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# The Actuary

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## EDITORIAL

AT the New York meeting the interesting panel discussion on *The Actuary's Responsibility to His Various Publics* did not cover the last item on the Program Agenda, which was "The public's interest in actuarial techniques and its need for meaningful actuarial explanation." That the public is interested in actuarial techniques may be a matter for debate, but assuming this to be the case, what can the individual actuary do to enlighten the people that walk in darkness?

The amended Constitution permits the Society to express an opinion which may or may not be a "meaningful actuarial explanation" and it is not for the members to usurp the prerogatives of the Society. There are, however, some things that the individual can do—as witness, in last issue, Mr. Boothroyd's letter to *Advertising Age*. (We have no evidence as to their recantation.) Correcting misconceptions is frequently a thankless task but it may in the long run be worth while to endeavor to explain to the layman some elementary concepts. An obvious example is "Expectation of Life" or, as it is sometimes, called "Life Expectancy." The erroneous notions that prevail on this item extend far beyond the confines of mere laymen into, as some actuaries know, the courts of law.

Then there is at the present time a considerable interest in pensions particularly perhaps on the part of municipal employees who, in some instances, are prepared to strike for a juicy pension plan such as retirement on final salary after 30 year's service. With their desires we have no quarrel, but perhaps the actuary might well bring to the notice of the public what the cost of these pensions will be now and in the future.

The individual actuary may sometimes hesitate about entering into the realm of public controversy on the subject of "Life Expectancy" or anything else. If he speaks he may be misunderstood; but, on the other hand, he may be able to shed a little more light on some subject and thus personally advance the public's knowledge of the actuarial profession.

Maybe the actuary as an individual can do more than can the Society. At least he can move to answer an immediate question. This proposed action invites the actuary to shed his enveloping cloak of mystery which might be no bad thing since the public might notice that the actuary has wings and not a forked tail!

So, if we have not got enough committees we could have one for the Continuing Education of the Public.

A.C.W.

## AN HOUR WITH A SOCIO-ECONOMIST

by David Langer

A group of New York actuaries recently met informally with a socio-economist and heard some grim forebodings. Invited to talk on how the larger economic problems affect the insurance industry, Mrs. Edith Lynton, who has been trained in both economics and sociology and has written extensively, had the following to say:

- *On inflation:* War is terribly inflationary. So also are our welfare system and health care delivery system.

- *On unemployment:* The unemployment rate for non-white teenagers, 16 to 19 years old, rose from 26.7% to 42.2% over the past year in the New York-Northeastern New Jersey area. Mrs. Lynton asserted that the "current situation is not a temporary one and is frightening."

- *On Welfare:* Of the approximately 1,125,000 welfare recipients in New York City over 600,000 are children under 21. We are making sure they will remain recipients, adding to future inflation apart from the human cost. To create jobs and train these recipients for them would temporarily add to inflation, but such a program would be anti-inflationary in the long run.

- *On making a living:* For the spring of 1970, the Bureau of Labor Statistics reported that for a family of four an income of \$7,183 was required at the lower budget level, \$12,134 at the intermediate level, and \$18,545 at the higher level. The Bureau also reported that in families that had incomes of \$10,000 and over, 58.7% of the wives worked during the year. Mrs. Lynton concluded that it now frequently takes two jobs to get above the subsistence level while our welfare system is premised on one working member. Therefore, she said, "making people work won't solve the welfare problem—salaries just are not being paid that can compete with welfare."

- *On health care delivery:* A major investment is needed to study the delivery of health care. Mrs. Lynton mentioned that a surgeon of her acquaintance earned \$20,000 more last year without doing anything more than he had in the previous year. This is the result of government-set fee schedules. The Nixon

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