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EDITORIAL

POINT OF ORDER

WE yield to none in obeisance to Article X of our Society's Constitution. About matters outside the special professional competence of actuaries, let the silence (official variety) be utter.

Perhaps though, we may float a trial balloon on a subject dealing with measurement of time that must be of significance and may be of concern to the meditative within our ranks. Measurement is the actuary's walk of life. A primary unit of actuarial measurement is Time—the Year, the Month, the Day. And while the year and the day are fixed by astronomical events, the non-lunar month is a unit devised by humans for human use and convenience.

The subject is Calendar Reform.

The eccentricities of the Gregorian Calendar make comparisons, such as year-to-date, materially less valid than they need be. The months are capricious in their irregularity; quarters and half-years are of unequal length; holidays meander; the whole thing is an offence to the orderly mind and an obstacle to the seeker after truth.

Half a century will have gone by this year since the World Calendar became one of two proposals to survive from 500 that were submitted to an international study group, and between those two it was clearly the favorite. The World Calendar divides 364 days into four identical quarters, each quarter having three months of 31, 30 and 30 days; each quarter begins on a Sunday; the 365th day, not a day of the week, follows December 30th, and Leapyear Day likewise follows June 30th.

In 1582, Pope Gregory rendered us actuaries an immense service by improving upon the heavily flawed Julian Calendar. Might we not mark the 400th anniversary of his public-spirited action by stirring up latent support for the final step to a system worthy of our civilization?

The way of the reformer is proverbially hard but the hardships are part of the reward. That the good Pope's decision was not accepted by the predominantly protestant countries for 200 years need not cause us to despair. We may reflect with satisfaction that the Institute of Actuaries passed a resolution supporting decimal coinage in 1854 and their goal was reached in 1969, i.e., in not much more than half the time taken by Pope Gregory's adherents. And we may try for a fresh speed record.

We welcome comments that will show whether or not actuaries of 1981 have within us the elasticity of spirit that will get this worthy project out of its Slough of Despond.

E.J.M.

LETTERS

Views On Berin-Kaye Plan

Sir:

If the prices of all goods and services rise by 20% and people on fixed incomes can afford to buy only 5/6 as much, the Berin-Kaye "exact CPI" (January issue) would signal no inflation. Isn't it really measuring disposable income rather than cost of living? We need a CPI that measures the cost of maintaining the same living standard.

Donald S. Grubbs, Jr.

Sir:

(1) The Berin-Kaye approach leads to the grotesque conclusion that individuals on fixed incomes who spend every dollar on living expenses need no increase in income regardless of inflation's severity.

(2) Rather than a 12-month moving average, and rather than monthly increases annualized, I favor looking at the ratio of the latest month's CPI to that for the same month of the preceding calendar year. This smooths fluctuations and displays trends.

Francis M. Schauer, Jr.

Sir:

Yes, the current CPI is misleading and excessive. Yes, automatic indexing of wages and benefits is a significant root cause of chronic inflation. But measures obtained from check and credit card payments seem invalid on several grounds: (i) having those payment modes used for all $10-&-up purchases won't reflect reality until a loaf of bread costs $10; (ii) I doubt that people in the lower income strata can be persuaded to use those modes sufficiently to provide a valid sample; (iii) even if an adequate starting sample could be rounded up there would be serious problems in maintaining it into the indefinite future.

Harry D. Morgan

Sir:

I suspect (and refuse to apologize if I'm wrong) that this search (by no means confined to Berin-Kaye) for a new index is motivated by terror in the souls of $4,000-a-month actuaries when those on Social Security got a $40-a-month raise last year.

(Continued on page 3)