Pocock, S. J. *Harmonic Analysis applied to Seasonal Variations in the Sickness Absence.*

The author develops formulae for harmonic analysis of data given in the form of integral counts. Application to data gives the results that (a) the most important harmonic variation is annual-sickness being larger in winter, and (b) only bronchial and upper respiratory infections show this type of variation: other types of disability show little, if any, seasonal variability.

Better Pensions (Cmnd. 5713) (26p)

The mature scheme will provide a pension of 100% of earnings up to a base level plus 25% of earnings between the base level and a ceiling. The initial base level will be set at the amount of the single flat-rate pension in force when the scheme is introduced and the ceiling will be seven times that amount. Earnings are defined as average earnings in the individual's best 20 years after allowing for revaluation in line with the growth of earnings generally. During the first 20 years the upper band pension will build up at 1¼% per annum to reach the full 25% after 20 years. Payment of these benefits in full will depend on maintaining membership of the scheme for most of the working life, either by payment of contributions or by credits during periods of sickness, unemployment or home responsibilities. The scheme also includes earnings-related widows' and invalidity pensions.

Contracting-out of the upper tier will be permitted for final salary (or average salary re-valued) schemes with pensions accrual rates of at least eightieths and widows' pensions accruing on at least one-hundred-and-sixtieths.

An appendix by the Government Actuary gives estimates of the cost of the scheme during the first 30 years of its operation. The contribution required initially is estimated at between 15½% and 16½% of earnings depending on the numbers contracting-out. This includes a contribution to the national health service and the employer's contribution to the Redundancy Fund and would rise to about 18½% after 30 years. The reduction for persons in contracted-out schemes would be in the region of 6½% initially, falling to 4¼% after 30 years.

Wealth Tax (Cmnd. 5704) (31p)

This Green Paper sets out the manner in which the administrative problems involved in a wealth tax might be resolved. Of special interest to actuaries is the section on allocating trust capital to the various beneficiaries by reference to actuarial values and two brief paragraphs on the basis of valuing life insurance policies and annuities. The Government have decided that pension rights should generally be exempt.

Capital Transfer Tax (Cmnd. 5705) (11p)

This White Paper provides a broad outline of the new tax which, subject to certain exemptions, applies to all transmissions of wealth, whether made by gift during a person's lifetime or by way of property passing on his death.
SOCIAL SECURITY BENEFITS BILL 1974. REPORTS BY THE GOVERNMENT ACTUARY ON THE FINANCIAL PROVISIONS RELATING TO BASIC SCHEME AND INDUSTRIAL INJURIES BENEFITS AND FAMILY ALLOWANCES (Cmnd. 5788) (18p)

From April 1975 the benefits under the National Insurance Acts will be replaced by almost identical benefits under Part I of the Social Security Act 1973 and the effect of the amendments to the Social Security Act and the Industrial Injuries Acts proposed in the Bill is to increase the present national insurance and industrial injuries benefits. The increases take effect in the week beginning 7 April 1975, the new standard rate of pension being £11.60. The Bill also introduces two new benefits, a non-contributory invalidity pension and an invalid care allowance and provides for increases in family allowances.

Separate reports for Great Britain and Northern Ireland show the combined position of the National Insurance and Industrial Injuries Fund in 1974–75 and 1975–76 allowing for the changes provided by the Bill. For purposes of illustration it is assumed that earnings rise at 17½% per annum. The effect of altering this assumption is also given.

MORBIDITY STATISTICS FROM GENERAL PRACTICE. SECOND NATIONAL STUDY 1970–71 (£4)
The first study was conducted in 1955–56 and the second was designed to be comparable in an attempt to gauge any major changes which might have taken place over the interval of fifteen years. Some of the main tables show numbers of patients consulting and consultation rates per 1,000 population, analysed by sex, age and diagnosed condition.

CENSUS 1971 GREAT BRITAIN. ECONOMIC ACTIVITY PART I (£1.90)
The tables show numbers in Great Britain and various sub-regions by sex, age and economic activity, i.e., in employment, sick, retired, etc. Separate statistics are given for married women.

POPULATION PROJECTIONS No. 4, 1973–2013, PREPARED BY THE GOVERNMENT ACTUARY (£1.10)
These 1973–based projections are for the United Kingdom and its constituent countries. For the first time since this series began separate projections have been included for Wales.

NATIONAL INSTITUTE ECONOMIC REVIEW—NOVEMBER 1974
C. G. FANE. Index-linking and Inflation
MRS S. A. B. PAGE AND SANDRA TROLLOPE. An International Survey of Indexing and its Effects
R. I. G. ALLEN AND D. SAVAGE. Inflation and the Personal Income Tax
J. D. WHITLEY. Mortgages: The Case for Index-linking

These four articles are designed to increase public knowledge of the effects in an inflationary situation of index-linking of certain types of contract. The first starts with a description of the effects of inflation, anticipated or unanticipated, on an economy without index-linking, with particular reference to redistributive effects. It suggests that the absence of index-linking can inhibit all forms of forward planning. The author considers it desirable to index-link mortgages, building society deposits, annuities and other long-term arrangements, as also government securities, and to make the tax system as inflation-proof as possible. The second article sets out the practice in a number of countries, dealing with the choice of index, the scope of indexation, the scope for official intervention and the effects of indexation on inflation, and on investment and economic growth. The third article in the series considers the effects of inflation on real rates of income tax, deals with some practical problems involved in indexation, and argues strongly the case for such a measure. The last article sets out the advantages of a system of real-value mortgages and the effects of such a system on the housing market.

THE BANKER—NOVEMBER 1974
W. A. P. MANSER. Are Multinationals to Blame for Inflation?
In the past many of our problems have been ascribed to the existence and influence of
multinational enterprises, and recently it has been suggested that they play a large part in generating inflation. This article provides a reasoned refutation of this thesis.

**JOURNAL OF COMMON MARKET STUDIES, Vol. 12, No. 4**

**The Institutional Structure of the European Communities**

**The Administrative Implications of Economic and Monetary Union within the European Community**

These two articles comprise the whole of this number of the Journal of Common Market Studies; they are based on the work of the study groups which have been meeting separately. The first article estimates the performance of the community institutions, Council, Commission, Court and Parliament according to a number of criteria and draws certain conclusions. It then makes a number of suggestions for reform and concludes with an outline of a proposed new structure which it is envisaged would be more effective. The second article, which may well be of greater interest to actuaries, considers first the reasons for the failure to make progress towards economic and monetary union as envisaged in the 1968 Barre Plan and the 1970 Warner Report. It considers that the proposed plans were, in some critics' views, not only undesirable but impracticable. A brief résumé of the proposals is given, followed by a description of the way in which economic and monetary policies within the community are currently co-ordinated. The article concludes with some suggestions for future developments.

**JOURNAL OF THE ROYAL STATISTICAL SOCIETY SERIES B, 36, 2, 1974**

**Tversky, A. Assessing Uncertainty**

**Suppes P. The Measurement of Belief**

These two papers were presented to a joint meeting of the RSS and the British Psychological Society, and the discussion is also published.

The first paper describes the results of some practical psychological experiments which show that even statistically sophisticated subjects tend not to be able to estimate probabilities accurately. The situation under which the estimate is made can introduce biases into the estimates. It has been noted that even in real-life situations there is a tendency to make incorrect decisions on the basis of probabilistic information.

The second paper is more theoretical, describing an attempt to base a theory of probability on the intuitive 'logic' that subjects appear to apply in probabilistic situations.