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THE Actuary

Year-end review and a look ahead at Canada-U.S. Free Trade Agreement

by Laurence E. Coward

The Free Trade Agreement between Canada and the United States was the most important issue facing Canada in 1988 and became the subject of heated controversy. The agreement calls for each country to provide the same "national treatment" for goods imported from the other country as for domestic goods. Thus, although Canada and the United States can differ in their taxes, laws, and safety standards, they must not discriminate against each other's products.

The Free Trade Agreement became the central issue in the federal election of November 21, 1988, which was generally regarded as a type of plebiscite on free trade. The Conservative party under Brian Mulroney won a majority of seats in the House of Commons and promptly proceeded to implement the agreement. Many Canadian industries will be affected, some for the worse, but more, we believe, for the better, during the 10-year transition period. The agreement's effect on our social security system (Old Age Security, Canada/Quebec Pension Plan, Unemployment Insurance, and Medicare) became a matter of debate but is likely to be minimal. Indeed, the growing prosperity anticipated as a result of the agreement will improve the finances of these programs, making the payment of benefits more, rather than less, secure.

Tax reform

Phase 1 of the government's tax reform initiative received Royal Assent

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Two reactions to Report on Strengthening the Profession

In an effort to encourage discussion of the recent Report of the Task Force on Strengthening the Profession, The Actuary presents two viewpoints on the task force recommendations. Allan D. Affleck, writing from his vantage point as an SOA officer, discusses the report's recommendation to increase the public interface role of the American Academy of Actuaries. Eric L. Kranke, former president of the American Society of Pension Actuaries, talks about how his organization would be affected by the proposed joining of ASPA actuaries and the Conference of Actuaries in Public Practice. Next month's Actuary will feature two more reactions to the report.

Strengthening to do what?

by Allan D. Affleck

When the editor of *The Actuary* asked me to write an article about the report of the Task Force on Strengthening the Actuarial Profession, I thought there would be little point in repeating what you can read in the task force analysis and presentation. Instead, I decided to offer my personal perspective on where I think the profession should be heading in the future.

As we consider the task force report, we might all ask ourselves, "Strengthen the profession for what?"

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ASPA member speaks out on change

by Eric L. Kranke

First, I want to offer my sincere congratulations to the Task Force. They have effectively dealt with a many faceted situation and have come forth with a realistic proposal.

In reading the task force report, we see words like reorganization, unification, and strengthen. To me, they all mean CHANGE. Many actuaries do not appreciate change, especially if a need to change is not perceived. I am no different. I make a good living, I deal with clients whom

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Affleck cont'd

Do we have a common goal for our profession? Anyone who has been involved in a strategic planning process realizes how important it is for a corporation, or even an industry, to identify and agree on its own mission. Without a clear focus on what the purpose of the organization is, there is a danger that over time it will wander, lose its vitality, and in the extreme, become irrelevant. The same is true for us.

Thus, before we can deal with the task force recommendations – whatever they are or might have been – we must return to the basics and ask, "Strengthen to do what?"

In our dreams, how do we describe the mission of the actuarial profession? At the broadest level, I see two goals for us. The first is to contribute our professional expertise to our publics, which include our employers, clients, government, and society in general. Second, the profession must serve our own members by providing basic and continuing education and advancing the knowledge and state of art of the profession. It is my personal belief that if we are successful in our first objective, the second will flow quite easily.

Can we reach a consensus on these objectives? If not, how can we agree on the most effective way to strengthen ourselves? Frankly, I hope most of the discussion over the task force report centers around the goals for the profession laid out there. If we can have a meaningful dialogue on that subject and reach a consensus, we will have made a lot of progress and be ready to address the organizational issues.

As you read the task force report, notice the focus on public interface. In a simplistic sense, our present education and research activities, that is, the internal aspects of our profession, are working well. Where we need to strengthen ourselves is in our public interface, dealing with current pension, health, casualty, and life issues that are of importance to our publics. Our profession is just too small for us to have any meaningful impact on these public policy issues unless we pull together in a more coordinated way than we have in the past.

The steps recommended by the task force will be argued by some to be too small. Maybe that is true. But I believe that if we can move forward with the task force's four recommenda-

tions, we will establish an effective foundation for strengthening the profession in the long run. As President-Elect of the Society of Actuaries, I firmly believe that our profession needs a much stronger Academy of Actuaries and that all of us need to be just as proud of that organization as we are of the SOA. At the same time, it is critical for our profession's long-term effectiveness that we enhance our support of the Academy.

If, for example, the CAS and SOA research can be focused on issues of importance to the Academy, this coordinated effort should make the entire profession more effective. Similarly, if our education, particularly continuing education, is focused on issues that the Academy knows are of growing importance to our publics (e.g., health care policy, CCRCs, postretirement medical benefits), we should be able to make a more effective contribution to our employers, clients, and society.

On a longer-term basis, I look forward to the day when the education and research activities of the profession can be combined in some type of university-structure concept. Today the CAS spearheads education and research in the casualty area, while the SOA leads the way in the life, health, and pension areas. I think the profession as a whole would be much better served if we had a university-type umbrella with four colleges focusing on our major practice areas. Even though I believe this direction is logical for the profession in the long run, I think the most important thing we can do now is implement the task force recommendations, give them the opportunity to work, and, if appropriate, let the future leadership of the profession revisit the university concept. Our most critical need today is to strengthen ourselves to meet the public interface challenge, and we must focus on that first.

So let's talk through the task force report. Let's try to reach a consensus on the goals we have for our profession. Then, and only then, will we be able to decide the most effective way to organize ourselves. The task force has led us through these steps and has suggested how we should strengthen our organizations to meet the challenge. I agree with their recommendations. Do you?

Allan D. Affleck, SOA President-Elect, is Consulting Actuary, Milliman & Robertson, Inc.