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## Book review

# Analysis of inflation

by E. J. Moorhead

*Protecting Against Inflation – And Maximizing Yield* by John M. Bragg. Published by College of Business Administration, Georgia State University, 1986. 174 pages.

Before the 1960s, inflation at the consumer level in the United States above a 2% per annum level was almost solely a wartime phenomenon. Consequently its place in actuarial literature was slim; the first substantial paper in the *Transactions* was Fergus J. McDiarmid's "Inflation and Life Insurance" in 1958 (*TSA X*, 576). Geoffrey N. Calvert in the same decade was exploring the subject of cost-of-living pension plans.

John Bragg's book, an important contribution to the material on this complex subject, reflects his work started in 1968 when he designed for his company a life policy with benefits tied to the Consumer Price Index. But

the book's scope is far broader than just an account of that enterprise.

Chapter 1, "The Challenge of Inflation," summarizes inflation's history back to the first millennium B.C. and then embarks upon one of the book's chief purposes: consideration of how an individual saver may choose among the available instruments to achieve greatest protection from inflation's ravages. Chapter 2 then reveals the author's own "Theory of the Economic Series," a pattern of successively pessimism, movement to optimism, prevalent optimism, and move to pessimism that together embrace each business cycle. He makes a strong case for the validity of this form of analysis.

Four chapters describe the financial services industry and several inflation-resistant products marketed in the United States and elsewhere. Then in the final three chapters the subject

changes from the past to the future; two concepts, "The Model Yield-Based Response" (by the investor to the inflation menace) and "The Model Index-Based Response," are presented. The book closes with appendices, a bibliography and a useful index.

Bragg is an expert at bringing his readers into the process of understanding his prescription and then of applying his ideas to their personal needs. His service even includes a system through which those interested can for a nominal fee keep current with the Bragg analysis of economic conditions year by year into the future.

This book and the author's subscriber service are highly recommended.

E.J. Moorhead, a former SOA President, is author of *Our Yesterdays: The History of the Actuarial Profession*.

## San Francisco spotlights financial reporting, product development, reinsurance

The Society's Spring Meeting June 14 and 15 in stunning San Francisco will offer a broad range of sessions for actuaries involved in financial reporting, reinsurance, product development, investments, and nontraditional marketing.

The meeting topics were developed through the combined efforts of the Program Committee and the Financial Reporting, Individual Life Insurance Annuity and Product Development and Reinsurance special interest sections.

Keynote speaker Walter H. Zultowski, Ph.D., Vice President/Research Operations of LIMRA, will help open the meeting June 14 with a speech on life insurance product development. Among the questions he will answer are: Does product follow market distribution channel?

Or does distribution channel follow product? Is the career agency force on the way back? What market options are present for companies? What impact could banks have if they are given the clear right to sell insurance?

James S. Greene, partner in the Strategic Services practice of Andersen Consulting, will be the luncheon speaker on Thursday, June 14. Greene specializes in the financial services industries in such areas as strategic planning, market assessment, product development, pricing, operations and technology planning.

Headquarters hotel for the meeting will be the Hyatt Regency San Francisco, with additional sleeping rooms available at the Park Hyatt San Francisco. Both hotels are minutes from many of San Francisco's famous attractions, including Fisherman's Wharf, Embarcadero Center,



Ghirardelli Square, Golden Gate Park and Chinatown.

Send in your registration form today, or call the SOA Meetings Department at 708-706-3540 for a preliminary program and registration information.