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BOOK REVIEW

Checks and Balances in Social Security. Proceedings of a Symposium in honor of Robert J. Myers, edited by Yung-Ping Chen and George F. Rohrllich, pp. 357, University Press of America, 1986; \$17.50 (paperback), \$32.25 (hardcover).

Reviewed by John A. Beekman

This volume contains 27 papers which were presented in a Symposium held to honor Robert J. Myers. The book is organized in five parts, plus forewords by U.S. Senators John Heinz and Daniel Patrick Moynihan, two appendices, and an addendum paper.

Robert Myers began his career in Social Security in 1934 as a junior actuary for the Committee on Economic Security, and served as Chief Actuary, Social Security Administration, from 1947 to 1970; as Deputy Commissioner of Social Security from 1981 to 1982; and as Executive Director, National Commission on Social Security Reform, during 1982-83. He has gained worldwide recognition for his knowledge and wisdom regarding social insurance, and this Symposium Proceedings is a fitting tribute.

Part One is entitled, "Perspectives on the Origin and on the Legislative and Administrative Evolution of Social Security in the United States." The opening paper by George Rohrllich, a co-editor of the volume, is concerned with historical perspectives on Social Security. The second paper, "Social Security as a Floor of Protection", was written by Yung-Ping Chen. Dr. Chen convened and directed the Symposium, and served as co-editor. The third and fourth papers, by James W. Kelley and Jack S. Futterman, discuss significant differences that have occurred in recent years in the way Social Security legislation is enacted, and the need for continuity and expertise of top management in the person of the Commissioner of Social Security.

Part Two consists of five papers about "Financing, Budgetary, Taxation, and Actuarial Aspects." The first paper, by Joseph Humphreys (staff member of Committee on Finance, U.S. Senate), discusses the many consequences of separating the general budget of the Federal Government from

the Social Security budget. In the second paper, C.L. Trowbridge, a former Social Security Chief Actuary, offers a mathematical formulation for determining the actuarial balance and the financial impact of the various economic and demographic factors. The third paper, presented by Richard S. Foster, Acting Deputy Chief Actuary for Social Security, describes the short-range financial status of Social Security as seen in October 1982, the time of the conference. Alicia Munnell, Vice-President and Economist, Federal Reserve Bank of Boston, discusses taxation of Social Security benefits in the fourth paper. The last paper of Part Two proposes a joint public and private review committee composed of actuaries to examine the financial viability of the system. It was written by Barnet Berin, managing director and chief actuary at William Mercer, Inc.

Part Three is entitled, "The Future Role of Social Security as Seen by the Insurance Industry, Pension Planners, Organized Labor, and the General Public." The first three papers set forth positions taken by the insurance industry. Robert Beck, Chairman and Chief Executive Officer, Prudential Insurance Company, and a member of the National Commission on Social Security Reform, describes five aspects of the problems as of October 1982, and offers short- and long-run solutions. James Swenson, Vice-President and Associate Actuary of Prudential Insurance Company, emphasizes the need for legislation to create a safe base for Social Security's future. James Douds and Michael Kerley, both of the National Association of Life Underwriters, describe the affirmative position toward Social Security taken by their organization and insurance sales force over the years. L. Edwin Wang uses a questionnaire to obtain and present the views of the Social Security program expressed by a group of pension planners representing 80% of the large church employees' benefits plans in the U.S. One of the former Chief Actuaries, Dwight K. Bartlett, III, explores the proposition that the job of Social Security would be made easier if a private pension scheme would take over part of its task. Burt Seidman, Director of Social Security of the AFL-CIO, discusses some principles which he feels

should guide Social Security. The final paper of Part Four is by Milton Gwirtzman who discusses the highlights from some two dozen public polls concerned with public confidence in Social Security, and related matters.

Part Four consists of eight papers devoted to the theme, "The Quest for a Steady Future Despite Continuing Sources of Uncertainty." In the first paper, James Dillman discusses the findings and recommendations of the National Commission on Social Security (1979-81). David Koitz looks at Social Security's financial problems as a specialist in social legislation, and also as a citizen-taxpayer. The third paper, by Carolyn Weaver (staff member of the Senate Finance Committee), analyzes features of the Social Security program as it has evolved over 50 years. She discusses inequities which she foresees Congress will grapple with for decades to come. Elizabeth Duskin, Vice-Chairman of the National Commission on Social Security, uses that experience in discussing the role of advisory committees or commissions, and the successful process of compromise pursued by the National Commission on Social Security Reform. In the fifth paper, Lawrence Atkins points out the various escape routes from Social Security coverage, and the ensuing erosion of the Social Security tax base. Janice Gregory, staff member of the Social Security Subcommittee of the House Ways and Means Committee, examines the interplay between demographic and political factors that impact on Social Security. The next paper, "A Bond Plan to Restore Public Confidence in Social Security," by Yung-Ping Chen, proposes that when Social Security trust funds are low, beneficiaries will receive, except for low-income persons, their benefits in cash and deferred benefits (bonds) to be payable when the trust funds rise above a pre-determined level. The last paper of Part Four is by Robert J. Myers. It details changes in Social Security following the 1983 Amendments. Myers points out where Congress followed the recommendations of the Commission on Social Security Reform and where it went beyond or departed from the Commission's recommendations.

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Book Review: Social Security*(Continued from page 4)*

Part Five's three papers are concerned with Social Security programs in other countries. In the first paper, William Yoffee shows the impact of Social Security standards as set forth in International Labor Conventions on developed and developing nations. Vladimir Rys reflects on past, present, and future developments in Social Security as seen by a sociologist. Giovanni Tamburi writes about future cost patterns as viewed by an actuary.

Biographic and professional data, as well as selected publications of Robert J. Myers, are contained in an appendix. It is a real service to scholars and friends for this to appear.

An addendum paper, "Components of Trends in Social Security Costs," by Francisco R. Bayo, Milton P. Glanz, and C.L. Trowbridge, expands and complements the sixth paper with empirical work. This paper also appears in *The Transactions of the Society of Actuaries*, Vol. 38, 1986.

The co-editors, Yung-Ping Chen and George Rohrllich, prepared a lengthy Introduction to the Proceedings, and their "guide through the 27 chapters" was very helpful in the preparation of this review.

This has turned out to be a long review. However, I found the book to be fascinating reading and feel that it should be beneficial to all actuaries. It contains an absorbing description of the genesis of the Social Security program, insiders' thoughts on the administration of the program in recent years, and a description of how Presidential commissions on Social Security are appointed, their tasks, their accomplishments, and their concerns for the future. The book captures the intense public debate about the long-term role of Social Security at a point in time when public confidence in its future was at its lowest point. The restoration of that confidence is occurring, partially because of the 1983 Amendments which were helped greatly by the long experience, expertise, and service of Bob Myers as Executive Director, National Commission on Social Security Reform.

As the Introduction says (p. xii),

Book Review: Graduation*(Continued from page 1)*

techniques, and brings to mind the fact that graduation of data is not a static field.

From an educational viewpoint, the text admirably presents material and reinforces it in the exercises at the end of each chapter. Many of the exercises are derivations of the theory presented in the text and are important to the understanding of the material. At times the text becomes a bit "chatty" and the consistency of notation fails. Overall, the text covers an amount of material appropriate for a one semester course and the student should be able to follow the material as long as he/she takes the time to work through the exercises. Though the text does not provide an exhaustive discussion of the subject, an extensive bibliography is provided to assist in an in-depth study of a particular topic.

From a practical viewpoint, some of the graduation methods are highly computer oriented and lend themselves well to actual situations encountered by a practicing actuary. For example, while the calculations involved in a two-dimensional graduation or a regression method are extremely onerous when done manually, the computer greatly simplifies the calculations and allows the theory to be applied. In the final chapter of the text, each method of graduation is analyzed and critiqued. This chapter is very important for the practitioner.

Overall, the text is needed because of the computer revolution and the extensive amount of research that has taken place in this field since the publication of prior texts. The text presents a modernized view of the subject of graduation over that contained in prior texts. □

these proceedings "express our and all the conference participants' love, respect and admiration for Bob and for what he has wrought in this half century of zealous and sustained effort on behalf of Social Security in this country and abroad." This reviewer would agree completely in that expression, and is thankful that these proceedings are available. □

**UNIVERSITY OF TEXAS
ACTUARIAL STUDENT REUNION**

Over the last 30 years some 30 students have passed through the actuarial science program at the University of Texas. The first-ever reunion of UT Actuarial Science students will be held in Austin on the weekend of June 5-6, immediately following the spring meeting of the Actuaries' Club of the Southwest.

After World War II, Dr. Ralph Lane of the UT Math Department began the teaching of actuarial science courses but it was not until 1958 that a formal degree program in Actuarial Science was established. Byron Cosby was its first professor.

Since 1958 the Texas Life Convention and its successor, the Texas Life Insurance Association, have supported the program financially. The actuarial consulting firms of Texas have also provided financial support, while the Actuaries' Club of the Southwest has supported students through a scholarship program.

The UT Actuarial Science Class of 1977 is organizing this "weight-average" ten-year reunion, but all past UT actuarial students and their families and friends are invited. Based upon an earlier survey-of-interest, the expected attendance is more than 100. □

ACTEX COMPETITION RESULT

The results of the grant competition sponsored by ACTEX Publications (November), to encourage the writing of a comprehensive textbook on the theory and practice of determining the financial values associated with individual life insurance and annuity products, are these:

The winning proposal was that of Professor R. Neil Vance, University of Pennsylvania. The first runner-up was Professor Frank G. Reynolds, University of Waterloo.

The Board of Editors of ACTEX Publications was assisted in the judging process by a panel of five distinguished actuaries: Derek Eckersley, James C. Hickman, Robert H. Hoskins, Barbara J. Lautzenheiser, and E.J. Moorhead. □