IN a previous column, I introduced the concept of a “paid lunch.” It’s better than a free lunch — which is often thought not to exist — because you’re paid to devour it.

But what qualifies as a paid lunch for the government? The answer is a proposal that will stimulate the economy and create tangible benefits while — drum roll, please! — reducing the deficit.

My initial suggestion was to sell off some of the radio spectrum now used for television broadcasts. And I’m happy to say that the Federal Communications Commission recently proposed a version of this idea to support its national broadband initiative.

So here’s another paid-lunch idea. This one is intended to increase the efficiency of the military and its ability to serve the country — all while reducing military spending. Similar in spirit to the spectrum proposal, it boils down to a simple principle: To allocate resources efficiently, decision makers must make choices based on true market values. For the military, that means taking land prices into account in choosing sites for bases. It may be time to sell off some prime real estate.
After the cold war, deciding which bases to shut down was a political hot potato. The job went to the Base Closure and Realignment Commission, which started in 1988 and had its last round in 2005. Guess which factor the commission didn’t focus on? The money you could get for selling a particular piece of land. Bases were given away or sold below market price. The military didn’t have much incentive to sell its crown jewels, and it still doesn’t.

To see what’s wrong here, consider another example of military inefficiency: the draft. Under the old Selective Service System, the military did not have to pay market wages to entice workers to enlist. As you might expect, the armed forces used too much labor and conscripted people who didn’t want to serve, a problem that became acute during the unpopular war in Vietnam.

Today, people in the military are there by choice, and labor is no longer considered a free good. (As a result, military personnel are no longer assigned to “KP”; civilians are hired to peel the potatoes and wash the dishes.)

When it comes to land use, however, the military is like other areas of government. It doesn’t have incentives to make good decisions about where to put its facilities. It doesn’t have to pay fair market rent for the land it occupies. In fact, it pays no rent or taxes, and, just as bad, has no incentive to move from highly valued land to someplace cheaper.

Indeed, if the military wants to shift more than 1,000 civilian employees from one location to another, it has to receive permission from Congress. And we have had plenty of recent reminders that Congress isn’t a place from which rational choices are likely to emerge.

It is time for a change. Politicians on both sides of the aisle should be able to agree that we face a long-term budget problem. A better land-use policy for the military could make a difference.

The Defense Department has vast land holdings, some in prime locations — including the Hawaiian Islands and elsewhere. (Of course, land prices are lower than they once were, and it wouldn’t be a good idea to dump a lot more on the market right now. But reducing the budget deficit is a long-term problem anyhow.)

The Marine Corps seems to have particularly good taste in base location. For example, it has Camp Pendleton, about 40 miles north of downtown San Diego. The base sits on 200 square miles of land, including 17.5 miles of Pacific shoreline. About 60,000 people work there.
Of course, I am not in a position to say whether the Marines need all the land at Camp Pendleton, but I can say with some assurance that the land is very valuable. Think ocean views with what many people regard as the country’s best climate. Even in the current real estate market, a ballpark estimate is that the land would fetch at least $5 billion from a developer.

Furthermore, the Marines have other bases, like Twentynine Palms in the Mojave Desert. That base covers more than 900 square miles of land that is considerably less valuable. You can’t practice amphibious landings in the desert, but other operations could be done at either place.

Is it really necessary to conduct tank-training exercises on land with an ocean view? Do the Marines really need all those miles of beach? On the other hand, you can’t blame the Marines for preferring to live at Camp Pendleton, or Hawaii, for that matter.

HOW could we give the various military branches an economic incentive to use land rationally? First, include real estate prices explicitly in land use evaluations, along with factors like environmental and economic effects on local communities.

Second, give the armed forces some skin in the game. Right now, the Defense Department has no financial incentive to consider the value of alternative land use. Even when officials can sell land, they can be instructed to take less than market value.

Affected communities also need to share potential windfalls — and somehow be prevented from delaying changes for decades. We need to overcome the constant political fighting about issues like urban sprawl, employment and retaining open spaces. Perhaps I am being naïve, but the current economic environment might provide a background that could stimulate rational discourse, especially in a nearly bankrupt state like California.

The point I am making is perfectly general. If we were starting from scratch, it is unlikely that we would decide to devote so much valuable land to its current uses. The government is sitting on valuable pieces of property (and radio spectrum, for that matter). As we think about how to deal with the long-term deficit, we need to devise ways to encourage rational economic decisions — and tell government agencies that their funding will depend on their ability to make them.

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