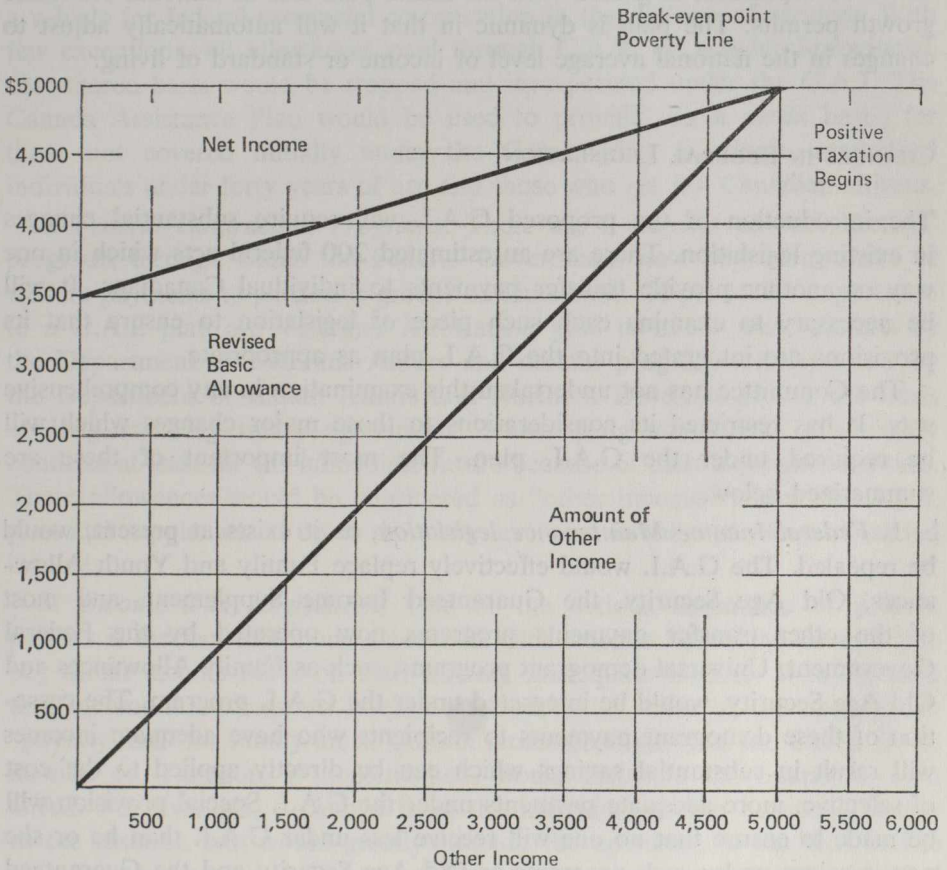


compromise which provides an optimal solution to the problem of conflicting objectives.

CHART 7

Operation of Proposed G.A.I. for a Family of Four, 1969.



Source: Staff Study.

The solution proposed by the Committee is considered to be optimal in terms of the immediate needs and in terms of the available resources. It involves some departure from the ideal solution in terms of adequacy of allowance levels, universality of coverage, and level of basic allowance reduction rate. These compromises are necessary to keep costs at a reasonable level. As a result, in the proposed plan, allowance levels have been set at 70 per cent of the poverty line; single unattached individuals under the age of 40 and those residents of Canada who are not Canadian citizens have been excluded from coverage; and the basic allowance reduction rate has been set at the relatively high level of 70 per cent.