



SOCIETY OF ACTUARIES

Article from:

The Actuary

May 1982 – Volume 16, No. 5

The Actuary

Editor E. J. MOORHEAD Correspondence should be addressed:
 Associate Editors MICHAEL B. MCGUINNESS *The Actuary*
 JOSEPH W. S. YAU Bermuda Run,
 Advance, N.C. 27006—0780
 Tel: (919) 998-5335
 Competition Editor . . . CHARLES G. GROESCHELL
 Editor Emeritus ANDREW C. WEBSTER

Published monthly (except July and August) by the SOCIETY OF ACTUARIES,
 208 S. LaSalle St., Chicago, Illinois, 60604, Robert H. Hoskins, President, Kenneth T.
 Clark, Secretary, Robert J. Johansen, Treasurer, Edward J. Porto, Director of
 Publications. Non-member subscriptions: students, \$4.50; others, \$5.50.

The Society is not responsible for statements made or opinions expressed herein.
 All contributions are subject to editing.

EDITORIAL

"NO FIRST USE" VS. "FLEXIBLE RESPONSE"

NO, we haven't forgotten that Article X of the Society's Constitution prohibits public expression of professional opinion except on matters within the special professional competence of actuaries, and we aren't urging that Article X be either amended or violated.

But, thank heaven, there is no constitutional ban against Society members taking time at, say, our annual meeting to talk to each other about a question that surely outranks in urgency anything else likely to have found a place in our official program. The questions are, How many actuaries want to do so?, and What good would it do?

There exists a major difference of opinion between the Reagan Administration and some well informed United States citizens on whether the United States and its European allies should pledge not to be the first to use nuclear weapons in Europe. Here are two brief quotations from reports in *The New York Times* of April 8th and April 7th respectively:

1. Messrs. McGeorge Bundy, George F. Kennan, Robert S. McNamara and Gerard Smith:—"The one clearly definable firebreak against the worldwide disaster of general nuclear war is the one that stands between all other kinds of conflict and any use whatsoever of nuclear weapons. To keep that firebreak wide and strong is in the deepest interest of all mankind."
2. Secretary of State Alexander M. Haig, Jr.:—"The simple possession of nuclear weapons does not guarantee deterrence. . . . To sustain the credibility of Western deterrence, the concept of flexible response was elaborated The strategy of deterrence . . . offers the best chance to control and to reduce the dangers we face."

How many actuaries would welcome, and would personally attend and participate in, a session at the Washington Hilton next October designed to enable actuaries to find out what other actuaries think about this issue—and, on the other hand, how many actuaries would be dead against the whole idea—we don't pretend to guess. We even doubt that this message will produce enough letters and phone calls to increase our ability to predict. But responses, one way or the other, would be ever so much more welcome than silence.

What good might such a session do? The most that we are brave enough to claim for it is that it would insure against the risk that some of us are too busy to pay enough attention to whether or not this world survives into the next generation.

E.J.M.

ACTUARIES AT WORK IN OTHER LANDS: HONG KONG

by Stuart H. Leckie

Ed. Note: This is the third article in a series.

Actuaries now resident in Hong Kong number 14, of whom 12 are Fellows of the Institute or Faculty, 2 of the Society. Their activities are:

Life insurers	6
Consulting firms	4
Merchant banks	2
Employee benefits	1
Non-actuarial work	1

Hong Kong being a regional centre, our actuaries are often concerned with activities in other Far East countries. Although comprehensive insurance legislation, which will require supervision, is soon to be introduced here, we have no Government Actuary.

Hong Kong's Economic Background

Hong Kong has been a British Colony since 1842. Hong Kong Island and Kowloon are ceded to Britain in perpetuity but the portion called the New Territories was acquired under a 99-year lease which technically expires in 1997. Although no one can be certain of the position after 1997, relations between Britain and China have never been better and the Chinese authorities have made reassuring statements about Hong Kong's future. Our population, 98% Chinese, which was 600,000 in 1945, has grown tremendously to more than 5 million, giving us one of the world's highest population densities.

Hong Kong is rightly regarded as an outstanding example of free enterprise. Though lacking all natural resources, the living standard is amongst the highest in Asia. Per capita real income doubled in the 1970's, and the annual rate of growth in real gross domestic product between 1977 and 1981 has exceeded 10%. Inflation was not a problem until very recently but has been in the 15% range in the last three years.

We have no state retirement system, and the Government has dropped its plans to introduce modest sickness, death and retirement benefits. Medical services, though, are available in government hospitals and clinics at minimal expense, employees are entitled to sev-

(Continued on page 3)