ing is justified. But for the purposes of War on Poverty training, in order to bring policy logic to this sort of computation, it must be assumed that if a training project is uneconomical—that is, if discounted earnings are less than cost—a preferable alternative would be to provide transfer payments for the less expensive direct support of those who would otherwise have been trained more expensively.

But our objective, as stated by our legislation, is not just removal of people from poverty by simple devices such as transfer payments. We operate under the Economic Opportunity Act and our primary mandate is to provide the opportunity for people to get themselves and their families out of poverty. In this case, therefore, the rationale of transfer payments as an equal-value alternative to training, is incorrect. Even if discounted earnings were less than cost we might want to do the training anyhow because of the social value placed on ending poverty through personal opportunity.

All this, I think, demonstrates some skepticism about classical (10–15 years old) systems analysis as a solution to all problems. Nonetheless, a standard *caveat* of systems analysis is that one should not look for perfect optimum but rather for any available improvement. Let me look now—under this *caveat* about systems analysis being imperfect and sometimes dangerous—to all we did to try to *improve* policy-making through the use of such an analysis. My last point about the training programs provide a start. To my mind the most important contribution of systems analysis is to demand a definition of objectives, and to make that definition operational. I have already pointed out that in the hierarchy of our objectives, opportunity comes above the direct cure of income-defined poverty as such. But that initial definition of objectives does not end our problems; it begins them.

How do we define the objectives of providing opportunity and reducing poverty? We decided that our major measure would be the number of people moved past a family-income benchmark we call the poverty line. To move people past an arbitrary line is *not* our objective but it is a measure which can be applied to our real objectives. It is a necessary compromise in the name of systematic decision making. So we try to move people by a line. What line? We decided to use an *annual* income measure. This is not completely satisfactory—it ignores assets for example, and thus it includes as poor some people that may be really rich. Similarly, by selecting annual income, it ignores those who may have an income in one year that may be atypically low and who may not really be poor at all. We have been struggling with refinements of the definition, but in the meantime, in order to get something done we have made compromises in the name of system and have used annual income. Having decided on income as a measure, we made one immediate advance; we changed from the simple poverty line adopted some years ago by the Council of Economic Advisers of $3,000 for a family and $1,500 for an individual to a more detailed, more variable line. Our current line, adapted from the work of Mollie Orshansky of the Social Security Administration, varies according to family size and according to farm versus non-farm residence. For a non-farm unrelated individual, the poverty line is $1,540, for a four-person family, it is $3,130, and it varies between these numbers and above them up to much larger families (which are too typical among the poor). Farm families are set at 70% of the non-farm level.

Still more advance is necessary. We are working on regional variations, and in addition there is a question as to whether the poverty line should change over time as it has done in the past. But again in order to get going with our planning, we made the necessary compromise in the name of system.

Another definitional question still bothers us, and this one is also connected with our objectives. An individual and family line is certainly proper for the measurement of those dimension of the poverty problem which can properly be called individual and family problems. But is such a line relevant to the community problems which Community Action programs (half the OEO total budget in fiscal 1966) are designed to attack? Even in the worst urban slums more than half the residents are above the individual-family poverty lines. Should we not extend our programs to them because of this fact? I doubt it; I feel we may need a different sort of standard to operate on and measure the progress against the problem of the community. For the moment, however, we are still using a single standard, another compromise among detail, system, and the need to get on with the job.