reflected through the budgetary process.

This is a usage which seems to me increasingly appropriate in Washington at least since 1961, since the Bureau of the Budget has become the focal point, as far as the Presidency is concerned, for the organization of the President's legislative program, a key part of which is the Budget itself. (As I recall my days [and nights] as Assistant Director of the Bureau of the Budget, a very large fraction of my time was involved in dealing with policy and program issues which had only a peripheral connection and relation to expenditures in a quantitative sense.)

I am more than willing to adopt the basic framework and language to which Professor Lindblom first introduced me in order to consider the role of analysis and its impact in government decision-making. The Lindblom language is reflected, of course, in the title of this paper: "bargaining". And having for a while played a role in what can usefully be considered a bargaining process, I find this comfortable and relevant as a framework for considering the role of analysis. In this framework, I suppose the key question can be put as follows: is the bargaining process and/or the result of the "bargain" significantly affected if one or more of the "players" in the bargaining process employs systematic, explicit analyses of one variety or another? As I have already indicated, my tentative answer is "yes" to this question and, indeed, "yes" to both the process and result aspects of the question. Does this mean that judgment, intuition and "hunch" are downgraded or eliminated in the decision-making or bargaining process? To

ask the question I think is to answer it, and this for two reasons. In the first place, I would be a poor advocate for the greater and greater use of analysis, and a poor supporter of efforts to expand the areas in which we develop a facility in using various analytic tools and an increase in the sophistication and breadth and reach of analysis, if I were to argue that analysis allows us to bring a kind of "neutral rationality" to government decisions so that we can turn to the computer to grind out the answers to policy issues untouched by human hands--or minds. I would be a poor advocate to try and argue this point because it is trivially easy to demonstrate it is a point with feet of clay--indeed, it is made up of clay up to its armpits!

The Hierarchy of Decisions and of Analytic Forms: Cost-Effectiveness, Cost-Benefit, Systems Analysis. It is perhaps appropriate to say a word about terms like "systems analysis" and "cost effectiveness" and "cost-benefit analysis." There is I think growing consensus on the use of these terms, though still a good deal of fuzziness in individual cases as to how a particular kind of analysis should be properly denominated. One convenient way of looking at the various art forms which go under the generic heading of "analysis" in this context is to recognize that we have a hierarchy of decisions which we can view either from the "top" or from the "bottom." Starting from the top, we have the very basic and broadest policy issues and policy choices. Should our marginal tax dollar be devoted to education or to transportation or to health or to an increase in the defense budget? Should a broad new Federal program be instituted

not only to land a man on the moon but to attempt to start a whole civilization there--or perhaps on Mars? Questions at this pinnacle of the decision hierarchy may be (and, I would argue, should be) profoundly affected by the results of analyses at lower levels in this decision hierarchy but are not themselves the subject of useful formal and systematic analysis--at least at this stage. There are two reasons for this. First, the awesome complexity of comparing such alternatives, each with so many sweeping implications and ramifications for our society, is well beyond our capacity given the status of the analytic art and the sciences this art employs, and I suspect this will be the case for a long, long time to come. Second, and more fundamental, these choices between basic and broad alternative public purposes and their rank order and weight depend so fundamentally on basic and elusive value judgments which (without an explicit social welfare function) must be the personal judgment of each of us. As we move down the decision hierarchy, analysis becomes more manageable and also more directly influential and significant in the choices that are made. For example, once we accept, at least provisionally, the notion that the Federal government should give support to elementary and secondary education, the analyst can then--still at a rather high level of sub-optimization--lay out alternatives for those who must make these decisions.¹ However, it is for this kind of choice that the impact of

¹ The phrase "those who make the decisions" and are potential customers of the analyst's output include, in the case of education (in ascending order), the Commissioner of Education, the Secretary of Health,

analysis on bargaining becomes rather easy to identify, namely, the way the alternatives are put; and the explicit measures which are developed may be very much affected by the analysis--and the analyst (e.g., the choice between alternative techniques and levels of support to achieve "improvement in elementary and secondary education").

Analysis can only be said to "make decisions" at the very lowest level of sub-optimization. Once an appropriation has been passed by the Congress and where a program's purposes are reasonably clear-cut and quantifiable, the choice of particular techniques to implement these programs may be made completely (or at least heavily controlled) by the results of one form of "analysis" or another. A clear-cut (though some may argue trivial) example is the job of air traffic control by the FAA. While human judgment still plays a significant role in the day-to-day, hour-to-hour, and minute-to-minute decisions of the air traffic controller, he relies more and more on automatic decision-making generated by various types of computerized and electronic gear and "analysis." And systems in the works may largely eliminate the human decision altogether. However, once one goes above this level--and in some programs

Education and Welfare, the President (rather, "the Presidency" which includes his key advisers, especially the Director of the Bureau of the Budget), and the relevant sub-committees and committees of the Congress, and finally the House and Senate. There are four relevant sub-committees and committees, the authorizing committees and the appropriating committees. To make the list complete, I should include a wide variety of interest groups such as the NEA, perhaps state school superintendents, major city school superintendents, PTA groups, and so forth and so on at great length.

one never gets down to this level--judgment plays a role and, as one moves up the hierarchy, judgment plays a more and more important role. At the middle and higher reaches, indeed, the judgment of the analyst is crucial, because at this level of "systems analysis" (or cost-benefit, or cost effectiveness), objectives are only given to the analyst in the vaguest form and, since typically more than one objective is involved, the analyst is required to make many judgments as to the way in which the multiple objectives--typically competing objectives (at least at the margin)--are to be melded and molded into the analysis. It has been suggested that some of the most significant efforts in systems analysis have actually been more important in the discovery and specification of objectives than they have been in elucidating alternative means of reaching objectives.

Reasons for Introducing PPBS. In assessing the potential effect of government-wide use of systematic analysis, it is instructive to examine the motives of those who have played key roles in pushing the Establishment in this direction. I know from my own experience that one of the principal factors which motivated people in the Budget Bureau to insist on a greater use of analysis has been the fact that, typically, both program and budget recommendations coming to the President from the departments and agencies have not contained any alternatives and have denied the President the option of making meaningful choices. The options have been screened out before the President has had an opportunity to choose among them. This great failure is frustrating to the Budget Bureau and to the

President. Moreover, not only is the typical budget request as it comes forward to the Budget Bureau lacking in alternatives; there is not even available to the Budget Director and the President he advises the kind of information which allows one to judge the effect on a given program of either a decrease or an increase in the funding level finally recommended to the Congress. The result of this is that the judgment of Budget Bureau staff is often superimposed on the judgment of those presumably much more knowledgeable about the program. And the Budget Bureau inevitably acts, at least sometimes, in a very arbitrary fashion--arbitrary because those required, say, to cut X-hundred million dollars from a given program area have nothing before them to indicate the impact of that cut, or the impact of the manner in which they allocate that cut among various program elements. Equally significant to some of us has been the conviction that the application of systematic analysis to programs all across the board will not only encourage the examination of alternative ways of meeting program objectives, but will actually lead to the invention of new techniques for achieving public purposes. This, indeed, is the hallmark of a really good systems analysis, namely, that quite new ways of looking at problems have led in turn to the development of quite new and better ways of meeting problems.

Is PPB Revolutionary? Having mentioned some of the reasons lying behind the move to PPB, I would emphasize that I, at least, do not regard PPB and, more particularly, the emphasis on systematic analysis in the Federal establishment as really revolutionary. The whole system

seems to me to be a quite natural evolution and the emphasis on analysis, while intense and ubiquitous, is, after all, neither wholly new nor revolutionary. Some sectors of Federal activity have for many, many years been subjected to systematic and regular procedures of analysis. In fact, one of the difficulties in getting enthusiastic support for this new emphasis on analysis is the deservedly bad repute in which some types of analysis have come to be held. The outstanding candidate for this role, in my view, is water resource cost-benefit analysis where, typically, the quality of analysis has been mediocre and the "guidance" to policy has been at best imperfect and irrelevant, at worst plain wrong. The fact that bad analysis can be done and the fact, moreover, that the water resource field is replete with examples of the manner in which the analyst can twist his assumptions to get the politically desired result is a powerful argument indeed for those skeptical of this whole effort. My response to this skepticism is the obvious one, namely, that because an approach and set of techniques have been abused in the past does not mean inevitably that they must be.

What can be done about "cheating" by the analysts who are directed to "make the case" for the projects and program the agency (and its constituency) have already decided they want? This will happen--witness the questionable assumptions (often hidden) in water-resource cost-benefit analysis. How can the abuse of analysis be handled? For one thing, elements in the organizational structure at echelons above the level at which the analysis is performed as well as "competing" agencies at the same

echelon (especially, it is hoped, the Cabinet officer in whose department the program being analyzed is located) should insist that the analyst:

- make assumptions explicit;
- carry out analysis with alternative assumptions;
- conduct sensitivity analyses.

Occasionally, (perhaps on a sampling basis) the analyses will have to be re-done independently to make sure the results are not biased by key hidden assumptions, quirks in the methodology, etc.

The Role of the Bureau of the Budget. The role of the Bureau of the Budget deserves a special word in this context. It is, of course, just another player in the bargaining process of Federal budget decision-making, but the Bureau, at least at its best, performs as the President's agent which means that it takes a Presidential view of the decisions that come before it. Now, there is no question that the Presidential view is a very political view. But it is a political view which has by its nature a breadth which is lacking in almost any other player in the bargaining process: the bureau and department, the Congress (and particularly the Congressional Committee) and all the private interest groups. The very fact that the President must balance conflicting interests for his own political purposes in a sense places a requirement for a more systematic and analytic approach than is typical when one speaks as an advocate of a particular agency or interest group point of view. The fact that many values and the interests of many elements in the community must be taken

into account in coming to final Presidential decisions lends added value to the use of an articulated systematic approach. As the President's major staff arm on program and budget matters, the Bureau sometimes likes to think of itself as, and to play the role of, "the taxpayers' counsel" at the government bargaining table. In particular, it is at the Budget Bureau level that the competition among major program areas comes to a head. At least one force for resisting the seemingly insatiable appetite for funds on the part of the advocates of many program areas is a simple fact which the Bureau and the President are required to recognize: if Program A gets more funds, other programs will get less. This is a fact of budgetary life, at least in the short run.

Does PPB Require Centralization? This leads me to comment briefly on the organizational implications of PPB and to discuss more specifically the suggestion which has been strongly urged by Wildavsky (and less publicly by many in Washington) that PPB requires a significant increase in the centralization of the whole decision-making process. Briefly, this seems to me to be a complete misreading of PPB. Potentially, at least, PPB will permit, if properly implemented, a rationalization of the centralization-decentralization relationships from the President to the Cabinet officer and major agency head to the bureau and division level and down to the sub-organization units which go to make up the Federal hierarchy. As one moves up the hierarchy, if the inputs called for in the PPB system are adequately developed, it would be possible for the decision-maker at any level to make the choices among the elements for which he has

responsibility, but to a large extent to devolve on the decision-makers below him, responsible for each one of these elements, the choices within each of these elements. In the present system, unhappily, the cabinet officer is almost compelled (if he wishes really to manage his department and to discharge the responsibility which is nominally his) to "second guess" those way down the line in his agency. Likewise, as I suggested above, the Bureau of the Budget, because of the paucity of relevant information available to it under the pre-PPB system for Presidential budget decision-making, is frequently compelled to involve itself in detailed decisions which it is inherently less capable of comprehending and properly deciding than those more directly involved in the implementation and execution of the program. It seems to me, for example, an excessive centralization when the Budget Director makes decisions with regard to the details of the staffing of regional offices of a given Federal agency; and yet if he has no information before him which really indicates what that agency and what its individual offices are up to and yet is constrained to keep some rein on expenditure levels, he is almost compelled to make rather arbitrary (and, I am sure in some instances, capricious and unfortunate) decisions. In short, the present system seems to me to lead to a pernicious and promiscuous kind of centralization all the way up the line, and it is this perverse centralization in the present system which hopefully at least PPB will go some way to correcting. PPBS, when developed, can be a powerful force for a rationalization of the Federal decision structure and for decentralization.

PPB and Reorganization. Wildavsky and others who have commented in the same vein are certainly right, it seems to me, in suggesting that the development of a sensible program structure does contain within it significant reorganization implications for the Federal establishment-- even though not necessarily reorganization leading to greater centralization. Just to cite one example: if there had not already been a strong move to establish a Department of Transportation, I suspect that two or three years with PPBS would have provided the President and his chief advisors with a strong, if not compelling, reason for moving to establish such a department. No matter what the program structure, however, there will continue to be, as there is in any budgeting system, the need for the central authority--the Presidency--to pay particular attention to what in today's jargon are identified as the significant "interfaces" among various major program categories. There is no question that the program budget, insofar as possible, should be structured so that the program categories, sub-categories, and program elements make sense from a program standpoint. And for obvious reasons, a program budgeting system can operate much more effectively to the extent that the organizational structure corresponds more or less to the program structure. Since our present organizational structure reflects a whole series of "accidents of history", I agree with the suggestion that, over time at least, reorganizations will be, if not compelled, at least strongly encouraged by the development of a sensible program structure. But, I repeat, I see no reason to expect greater centralization to result.

Some of the inadequacies in the initial attempts to develop program budgets in the last several months have unquestionably resulted from the fact that present organizational structure in some areas has little relation to a sensible view of program structure. Since PPB must be viewed primarily as a tool and technique for improving Presidential budget decision-making and not primarily as a tool for guiding budget implementation (e.g., the actual expenditure of funds once appropriated by the Congress), it is very important, in my opinion, that the rationalization of the program budget be guided primarily by the development of sensible and viable program categories and components of those categories and that the demands of the organizational structure as it presently exists play a distinctly secondary role. I would add that in practice compromises must be made to accommodate the existing organizational structure, at least until the necessary reorganizational moves have been made. One must recognize that even if we go to a structure which is more highly centralized than at present, there will always be difficult choices to be made as to where to place particular program sub-categories and program elements since in at least some significant instances a case can be made that a given program belongs in two or more places in the overall structure. Finally, it would be foolish to ignore the fact that we are not starting from scratch, that important ties, loyalties and the strongly-held views of groups represented at the bargaining table are going to leave us--no matter how hard we push in the direction that I'm suggesting--with some (to say the least) rather peculiar alignments of program and organization.

This, though, is yet another instance which supports my basic thesis, namely, that the PPBS effort is bound to have an effect on the bargaining process and on its outcome, even though it will not in every instance control that outcome. Relationships which are now suppressed or ignored will be put on the bargaining table and may force people to recognize inter-relationships (or, if you like, "interfaces") which up until now have conveniently been forgotten.

The Root Vs. the Branch: Lindblom's View and Analysis. Another of Professor Lindblom's contributions to the discussion of government decision-making can be read to reject the notion that systems analysis can be of much use, except perhaps in very special cases. In "The Science of 'Muddling Through'",¹ he contrasts two approaches to public policy decision-making as the "successive limited comparisons" or branch approach. While recognizing and accepting many of the difficulties with the former (rational comprehensive) approach and further recognizing that more often than not the "successive limited comparisons" approach is what we observe in practice, it does not seem to me that an emphasis on articulate systematic analysis is inconsistent with Lindblom's preference for the successive limited comparisons approach, which he considers to be the more realistic and reasonable of the two methods. He points, for example, to the difficulty in starting out with a clearly articulated statement of the objectives before one begins empirical analysis. As I have indicated above,

¹ Public Administration Review, Vol. 19 (Spring, 1959), pp. 79-88.

one of the hallmarks of good systems analysis as it has come to be practiced is that simultaneously with a definition and testing of alternative means is the refinement and specification of objectives. Furthermore, the comprehensiveness of any given systems analysis will depend on the ingenuity of the analyst, the kind of data available to him, and the amount of resources that are at his command in undertaking the analysis. I would urge even if Lindblom's preferred approach--successive limited comparison--is selected as appropriate to the case in hand, that it should be undertaken systematically with assumptions clearly specified. This is particularly necessary since in this approach, as he points out, many of the inter-relationships with other parts of the system are ignored. It is important that those who will use the results of the "analysis" have called to their attention the limited nature of the analysis so that the limited, partial and incomplete nature of the argument will be understood. I am not so concerned with "comprehensiveness" or the lack thereof, but rather with the use of a very casual and inarticulate "analysis" in place of a specific, "spelled-out" analysis. The "consumer" of the results should be in a position to judge whether or not the particular analysis is in fact useful to him--whether he wants to be guided, in whole or in part, by the results of that "analysis."

Another idea associated with Lindblom's name and closely related to the above is his emphasis on "incrementalism" in public policy decision-making. Again, I would insist that this is not necessarily inconsistent with the philosophy underlying PPB. Most analyses will, indeed, be at

the middle range of the decision hierarchy and will focus on relatively marginal changes in existing programs. However, there are occasions when it is appropriate to attempt a more ambitious analysis, an analysis which moves toward the end of the spectrum identified by Lindblom as the "rational-comprehensive" method. The use of a more sweeping, broader analysis (in the terms employed by some, "systems analysis" instead of "cost-benefit" or "cost-effectiveness" analysis) will be appropriate in at least two situations: first, where whole new program areas are being considered, that is, where the President, for example, is contemplating the initiation of Federal activity in an area in which the Federal government has not before performed. Very often in this situation there will be a number of options open to the President. It may very well be, and indeed in general I would urge that it is ordinarily the desirable strategy, that the first actual program moves be small and that experimentation characterize the initial efforts in a new area, since I fully share with Professor Lindblom and others skepticism at our ability through analysis to develop a very sure-footed understanding of the effect of government activity in an area where it has not been tried. This is so particularly because relationships are difficult to determine a priori in many instances, and because in this situation we are largely working by analogy of one sort or another and have little or no directly applicable empirical evidence upon which to draw. However, it is in these instances of really new undertakings where a systems-analytic approach, in the hands of a skilled analyst, often can lead us to be very inventive in developing new

approaches and new techniques. The second area where a fairly broad sweep in a systems analysis is appropriate--where incrementalism won't do, at least as far as the analysis goes--arises where we have become seriously dissatisfied with the effectiveness of an existing program and where we wish to undertake major redirection and revision of a given Federal activity.

The Value of Obscurity on Objectives. I must refer to one other theme which is frequently emphasized by the skeptics,¹ namely, the value in many areas of government activity in not being explicit about objectives. Representatives of this view have pointed out that at least in some instances agreement on specific programs is possible, even though the interests of various affected groups in the program may be not only quite different but, in terms of their overall value schemes, antithetical. From this one might draw the inference that an attempt at articulating an analysis which identifies objectives will actually make agreement on programs and on budgets more difficult than reliance on implicit reasoning and bargaining to arrive at the program's contours and level. It is, moreover, pointed out that the implicit "analysis" in a bargaining system with various interests and values "taken care of" by the representation of these interests and values by one or more players at the

¹ I had intended to identify this group as the "Yale School" but knowledgeable friends in political science warned me that this would be unfair to some at or from New Haven and also, perhaps, unclear.

bargaining table is a good and workable system. I would agree that, by and large, the system has been pretty good and pretty workable and I further agree that one can undoubtedly identify specific cases (especially where feelings run high) which might be put back rather than forward by an attempt to subject the program to an explicit analysis--or at least to make that analysis public. (But the Executive Branch can develop its position based on analysis without injecting analysis into public debate.) However, I am not persuaded by this view as a regular and basic guide. For one thing, the fact that there are different interests and different values concerned with particular programs does not mean that systematic analysis will necessarily make agreement on specific program decisions and specific budget decisions impossible. It is possible, for example, to reflect explicitly the degree and extent to which different objectives or values will be realized under different alternative approaches and different levels in a given program area. Thus, the interested parties will be able to identify the extent to which their own particular interests--their own particular weighing of the outcomes--will be achieved. Furthermore, as I indicated at the outset, PPBS does not mean a basic nor drastic alteration in the bargaining system relationships. Nor does it signify the non-representation of all the present players in the game.

In brief, while I find much that is useful and insightful in the "skeptics" view of the governmental process, I think I can do so and still maintain a faith in the value and efficacy of an increased reliance on systematic analysis as an aid in making public policy choices.

PPB and Congress. Turning to another topic, it is frequently asked what will be the effect of PPBS on the relations between the Executive Branch and the Congress and on the authorizing and appropriating process within the Congress? I do not have the background or expertise to discuss this question with any kind of completeness--and I can certainly not speak from the Congressional point of view. However, there are several points that should be understood. In the first place, let me reiterate a point made above: PPBS was designed and is being pushed as a technique or set of techniques which will improve the Presidential budget decision process. The President, having made his decisions, can forward his recommendations to the Congress in a variety of forms. It is worth emphasizing that in any case the implementation of the President's budget once the Congress has authorized and appropriated funds requires expression of these budgetary decisions in the familiar "object class", input-oriented, and organizational-unit oriented terms of the traditional budget. There is no special difficulty or extra burden placed on the Executive Branch in translating the results of the program budget and the decisions reflected therein to the Congress in the familiar terms which they seem, at least up until now, to prefer. Thus, I see no particular technical difficulty in acceding to the apparent will of Congress that the familiar budget structure be maintained with regard to their deliberations.

There is, however, one central and sensitive point involved in the implications of PPB for Congressional-Executive relations: a key element in the new system is its emphasis on multi-year programming and budgeting.

The standard pattern is that each program be developed in terms of a five-year program plan and that this be translated into a five-year financial plan. It has been suggested that this is in a sense impossible for a President to live with since he does not wish "to give up his options" (to use a phrase President Johnson has made familiar)--that he does not wish to tie his hands earlier than he must with regard to the future. The President need only make recommendations to the Congress with regard to the next year's appropriation levels, plus recommendations with regard to the new programs (or amendments to old programs) on which he is now (in the current session) requesting action by the Congress. Even though the President decides not to submit formally the five-year program and financial plans to the Congress, there is little question, given the facts of life in Washington, that the existence of these plans will not only be well known but that they will, one way or another--above or below the table--come into the hands of the Congress. I recognize that there is a certain amount of risk for the President in this situation. Only by the repeated and steadfast reiteration of the fact that the plans for each program beyond the next budget year--the year for which he must make specific recommendations--are only tentative and do not represent any kind of Presidential determination or commitment, can he avoid creating the impression that he is committed for the future. And even if the President does this, he will occasionally and inevitably be embarrassed--but Presidents have been embarrassed by "commitments" for the future in the past, and have managed to survive this embarrassment. One way of

minimizing the danger of an apparent premature commitment to funding levels and program development is to have program and financial plans (beyond the current and next budget year) presented in terms of two or more alternative funding and activity levels. It is worth noting that Secretary McNamara for the last several years has discussed the defense five-year program plan and force structure with the relevant committees of the Congress and has not been embarrassed especially that these plans have been revised from year to year. While the Secretary's relations with Senator McClellan, Congressman Rivers and other key figures on the Hill have not always been completely placid, it is not at all clear that his difficulties have been due to PPB!

My own forecast, for whatever it is worth, with regard to Congressional attitudes toward PPBS is that over the next several years in at least some areas, the Congressional committees (both substantive and appropriation) will come to discuss administration recommendations in terms of the dialogue of PPBS. In other words, I think that it will not only affect the bargaining within the Executive Branch, (e.g., among the agencies and between the President and the agencies) but that it will also directly enter the bargaining dialogue between the Administration and the relevant focal points in the Congress--and the private constituencies. Indeed, already there are moves afoot on the Hill to develop staffing available to, and responsible to, the Congress to review systems analyses, program budgets and the like. Just as the Budget Bureau (at least on a sampling basis) must carefully review the various analyses performed

within the agencies, so I think that--even though it will make some of my former colleagues and associates very uncomfortable--it is desirable that on a sampling basis the Congress have available to it the necessary expertise to review in depth and very carefully the kinds of analyses being performed in the Executive Branch. Indeed, I see nothing inappropriate with the Congress itself initiating analyses of various programs, examining various alternative ways of accomplishing program purposes, and evaluating the effectiveness of existing undertakings.

Does PPB Matter: The McNamara Case Study. It would be too much to ask that I end this discussion without calling your attention to the best demonstration of many of the points that I have suggested above, and most important, the fact that an increasing reliance on systems analysis throughout the Federal establishment will indeed have a significant effect on the bargaining process and on the results of that process. This "evidence for the prosecution"--or rather, for the defense, since this is the American Political Science Association--is, of course, provided by the McNamara years in the Pentagon. While Wildavsky and others have questioned to what extent the use of a PPBS system has really had much effect and have pointed out that no one within the Establishment has yet laid out the case that this, in fact, has occurred, I find it hard to understand how even the most casual observer, dependent only on the New York Times as his information source, can question that at least the dialogue has been profoundly affected, if not the result. In the nature of the case,

of course, it is impossible to establish in any irrefutable fashion that the results of the decision-making process have been affected by changes in that process since we are never able to develop an acceptable and rigorous test of the question--no specific decision is ever reached under the "pre" and "post" McNamara systems. The very fact that the Services have developed the capacity for performing very sophisticated systems analyses (perhaps in self-defense against the whiz-kid onslaught from on high) is certainly evidence of the impact which analysis has had on the bargaining process.

Has systems analysis within the defense decision area not only affected the dialogue in which the bargaining has been conducted between the Secretary and the Services (and particularly between the Secretary and the Joint Chiefs) but also affected the actual decisions which have been made? There is at least some evidence available to the outsider which strongly suggests that certain crucial decisions made in the last five years by Mr. McNamara and approved by the President have indeed been directly and even dominantly affected by the analysis. The most important of these analyses have been performed under the direction of Alain Enthoven, now Assistant Secretary for Systems Analysis. It is my impression, for example, that the airlift-sealift decisions which have been made in the last year or two have been strongly influenced by systems analysis results. The decision to develop and acquire the C-5--a large logistic carrier--and the characteristics of that carrier were strongly influenced by analytic results produced in the last few years. The composition of the

airlift-sealift forces--the "mix" of systems--has likewise been much influenced, if not dictated, by the analyses which have been performed both in the Office of the Secretary and by the Air Force and the Navy. And the still-disputed TFX decision was, from all indications, not unaffected by systems analysis.

Furthermore, I would offer in evidence the brief but incisive description of the development and implementation of PPB in the Defense Department in the period beginning in 1961 provided by Charles Hitch, until recently Comptroller of the Defense Department, in the Gaither Lectures, now available in book form under the title Decision Making for Defense.¹ It is clear that Mr. Hitch is anything but an unbiased witness. It is furthermore clear that this book does not pretend to be the kind of systematic "systems analysis" of the impact of systems analysis which apparently is called for by skeptics like Wildavsky. Yet, a reading of this work, making all the allowances for the undoubted prejudice with which Hitch understandably addresses this subject, offers a rather impressive dossier with regard to the radical changes in the dialogue, and perhaps in the quality and nature, of the defense decisions taken in the period since 1961.

A final note on the McNamara revolution: while this phenomenon has been tied closely to the Secretary as an individual and has been in large measure a personal triumph, I am convinced that the McNamara-Hitch system will have a major impact on Defense decision-making for years to come. No successor could undo all McNamara has wrought--even if he wished to--and

¹Berkeley, California, University of California Press, 1965.

even if his successor is a person of the same rare quality.

Will It Work Across the Potomac? Will the same impact emerge--if we are willing to accept at least some impact from systems analysis on the defense scene in the last few years--over the coming five years on the domestic side as a result of President Johnson's dramatic memorandum of last August 25 announcing his determination to develop and apply PPB on a government-wide basis? It is too soon to tell and one would be foolish to make any kind of a flat forecast. We can perhaps, however, make some conjectural predictions. It is not too bold to suggest that we can be sure that the performance across programs will be very uneven. Indeed, within the defense decision-making arena itself, the impact of the systems analytic approach and the development of a program budget system has been uneven. Some problems and some program areas are more amenable to this approach, given the present state of our understanding and knowledge, than are others. And the same is obviously true on the domestic side of Federal activity. Furthermore, the aggressive and effective application of this new approach certainly depends on a number of factors. To cite just a few:

-- The viewpoint of the key players in the game. It is certainly clear, no matter how strong and insistent the exhortation from the President and the Budget Director, that without the wholehearted understanding and support of the Cabinet and independent agency heads that the effect of PPB will be marginal. Certainly the major, or at least, a major reason for the effectiveness of PPB in the Defense context has been that the Secretary has

grasped this (as Wildavsky himself has noted) as the major management tool by which he has "conquered" the Services and made himself the master of the Defense Department in a way far exceeding the degree to which any previous Secretary of Defense has ever exerted his authority and run his own show.

- The effectiveness of the bureaucracy in alliance with its constituent groups and their representatives in Congress in resisting the effective implementation of PPB. There is little doubt on the part of those who have been in Washington in the last few months that there are certain loci of strong and effective resistance to changing the whole budgetary and program decision process. The success of this resistance will be very much dependent on the de facto control which the Presidency has over the activities in question and over the key personnel in the bureaucracy responsible for those activities. One can be sure that there will be certain program areas where resistance will continue to be more or less effective in blunting the attempt to make anything more than a pro-forma modification in the actual decision-making process and where only the most superficial and irrelevant attempts at analysis will be undertaken. I would suggest that this is not a peculiar characteristic of PPBS or systems analysis. Any attempt to modify significantly the rules of the bargaining game will be strongly resisted by at least some elements of a bureaucracy as large and varied and, in some cases, as well entrenched as the Federal bureaucracy. As a first approximation, one can say that those who find the present arrangements comfortable and effective from their own self-interest and special interest viewpoint will resist changes

of any kind, since change introduces uncertainty. The results of change for the individual bureaucrat, the individual agency, the individual Congressman and committee, and the individual special interest group may turn out to be good. They may also turn out to be bad. If things are reasonably satisfactory and comfortable now, the question facing these people and institutions is: "Why go along with attempts to rock the boat?" As an aside, I might add that one strong reason for supporting PPB lies precisely here: quite apart from the intrinsic potential value of this new system should it be effectively implemented--or, put differently, even if it is not effectively implemented--there is real value in a periodic shake-up of the key centers in the Federal nervous system. And certainly if it has accomplished nothing else, PPB has already done this. It has forced people to re-think their own roles, their agency's roles; it is raising questions and providing a context in the bargaining framework in which questions can be raised which have largely been ignored in the past. All of this I submit is healthy and good as long, of course, as the boat-rocking is not so severe as to do more than ship a little water--we don't, after all, want to swamp the ship of State, just keep it responsive to changes in the currents, tides, and winds of government activity.

An assessment of the impact of analysis on bargaining in government must at this juncture be cautious and conjectural. I have tried in these remarks to refrain from "over selling" or expressing wild optimism that the increased emphasis on analysis--and PPB in toto--will transform the quality of Federal decision and vastly improve public policy. On the other hand, I have indicated that I cannot share the view of those

political scientists and old-hand Washington bureaucrats who think that PPBS is yet another passing fancy which will have no noticeable impact on anything--and will shortly fade away. Some representatives of this skeptical group seem to feel, in the absence of a violent revision in our basic governmental structure and process, that a modification as modest as PPB can have no impact. They appear to view the whole Federal decision process as involving "who is in what job and where is the real power" and "what will Mr. A do for Mr. B so that Mr. B will support A's pet project" and "what's in it for me, Jack?" This is not only a possible but sometimes useful way of looking at government. But viewed as the totality of the governmental process it is, I submit, badly misleading and incomplete. Even the most venal parochial party to governmental bargaining can be forced to take account of cogent systematic analysis--as long as some others at the bargaining table insist on making it part of the dialogue. My bet is that PPB (and its emphasis on analysis in particular) will have a far greater impact than the skeptics are ready to admit.

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