AIER CATALOG
OF PUBLICATIONS AND PROGRAMS

ECONOMIC EDUCATION BULLETIN
Published by
AMERICAN INSTITUTE FOR ECONOMIC RESEARCH
Great Barrington, Massachusetts
About A.I.E.R.

A

MERICAN Institute for Economic Research, founded in 1933, is an independent scientific and educational organization. The Institute's research is planned to help individuals protect their personal interests and those of the Nation. The industrious and thrifty, those who pay most of the Nation's taxes, must be the principal guardians of American civilization. By publishing the results of scientific inquiry, carried on with diligence, independence, and integrity, American Institute for Economic Research hopes to help those citizens preserve the best of the Nation's heritage and choose wisely the policies that will determine the Nation's future.

The Institute represents no fund, concentration of wealth, or other special interests. Advertising is not accepted in its publications. Financial support for the Institute is provided primarily by the small annual fees from several thousand sustaining members, by receipts from sales of its publications, by tax-deductible contributions, and by the earnings of its wholly owned investment advisory organization, American Investment Services, Inc. Experience suggests that information and advice on economic subjects are most useful when they come from a source that is independent of special interests, either commercial or political.

The provisions of the charter and bylaws ensure that neither the Institute itself nor members of its staff may derive profit from organizations or businesses that happen to benefit from the results of Institute research. Institute financial accounts are available for public inspection during normal working hours of the Institute.
Contents

A Message from AIER's President ........................................ 1

Personal Finance Publications

Of Interest to All
How to Avoid Financial Tangles ......................................... 4
Life Insurance from the Buyer's Point of View ..................... 6
Inflation or Deflation: What Is Coming? .............................. 8
How Safe Is Your Bank? .................................................... 10
What Will Recession Mean to You? .................................... 12

Family Economics
Sensible Budgeting with the Rubber Budget Account Book ....... 13
How to Use Credit Wisely .................................................. 14
Homeowner or Tenant? How to Make a Wise Choice .......... 16
What Your Car Really Costs:
   How to Keep a Financially Safe Driving Record ........... 18
Coping With College Costs:
   Common Sense About College & Family Financial Security .... 19

Investments
The A-Z Vocabulary for Investors .................................... 20
Investment Companies and Funds: A Mutual Fund Primer for Investors .... 21
International Investing: Theory, Practice, and Results ........ 22
Coin Buyer's Guide ....................................................... 23

Planning for Retirement
How to Plan for Your Retirement Years ............................ 24
How to Build Wealth with Tax-Sheltered Investments .......... 26
What Will Social Security Mean to You? ............................ 28
How to Cover the Gaps in Medicare
   Health Insurance and Long-Term Care Options for the Retired .. 30

Estate Planning
Basic Estate Tax Planning ............................................. 32
Fundamentals of Estate Planning .................................... 34
How to Use Tax Saving Trusts ....................................... 36
How to Save for Your Children
   And Save on Taxes .................................................. 38

Economic Fundamentals Publications

AIER "Classics"
Cause and Control of the Business Cycle ....................... 42
Reconstruction of Economics ........................................ 44
Useful Economics .................................................... 46
Keynes vs. Harwood — A Contribution to Current Debate ...... 48
A Message from AIER’s President

Dear Reader:

I am pleased to introduce this, AIER’s first comprehensive catalog of publications and programs. The need for this catalog reflects the growing recognition of the usefulness of the Institute’s work in both public policy and personal financial matters.

Casual readers of one or two of our booklets may not be familiar either with the fundamental purposes of the Institute or with the scope of its activities. It is our hope that this catalog may serve doubly to provide our readers with a convenient means of obtaining useful economic information and to acquaint them more fully with AIER’s broader objectives. Thus, it includes not only our publications but also the direct education and charitable giving programs that together describe our work. Even if you do not want to purchase anything at this time, we hope that you will take the time to read through the contents of this catalog.

In a number of respects, the Institute is unique among “think tanks.” First and foremost, our efforts are directed toward the pursuit and dissemination of useful knowledge that is derived from genuinely independent scientific research. Unlike other prominent charitable research organizations with an interest in public policy, and unlike any number of “public interest” charities that in effect are special-interest lobbies, AIER accepts no funding whatsoever either from Government sources or from large corporate donors and has no commercial connection with any outside enterprises. Moreover, we do not accept advertising of any sort in our publications. In short, AIER has no commercial interest in promoting one product over another, and it has no political or corporate patrons to whom it must cater. Our sole purpose is to serve the interests of the public and the Nation.

In this endeavor, we “live or die” by the market. The major portion of our revenue comes from sales of our research findings directly to individuals such as yourself. Unless you and our other readers judge that research useful, we will not prosper. In this respect, our situation differs markedly from that of most “ivory tower” academic departments, which are isolated
from the market and largely out of touch with the genuine needs of most families and businesses.

We have tried to keep the costs of our publications as low as possible. Our publications do not have slick covers (they look like this catalog), and they are absent the patronizing illustrations and other "bells and whistles" that are found in many business and personal financial publications. Although we generally assume that readers have little prior acquaintance with the technical aspects of the subject under consideration, we do assume a level of literacy that permits us to engage the reader's interest without resort to gimmicks of one sort or another.

Unlike the special interest organizations, we have resisted hiring a professional public relations firm to publicize our own importance. Rather, experience has shown that your and our best interests are better served if our limited resources are directed toward contacting directly as many people as possible. In this effort, we depend on you, our readers, to help "spread the word." When you have no further use for this catalog, please pass it on to someone else. And we would be grateful if you would take the trouble to let us know of any of your friends and acquaintances who should receive a copy (please see form on reverse of order blank).

In this age of out-of-control public school and college costs (that provide minimal education), the need for useful low-cost information about matters of genuine importance to you, your loved ones, and the Nation is greater than ever. American Institute for Economic Research is uniquely positioned to help lead the way toward a sensible approach to finding solutions to the problems that confront all of us. It is my hope that you and your loved ones will benefit personally from our research and that you may see fit to help us to continue with our work in whatever way you can.

Sincerely,

[Signature]

Dr. Robert A. Gilmour
President
Personal Finance
Publications
HOW TO AVOID FINANCIAL TANGLES by Bruce H. French, Revised October 1991, 99 pages

Code: HF $6.00

How can you avoid financial tangles? Financial problems used to be simpler, but changing lifestyles, financial innovations, and tax tinkering have multiplied the financial tangles you must avoid. You must carefully plan your future or risk recurring money trouble.

Most people need to know the basic financial effects of common personal financial problems such as marriage, dependents, homeownership, investments, taxes, joint ownership, wills and trusts, mortgages, and financial and legal services. The death of a family member may require that you know something of funeral and estate arrangements. Knowing more about the many personal problems you face will enable you to function better in time of need and will help you avoid unnecessary financial risk or loss.

How to Avoid Financial Tangles contains practical discussion for meeting increased responsibility and saving you money. It is easy to read and written for those who have no special training in law and finance. For example, it tells you how marriage affects property, how to own real estate, and how to use a power of attorney. It tells you about making a will and about life, car, and fire insurance. It discusses many common subjects that virtually everyone should know about.

It also contains valuable information about income, estate, inheritance, and gift taxes, and offers help for a surviving spouse. Recently enacted tax legislation favorably changed many taxes you must pay. Your careful tax planning can save you tax dollars now and in the future. Among other things, a surviving spouse will need to know about funeral and estate procedures and how to release joint bank accounts, collect life insurance, file a will, and evaluate inheritance and estate taxes.

Also discussed are the relative merits of probate and trust arrangements, which might save you tax dollars. A trust may enable you to plan the distribution of your estate to those you wish to support and thus gain satisfaction from seeing your plan at work. Trusts are not just for the elderly or wealthy. People of virtually all ages and means might benefit from the prudent use of trusts.

This popular booklet was prepared under the guidance of Dr. Bruce H. French, an attorney and former Chairman of the Economics Department, University College, Rutgers University, and Dr. Robert A. Gilmour, President of AIER. We have been providing low-cost independent advice on personal financial planning for more than 55 years. This basic booklet, updated as provisions of tax law are phased in, has helped millions of people avoid financial tangles.
HOW TO AVOID FINANCIAL TANGLES

Contents

Introduction

I. Elementary Property Rights

II. Some Unique Advantages of Joint Ownership
   Real Estate. Personal Property. Which Form?

III. Taxes

IV. Wills

V. Trusts

VI. Help for the Widow

VII. Insurance
Do you need life insurance? If your spouse, children, aging parents, or someone else depends on you for financial support, the answer probably is yes. Otherwise, you probably don’t. It’s as simple as that.

For more than 50 years we have helped thousands of individuals and families figure out how much life insurance they need (most people who need it have too little) and how to spend less getting it. You cannot rely on insurance agents or salespeople to give you objective advice. We have no connection with any insurance company and will give you unbiased information.

Life Insurance from the Buyer’s Point of View describes in easy-to-read language how life insurance works and the types of policies available. Our descriptions will make clear to you why the best life insurance usually costs least! Our worksheets will help you estimate how much coverage you need. Cost rankings of term and whole life policies offered by top-rated companies show you who offers the least expensive policies. Discover the best sources of top-quality, low-cost insurance.

You could be wasting thousands of your hard-earned dollars and jeopardizing your or your family’s future financial security if you have the wrong type of life insurance. Save money and improve your financial security — Life Insurance from the Buyer’s Point of View will give you the information you need to decide whether you need life insurance, how much you need, and where to go to get the best coverage at the best price.

"... You cannot rely on insurance agents or salespeople to give you objective advice...."
LIFE INSURANCE
FROM THE BUYER'S POINT OF VIEW

Contents

Preface


IX. Hidden Costs of Universal Life Policies


Inflation or Deflation: What Is Coming? by Lawrence S. Pratt and the Editorial Staff, March 1992, 93 pages
Code: IC $6.00

What lies ahead — deflation or more inflating? If you read the business news, you probably know that even highly respected analysts disagree about what lies ahead. Some say that deflation — perhaps even a 1930's-type collapse — soon will occur in America. Others say just the opposite, that rapidly accelerating inflation is around the corner. What should you believe?

Knowing the right answer can make the difference between your financial comfort or ruin. If we are about to enter a deflationary period, your financial strategy should be much different from that designed for inflationary times.

"What lies ahead — deflation or more inflating?... Knowing the right answer can make the difference between your financial comfort or ruin."

To help you better judge what has happened, what is happening, and what probably will happen, we invite your attention to our easy-to-read booklet Inflation or Deflation: What Is Coming? It describes the difference between inflation and deflation and assesses the chances of either occurring. It will help you recognize and prepare for both of these very different possibilities.

A convertible currency (in which the only legal tender in all transactions is a specific amount of a tangible commodity) is the only proven cure for chronic inflating. We are convinced that the present experiment with fiat currency must end with a restoration of such convertibility if our society is to survive with its individual freedoms intact. A sound and stable currency enables private individuals to control better their own economic destiny and to deploy resources to best meet their own needs and wants.

Excerpt from Inflation or Deflation: What Is Coming?
INFLATION OR DEFLATION: What Is Coming?

Contents

I. Crisis, Cure, or More Inflating?
   What Is Deflation?
   Fundamental Requirements for Deflation
   Demand for Cash is Critical in the Deflation Thesis
   Is Hyperinflation Inevitable?
   The Disinflationists' Wishful Thinking
   The Issue Is Freedom

II. The Long Wave to Nowhere
    Long Cycles In What?
    Prices and Output Trends
    Making Waves for Fun and Profit
    Addendum: The Analysis of Price Trends

III. The Burden of Debt
     Financial Intermediaries: More Risk or Less?
     The Debts of Nonfinancial Borrowers
     Recent Increases
     Outlook

IV. Does Corporate Business Face a Financial Crisis?
    Are Leveraged Buyouts a Threat?
    Corporate Finance Has Many Aspects
    Liquidity

V. The Financial Markets in Perspective
    Savings and Investment
    The Flow of Funds
    Financial Investment
    The “Twin Towers”
    Outlook

VI. Monetary Changes and Trends
    What the Harwood Index Measures
    Long-Term Trends
    More-Recent Trends
    What Is the Fed Doing?
    Must History Repeat?

VII. Prospects for Disinflation: Labor Market Trends
     Who Works?
     Long-Term Labor Market Trends
     Inflating Fosters Unemployment
     Outlook

VIII. Conclusion

Appendix: Cost-of-Living Increases in the 1980's
How safe is your bank? According to many reports, Americans may be facing the worst banking crisis since the 1930's. Hundreds of the Nation's savings and loans are insolvent, and as many as a third of all thrifts may soon be. Banks are failing at more than twice the rate they did during the worst years of the Great Depression. And the U.S. Government rates hundreds more as "problems."

Bankers and Government officials will not tell you which banks are in trouble. They are afraid that depositors would "run" on weak banks and thrifts whose deposits are backed by insufficient Government insurance funds.

In the first edition of How Safe Is Your Bank? (1987), we warned that Federal deposit insurance was inadequate. Now, the Government is committed to spending hundreds of billions of taxpayers' money to "bail out" bankrupt thrifts. Many analysts doubt that the plan will prevent additional failures.

If they are right, you must safeguard your savings. Because you cannot rely on others, you must examine your own bank. How Safe Is Your Bank? tells you how in easy-to-understand language.

It also tells you: What you should believe about the banking and thrift "crisis." How Congress fostered the problem. What you risk as a depositor. Whether you can rely on Federal deposit insurance. How the Bush "bailout" will affect you as depositor and taxpayer. What clues to look for in your bank's financial reports. Where to get the information you need.

Figure 1: NUMBER OF FAILED BANKS BY STATE, 1987-90

Source: U.S. Federal Deposit Insurance Corporation.

Reproduced from How Safe Is Your Bank?, p. 7
HOW SAFE IS YOUR BANK?

Contents

Introduction

I. An Impending Banking Collapse?
   A Long History of Weakness
   Regional Weaknesses
   One Failure Begets Many Others
   What Your Risks Are

II. How Reliable Is Federal Deposit Insurance?
   The Inflationary Way Out

III. Why Banks and Thrifts are in Trouble
   Deregulation Is NOT the Problem
   Government Policies Have Made Things Worse
   Government Bailouts
   What Should You Expect?
   Are Credit Unions Next?

IV. Comparative Bank and Thrift Performance
   Which Banks Are In Trouble?
   Regional Variations Are Great
   Bank Performance By State
   Comparative Performance of Thrift Institutions
   Credit Unions

V. How to Be Your Own Bank Examiner
   What You Should Look For
   Procedures of the Federal Financial Institutions Examination Council
   The FFIEC Bank Rating System

VI. Sources of Information
   Rating Services

Conclusion

Summary Financial Ratio Record

Appendix A: Sound Commercial Banking
   Sound Credit Rests on the Exchangeability of Goods
   Sound Purchasing Media and Commercial Loans
   Fallacious Fallacies
   Contrasting Directions for Reform

Appendix B: The Lost Art of Commercial Banking
   The Problem Solved by Commercial Banking
   How a Useful Money-Credit System Functioned
   Potential Errors in Judgment
   Savings and Investment
   Retrogression

Uniform Bank Performance Report
Price List and Order Form
Of Interest to All

WHAT WILL RECESSION MEAN TO YOU? by Rodolfo G. Ledesma and the Editorial Staff, Revised March 1991, 109 pages
Code: RB $5.00

How can you benefit from a recession?

"Adversity is one face of a two-sided coin; if one will but look carefully, on the other side one will find opportunity."

E. C. Harwood

The economy actually benefits from recessions — and you can too.

Some of the world’s greatest fortunes were forged out of recession. Historically, opportunities have been greatest around the time of recessions, if you know what to look for. Even if you do not aspire to great wealth, properly used, recessions can save you money — perhaps thousands of dollars — on home, automobile, and other living expenses.

What Will Recession Mean to You? tells you in plain English about recession-related financial opportunities, consumer savings possibilities, when to refinance your home, and other topics that can benefit you personally.
How to benefit from sensible budgeting. Are you wondering how to pay an unexpected bill? Do you want to know how you can save for vacations, retirement, taxes, and future family obligations? Do you want a warning system that helps you avoid unnecessary debt? If so, then you can benefit from the planning and simple record-keeping method contained in The Rubber Budget Account Book.

Simply put, budgeting is planning. And our simple budgeting method helps you plan flexibly while still making ends meet. Once you have prepared your budget according to your priorities, you will see at a glance how potential spending problems and family arguments over money can be avoided through planning. Our budget booklet begins with easy-to-read instructions and sample budget entries. Next is an annual planning section to note in advance your financial goals and known annual expenses such as property taxes, insurance, and mortgage payments. The remainder of the booklet contains 12 monthly entry sections on facing pages and a summary page useful for year-end comparisons and for starting your next budget.

Tens of thousands of individuals, schools, and family counselors have successfully used our sensible budgeting method to teach budgeting principles and to avoid personal financial disaster. For those with youngsters beginning to spend their own money, this booklet can help you show them the many money plans and decisions made by self-sufficient adults.

WILKINS MICAWBER (DICKENS)

"Income twenty shillings —
expenditures nineteen shillings and sixpence —
result, HAPPINESS.
Income twenty shillings —
expenditures twenty shillings and sixpence —
result, MISERY."

SENSIBLE BUDGETING WITH THE RUBBER BUDGET ACCOUNT BOOK

Contents
The Need for Budgeting
Your Budget
The Budgeting Process
Uses of Aggregate Data
Budgeting for Special Purposes
Rubber Budget Principle
How to Keep a Rubber Budget
Recording Credit Purchases
Getting and keeping a good credit record can be convenient and safe at little cost to you. For example, a credit card is essential if you need to rent a car. And your record keeping and budgeting are easier with regular statements from your credit agency. Moreover, when properly used, credit can save you money.

On the other hand, "buying on credit" too often is harmful to the unwary credit user. For example, the dramatic doubling of personal bankruptcies in the 1980's originated in part from liberalized bankruptcy laws but mostly from credit "abuse." Millions have been forced to endure the public and family strains of repossessions and court appearances. In many cases, overuse of credit could have been avoided if simple credit rules had been followed carefully.

If you want to use credit wisely and save money, you should know how lenders evaluate your credit potential, how to shop for credit and credit cards, and how laws protect you and your credit references.

You should understand the risks of credit use, and how to handle and make credit complaints. If you should suffer credit loss, you need to know how to rebuild your credit history and repair faulty credit references. And if you are at the end of your credit rope, you should know about alternatives to bankruptcy and even when to make the bankruptcy decision to get help. How to Use Credit Wisely discusses these and other credit matters in easy-to-understand language.
HOW TO USE CREDIT WISELY

Contents

Preface

I. Financial Stress, Government Policy, and the Threat of Personal Bankruptcy
   Indicators of Personal Bankruptcies

II. How to Establish Credit
    How to Shop for Credit
    Credit Cards and Credit Card Rates
    How to Choose the Right Credit Card
    Credit Protection Laws
    Should You Co-Sign for Someone Else’s Credit?

III. How Lenders Evaluate Your Credit Potential
    The Five “Cs” of Credit
    How Lenders Score Credit
    Limitations of Credit Scoring Systems
    Credit Scoring Techniques: An Illustration
    The Debt-to-Income Ratio

IV. The Costs and Risks of Credit
    Risks in Credit Use

V. How to Maintain a Good Credit Rating
    Making Credit Complaints
    How to Rebuild Your Credit History
    “Credit Repair” Companies
    Alternatives to Bankruptcy
    The Bankruptcy Decision

Appendix A
   Credit vs. Cash Transaction Costs

Appendix B
   The Cost of Credit: How to Calculate the APR, Finance Charge, and Total Costs
Family Economics

HOMEOWNER OR TENANT? How To Make a Wise Choice edited by Rodolfo G. Ledesma & Kerry Anne Lynch, Revised December 1989, 93 pages

Code: HT $6.00

Thinking about buying or selling a home? Read this first! Buying that dream house could be the largest financial commitment you will ever make. You could waste thousands of your hard-earned dollars if you fail to evaluate the benefits and costs of homeownership before you buy.

Varying economic trends and changeable interest rates make your decision more difficult. New tax laws have changed the tax advantage of buying over renting. And although many regard homeownership as a sure-fire investment, in recent years this has not necessarily been the case. Twenty years ago, the typical house sold for about $20,000. Today it sells for over $90,000. In order for today’s house to match that gain, in 2009 it would have to sell for nearly half a million dollars.

We wrote our easy-to-read booklet Homeowner or Tenant? How to Make a Wise Choice to help you understand and minimize the many costs hidden in virtually every home buying decision. And because we have no financial stake in your decision (as do bankers and real estate agents), our advice is objective. Our only stake is our reputation for presenting in clear language useful information that is of value to our readers.

Included are worksheets to help you calculate the prospective homeowner’s net cost and initial cash needs, the home seller’s after-sale proceeds, and the renter’s cost difference between continuing to rent or owning a home (you may be surprised). We describe the many financing choices available today and help you to decide which is best for you.

An uninformed decision could cost you your home. The number of homeowners behind in their mortgage payments or in the process of losing their homes is at historically high levels. Homeowner or Tenant? How to Make a Wise Choice could help you to make a better housing decision.

“...because we have no financial stake in your decision ... our advice is objective.”
Family Economics

HOMEOWNER OR TENANT?  
How To Make A Wise Choice

Contents

Preface
A Note on the Preparation of this Booklet


VII. The Rent or Buy Decision Personal Preferences and Other Nonfinancial Considerations. Evaluating Alternatives.


IX. Hints for Buyers, Sellers, and Renters The Role of The Agent. Inspections and Appraisals. Timing a Purchase or Sale. What the First-Time Buyer Should Know. Tenant’s Corner.

X. Reference Tables
**Family Economics**

**WHAT YOUR CAR REALLY COSTS: How to Keep a Financially Safe Driving Record**, July 1992, 115 pages

Code: DR $6.00

*Are you driving down the road to ruin?* Many people are "driven" into debt by needless car costs. But by learning the simple economic principles of car ownership you can save thousands of dollars, perhaps even hundreds of thousands, over a driving "lifetime."

*What Your Car Really Costs* provides rankings of 1985-1991 used cars, light pickups, utility vehicles, and small vans and tells you: How to keep your automobile expenses in perspective. When to buy new and when to buy used. How to use the *N.A.D.A. Official Used Car Guide*. Whether to buy or lease. How long you should keep a car. How to select cars that retain the greatest resale value.

*What Your Car Really Costs* also is useful for younger drivers who may be contemplating buying a car for the first time. The actual costs of owning and operating an automobile probably are far different from what many now believe. You can help protect your family's financial future by introducing your young drivers to the fundamental financial responsibilities of car ownership.

### WHAT YOUR CAR REALLY COSTS:
How to Keep a Financially Safe Driving Record

**Contents**

I. Car Costs in Financial Perspective
   Cost Differences Can Be Great. Long-Term Costs vs. Short-Term Savings. Using Consumer Reports.

II. Ranking Cars, Light Pickups, Utility Vehicles, and Small Vans by Resale Value

III. The Automobile Price Outlook
   How to Figure the "Worth" of Interest-Rate Differences and Cash Rebates. The Political Factor. The Extended Outlook.

IV. Should You Buy or Lease?

V. Should You Buy New or Used?
   Useful Information. Used Car Best Buys.

VI. "Lemon Laws"

VII. How to Use the N.A.D.A. Official Used Car Guide
   Dealer Trade-In or Private Sale? Trade-In Values of Selected Base-Model Cars as a Percent of M.S.R.P.

VIII. Your Cost Record

Monthly Ledgers and Annual Summary
COPING WITH COLLEGE COSTS  Common Sense About College & Family Financial Security  by Robert A. Gilmour & Lawrence S. Pratt, November 1988, 106 pages

Code: CB  $6.00

How to make college affordable. A 4-year degree from many private colleges and universities costs $70,000 to $80,000, and many say that college expenses will go much higher in the next decade.

Coping with the record-high cost of college is a major concern for millions of American students and their families. Every year thousands of disappointed students "drop out" of college because they can't afford it. Thousands of other families undergo painful financial sacrifices to pay for college. Millions of others take what they think is the "easy" way out and default on their college loans — only to suffer later from the consequences. Increasingly, new graduates find their standard of living reduced for many years to come by thousands of dollars of debt.

But prospective college families and students on their own are bombarded with financial counseling by those who have a direct personal financial interest in selling a particular college financial "package." Some of the advice may be sound, but often it is not appropriate for the family's financial circumstances.

Coping With College Costs provides our independent, common-sense analysis of the college-cost crisis and how to meet it. Among the many topics this informative book discusses are: How much college will cost in the future. Is college a good "investment"? How to find less-expensive degree programs (a $285 per year degree?). Beware of some financial aid schemes. When financial "aid" can hurt you. How to pay for college if you have no savings. How to save for college. Are "tuition futures" a good buy? Should you pay for an SAT course?

Whether your family's college costs needs are immediate or still many years away, Coping With College Costs could help you save many thousands of dollars in direct expenses and prevent even more costly family financial errors.

COPING WITH COLLEGE COSTS  
Common Sense About College & Family Financial Security

Contents

Preface to the Third Edition
I. College Costs in Financial Perspective
II. Finding Less-Expensive Degree Programs
III. Economic Aspects of Selecting a Major
IV. The Financial Aid Game: Sharpies and Suckers
V. Types of Financial Aid and How to Apply
VI. Cooperative Education: A Debt-Free College Degree and a Job
VII. Early Planning for College Costs
VIII. The SATs
Appendix I: Estimated Savings Required to Fund College Costs
Appendix II: Sources of Additional Information
Help for today's investor — novice and expert alike: Do you sometimes think that the financial news is written in a foreign language? For example, what are “take over,” “poison pill,” “white knight,” and “greenmail”? Can you sort sense from the alphabet soup of COLA, REIT, ADR, and GNMA? For better or for worse, today's investment markets generate new words and symbols in abundance, often confusing both the novice and expert investor because the looks and sounds are either not familiar or all too similar to other words and expressions they thought they knew. Confusion is common.

Every investor needs to know enough of the specialized language and jargon of the marketplace to deal with brokers, bankers, and many other financial persons. No investor wants to be recognized as a novice. Moreover, the layman who asks the wrong questions, or mistakenly thinks he understands his accountant's or advisor's complex discussions, may harm himself.

We recognize that effective investment communication is as important now as ever, and have published an easy-to-read and convenient primer of the language, techniques, and mechanics of today's financial marketplace. The A-Z Vocabulary for Investors contains five fact-filled chapters describing major elements of the financial services market. A substantial glossary keeps detailed facts and specialized knowledge at your fingertips, enabling you to make more profitable sense out of financial chaos.

The A-Z Vocabulary for Investors is not an investment guide. It is a tool that will increase your knowledge of and investment ability in the financial functions of our free-wheeling economy.
Are you thinking about investing in mutual funds? The number of mutual funds and the amounts invested in them by all types of investors have increased enormously during the past 10 years in response to deregulation of the financial industry. Before you invest hundreds or thousands of your hard-earned dollars, you should know the differences and the advantages and drawbacks of investing in one or more of these often specialized investment companies.

For example, $10,000 invested 10 years ago in a top-ranked mutual fund is worth $150,000 more than the same amount invested in one of the lower-ranked funds. With such divergence in performance, the uninformed investor is seriously disadvantaged when choosing a fund for investing purposes. Investment Companies and Funds describes in nontechnical terms the types and purposes of diverse mutual funds. We describe in straightforward fashion the differences between open and closed-end investment companies; the differences among money market, bond, income, and growth funds, to name a few; and numerous other considerations for investors.

The Institute is not affiliated with any investment company or fund, nor does it recommend specific funds. It intends that the investor have impartial information before investing according to his or her circumstances. If you are thinking about or have made investments in mutual funds, we believe this booklet will be invaluable to you.
Explore new opportunities. The U.S. Government's fiscal irresponsibility and the favorable changes that have occurred in Eastern Europe and in other parts of the world have made today's wide choice of international investments more attractive than ever as a means of protecting savings and contributing to global prosperity.

For many years AIER has suggested the advantages of holding savings denominated in foreign currencies as a means of preserving their purchasing power. Today, the integration of world financial markets and the proliferation of international investment opportunities provide the additional benefit of permitting individuals even of modest means to participate directly in shaping the "New World Order" according to their own judgments rather than those of the politicians.

In our view, the future success of most people in protecting their financial security, reforming harmful domestic policies, and directing the allocation of the world's resources to their best uses will require their participation in the broadest possible investment markets. And if enough "vote with their savings," they may be able to accomplish for themselves and the Nation what their votes so far have been unable to achieve at the ballot box.

International Investing: Theory, Practice, and Results introduces you to the operations of world financial markets that can benefit you directly — and that could help to change the world for the better.
Avoid costly errors by investing in knowledge. Many investors may have little or no experience in the coin market and even experienced investors may not keep up with coin market developments. The precious metals market can seem intimidating and complex to the inexperienced investor, and mistakes due to a lack of familiarity can be expensive lessons. A small investment in knowledge can help you avoid a large error and thus increase your return from precious metals investment.

The Coin Buyer's Guide was designed to help both the inexperienced and experienced coin investor. It explains market jargon; describes domestic and international markets; gives tips, suggestions, and warnings; discusses U.S. tax considerations; and describes numismatic traps, grading standards, and many common problems unique to coin and metals markets.

COIN BUYER’S GUIDE

Contents


II. Speaking the Language


Appendix

Bibliography
How to plan for your retirement years: Will you work hard throughout your career only to find that your "good pension" provides less than you expected or need? Many prospective pensioners have been surprised because they did not understand exactly what the terms of their pension plans were and what simple steps they needed to take to ensure maximum, or even minimum, coverage.

Many companies are changing their pension plans to meet new legal and financial requirements. You should review your plan for adequate funding and safety. If your employer ends your company plan or makes large changes, what alternatives do you have? What happens if you change jobs? What other steps should you take to build up alternative retirement funds?

How to Plan for Your Retirement Years discusses these and other crucial retirement matters:

- What you can and cannot expect from Social Security.
- How much you will need to save and how to calculate it.
- How to protect your retirement income against inflation.
- What types of retirement savings are best for you.
- What types are safest and ways to supplement pension income.
- What type of annuity may be right for you.
- What to do with a "lump sum" pension settlement.

How to Plan for Your Retirement Years combines in one easy-to-read booklet important financial planning facts you need to plan for your retirement. As both taxpayer and prospective retiree, you must understand the actuarial insolvency of Social Security and how your private plan will meet your needs.

50% Off

Retirement Planning Package

Get all four Retirement Planning booklets — "How to Plan for Your Retirement Years," "How to Build Wealth with Tax-Sheltered Investments," "What Will Social Security Mean to You?," and "How to Cover the Gaps in Medicare" — for just $12, or 50% off the list price of $24.

Simply order the "Retirement Planning Package" (code RP2), for $12, on the order blank at the back of this catalog.
Planning for Retirement

HOW TO PLAN FOR YOUR RETIREMENT YEARS

Contents

Introduction

I. Retirement in Financial Perspective

II. Estimating Your Retirement Savings Requirements

III. Social Security

IV. Pensions

V. Individual Retirement Accounts

VI. Other Sources of Retirement Income

Appendix A: Swindling America’s Middle Class
   The Most Massive Fraud in History? Not a “Good Deal.”

Appendix B: Regulation of Pensions

Will you achieve your financial goals? Too many people separate their investment planning from their tax planning. They save money in certificates of deposit or mutual funds during the year only to discover in April that their investment returns have been eaten away by income taxes. "Running in place" financially is discouraging, to say the least. Over the long term, it can lead to postponing or losing goals: early retirement, a quality education for yourself or your children, adequate savings for travel, entertainment, charitable efforts, and so on. In short, a lower standard of living than you had hoped.

You are far more likely to achieve your financial goals if you make informed investment decisions. This includes taking advantage of tax-sheltered investments. By doing so, you can increase your wealth in two ways: first, by immediately cutting your taxes and, second, by increasing the long-term return on your savings, possibly many times over what you could earn in taxable investments.

Moreover, you can do this without taking big risks. By "tax-sheltered investments," we do not mean complicated and often very risky investments that serve little purpose other than tax avoidance and creating jobs for tax lawyers. You should avoid investments that you do not understand or that are attractive solely for their tax benefits.

The investments discussed in this booklet are familiar to most people. They include such "safe" investments as U.S. Government savings bonds free of default risk. Indeed, if you are a conservative investor, tax-savvy investing offers virtually the least risky way to increase the return on your savings. Of course, the more investment risk you are willing to shoulder, the more your potential gains from tax-sheltered investing will be. But virtually anyone who pays taxes can build their wealth faster by acting on the information in How to Build Wealth with Tax-Sheltered Investments.
Planning for Retirement

HOW TO BUILD WEALTH
WITH TAX-SHELTERED INVESTMENTS

Contents

Introduction

I. HOW TAXES REDUCE YOUR WEALTH
   The "Miracle" of Compound Interest. Your Marginal Tax Rate.
   Other Considerations.

II. REAL SHELTER: YOUR HOME
   Home Equity Loans. Tax Treatment of Gains. Other Advantages.

III. COMPANY PENSION PLANS
   Three Tax Advantages. What If Your Employer Contributes Nothing?
   Making the Most of Your Pension Plan. Managing Your Pension Fund.
   Cash Withdrawals. Lump-Sum Payments. Loans.
   Looking Ahead.

IV. SELF-MANAGED RETIREMENT ACCOUNTS
   Nondeductible Contributions. Eligibility for Deductible Contributions.
   Setting Up an IRA. Investment Risk. A Pitfall to Avoid. Rollovers.

V. U.S. SAVINGS BONDS

VI. MUNICIPAL BONDS

VII. DEFERRED ANNUITIES (For Younger Investors)
   How They Work. When the Contract Matures. Investment Earnings.
   Variable-Rate Annuities. Tax Treatment. Choosing a Company.
   Choosing a Policy. The Returns on Variable-Rate Annuities.

VIII. IMMEDIATE ANNUITIES (For Older Investors)
   How They Work. Income Options. Variable-Rate Annuities.
   Tax Treatment. Choosing a Policy.

IX. FOREIGN-CURRENCY ANNUITIES
   Immediate Annuities. Deferred Annuities. Taxation of Foreign-
   Currency Annuities. Cancellation and Refund Options.
   How To Get Them.

X. CONCLUSION
Planning for Retirement

WHAT WILL SOCIAL SECURITY MEAN TO YOU? by Marietta A. Constantinides & the Editorial Staff, September 1989, 123 pages

Code: SS $5.00

Are you jeopardizing your future financial security? If you believe everything that politicians and bureaucrats tell you about Social Security, you could be jeopardizing your future financial security. Present beneficiaries and especially those of you still years from retirement should know about the hidden dangers in our Social Security program.

For example, our politicians in Washington treat Social Security as a “sacred cow,” assuring us that every beneficiary will get what they have promised them, even while they seek ways to spend the accumulating “surplus” that will be required to meet those promises. Either they are not telling us the truth, or they intend to increase program taxes and cut future benefits. Or they may just print the money, which would add greatly to inflation.

What Will Social Security Mean to You? gives you a crisp look at Social Security’s condition and outlook. It also tells you what you can do to protect yourself against the almost certain day when Social Security fails to provide promised benefits. Among topics discussed are: How Social Security violates the pension principle. More retirees and fewer workers: who benefits and who suffers. What you should know about Social Security’s “surplus.” How Social Security Trust Fund projections are flawed. How to plan your alternatives to Social Security. How to ensure that you receive correct benefits.

Support for Social Security evidently derives from a number of generally held beliefs. Many view its “safety net” features as an indispensable source of protection against life’s uncertainties, especially in today’s unpredictable labor and financial markets. Through the forced savings of withholding taxes, it is presumed to enforce prudence in an otherwise spendthrift society. Perhaps most important, overall it is thought to be a “good deal” for America’s middle class. Indeed, middle-class Social Security entitlements now constitute by far the largest expenditure of the Federal Government. In FY 1988, 42 cents of every Federal tax dollar went for direct benefit payments to individuals.

Probably few would question the usefulness of providing a general fund that can be used to provide benefits for the genuinely needy. But if people were aware of the enormous personal losses and financial insecurity that the system has forced on middle-income America, we suspect that even fewer would endorse it as a means of providing retirement income. Put simply, as a retirement program, Social Security must rank as one of the most massive swindles in history. A private pension plan operated in such fashion would be terminated and its managers jailed.

Excerpted from

What Will Social Security Mean to You?

28
WHAT WILL SOCIAL SECURITY MEAN TO YOU?

Contents

Preface

Introduction

I. An Overview of Social Security
   Outlook. Collecting Your Benefits.

II. Pay-As-You-Go Finance and Social Security's Unsoundness

III. Payroll Tax Finance: Who Bears the Burden?

IV. The Social Security Trust Funds and the Trust Fund Surplus

V. Social Security and Income Redistribution: Who Wins and Who Loses?

VI. Proposals for Change

VII. What You Should Do Now
   Advantages and Disadvantages of IRAs. Protecting Against Price Inflation. Alternatives to the IRA. Deferred Annuities. Life Insurance. The Tax Advantages of SPWL.

VIII. Estimating Your Retirement Savings Requirements

Appendix I: Eligibility for OASDI Benefits

Appendix II: The Medicare Catastrophic Coverage Act of 1988
Planning for Retirement

HOW TO COVER THE GAPS IN MEDICARE Health Insurance and Long-Term Care Options for the Retired by Robert A. Gilmour, April 1992, 141 pages
Code: CM $7.00

The costs of medical and long-term care represent the largest financial threat to most people of retirement age. Greatly improved medical care has enabled many of us to live longer lives. But it also has meant increased health-care expenses and the increased likelihood that sometime we will need "long-term" care in a nursing home or other facility.

Many older people are understandably worried that they might have to spend their lifetime savings on medical bills and nursing home costs — savings counted on for their self-sufficient retirement and as a legacy to their children and grandchildren. And they dread being forced into a "welfare" nursing home.

You cannot rely on Medicare alone to protect you or your parents from these fears and risks. Burdened by unexpected costs, Medicare has covered a smaller and smaller percentage of the actual health-care costs incurred by elderly citizens. Medicare does not cover the costs of custodial nursing home care; and even its protection against "catastrophic illness" has been repealed. Almost surely Medicare premiums will be increased and benefits further reduced, exposing you to even higher financial risks in the future.

This "Medigap" requires that you must insure yourself against the costs of both medical and long-term care that remain after Medicare has paid all its benefits. But the costs and benefits of the many supplemental insurance policies and long-term care options vary greatly. Even the 10 new "standardized" Medigap policies, which were designed to simplify insurance decisions, create new questions for the insurance buyer.

Some genuine Medigap bargains are available. How to Cover the Gaps in Medicare has helped thousands of retirees to choose the insurance that is best for them. It will provide what you need to know to make an informed decision about your own health-care options.

50% Off
Retirement Planning Package
(See page 24 for details.)
Preface to the 10th Edition

Part 1
The Medicare Quandary

I. The Health Insurance Principle
II. Medicare
III. Why You Need "Medigap" Insurance

Part 2
How to Protect Yourself Against the "Medigap"

IV. Alternatives to Health Insurance Policies
V. Health Maintenance Organizations
VI. Medicare Supplemental Insurance
VII. Shopping for a Medicare Supplemental Policy
VIII. Ranking the NAIC Policies by Cost and Risk

Part 3
Long-Term Care Options

IX. Long-Term Care Insurance
X. Long-Term Care Alternatives: Continuing Care Retirement Communities and Home Health/Elder Care
XI. Medicaid: A Middle-Class Financial Option?

Part 4
End-of-Life Decisions

XII. Legal Considerations
XIII. Funeral Options

Appendix
The Other Side of Public Health Care
Medical Expense Record
Estate Planning

BASIC ESTATE TAX PLANNING by William S. Moore, May 1990, 29 pages
Code: TX $4.00

Are you a Millionaire? When we were young, only rich people were “Millionaires.” Unless our families had vast resources that we might eventually inherit, the thought of becoming a “Millionaire” was beyond our imagination. How things have changed. Now we know scores of millionaires and, if we begin adding up the value of our assets, lo and behold, we may be looking at one in the mirror!

All that value is not only a blessing but also a responsibility. Even if you are not yet a “Millionaire,” as most of us are not, rapidly changing tax and inheritance laws have compounded the responsibility of planning the settlement of even a relatively modest estate. American Institute for Economic Research is interested in helping you handle those responsibilities.

In response to many inquiries concerning the latest laws, rules, and regulations respecting estate taxes, we have prepared the booklet, Basic Estate Tax Planning, that could help to save you many thousands of dollars. We would like to send it to you for the price of 0.000004 of a million (only $4.00) per copy. You will not only help them but also help a unique nonprofit organization continue the good work begun 58 years ago. Of course, if you are not satisfied, we will refund your money.

General interest in estate planning appears to be growing as America “ages.” A discussion that covers in broad outline some of its most important considerations may be useful as an introduction to the subject. If you have some idea of what it is that you want to do, then your attorney will have that much less trouble designing documents to suit your needs and your legal costs will be that much less. (It goes without saying that the resulting documents themselves, which assure that your wealth will be distributed according to your wishes, could save many thousands of dollars in estate and inheritance taxes.)

---

Special Money Saving Estate Planning Package

Order all four Estate Planning booklets for just $11.

We will send you all four booklets — “Basic Estate Tax Planning,” “Fundamentals of Estate Planning,” “How to Use Tax Saving Trusts,” and “How to Save for Your Children” — a $16 value for just $11 (postpaid).

Simply order the “Estate Planning Package” (code EP2), for $11, on the order blank at the back of this catalog.
William S. Moore's *Basic Estate Tax Planning* provides just such an introduction. His discussions of "bypass trusts," gifts to family members and friends, and charitable gifts, including "split-interest" gifts that provide continuing income to designated beneficiaries other than the charity, provide easily followed descriptions and a balanced overview of the uses of these important estate tax planning techniques.

Included are discussions of: "Bypass trust" arrangements for a surviving spouse. Gifts to family members and friends. Charitable gifts. "Split-interest" gifts to charity. Putting it all together.

### BASIC ESTATE TAX PLANNING

**Contents**

**Preface**

**Introduction**

I. "Bypass Trust" Arrangements for a Surviving Spouse
   - The Basic Approach
   - The Provisions of the "Bypass Trust"
     - Dispositive Provisions
     - Trustee Provisions
   - Other Steps Necessary to Make the "Bypass Trust" Work Properly
   - Possible Countervailing Considerations

II. Gifts to Family Members and Friends
   - The Basic Approach
   - Useful Types of Gifts to Family Members and Friends
     - Gifts to Minors
     - Irrevocable Life Insurance Trusts
   - Possible Countervailing Considerations

III. Charitable Gifts, Particularly "Split-Interest" Gifts to Charity
   - The Basic Approach
   - The Different Uses of "Split-Interest" Gifts with a Remainder to Charity
   - Possible Countervailing Considerations

IV. Putting It All Together
Estate Planning

FUNDAMENTALS OF ESTATE PLANNING by William S. Moore, November 1990, 42 pages
Code: EP $4.00

You can learn the fundamentals of estate planning easily and quickly without spending frustrating hours trying to decipher complex technical terms. Fundamentals of Estate Planning provides you with a practical understanding of your estate planning options in language that avoids the "legalese" that muddles so many discussions of this important subject. A companion to our Basic Estate Tax Planning booklet, Fundamentals of Estate Planning helps you with the following nontax decisions:

- Ways to distribute your estate
- Who should administer your estate plan
- Living trusts and/or wills
- Titling of assets and designation of beneficiaries
- Planning for illness or disability

Before you spend hundreds or thousands of dollars in attorneys' fees or commit yourself to a costly administration of your estate, become informed about your estate planning alternatives. Only then can you sensibly discuss your estate situation with your lawyer or financial advisor.

See our Special Money Saving Estate Planning Package offered on page 32.
Estate Planning

FUNDAMENTALS OF ESTATE PLANNING

Contents

Introduction

I. Deciding on the Disposition of Your Assets
   A. Introduction
   B. Develop Your Dispositive Wishes With Care and then Implement Them Precisely
   C. Understand the Role of Trusts
      and Make the Decisions Necessary Concerning Them

II. Deciding Who Should Administer Your Estate Plan
   A. Introduction
   B. Responsibilities of Executors, Trustees, and Guardians
   C. The Bases for Selecting the Persons or Entities to Administer the Estate Plan

III. A Revocable Trust Agreement and a Will?
   A. Introduction
   B. Possible Reasons for Establishing a Revocable Trust During Lifetime
      1. Avoidance of Probate.  2. Avoidance of Onerous State Laws Other Than Those Concerning Probate.  3. Avoiding Claims by a Surviving Spouse and Creditors.  4. Providing for the Administration and Investment of the Assets of a Disabled or Failing Person During His or Her Lifetime.  5. Preservation of Privacy and Avoidance of Will Contests.
   C. Possible Countervailing Considerations
      1. Possible Tax Problems.  2. The Impossibility or Impracticality of Transferring Certain Assets to a Revocable Trust During Lifetime.
   D. Conclusion

IV. Other Necessary Arrangements
   A. Introduction
   B. Titling of Assets
   C. Assets Subject to Designation of Beneficiary Forms
   D. Other, More Specialized Arrangements Concerning the Disposition of Property

V. Planning for Illness and Disability
   A. Introduction
   B. Arrangements for the Administration of Your Property in the Event of Disability
   C. Arrangements to Provide for Your Medical Care in the Event of Disability

VI. Putting It All Together
How to Use Tax Saving Trusts provides in-depth discussion of the principal tax saving trusts available to individuals, when it is appropriate to use them, and how to maximize the tax savings and other benefits trusts can produce. Topics discussed include: how you can use “bypass trusts” in relation to the generation-skipping transfer tax (GST tax); “QTIP” trusts; disclaimer trusts; charitable remainder unitrusts and pooled income funds; and irrevocable insurance trusts. You can use the trusts described both as a means of saving taxes and as a means of accomplishing basic estate planning objectives.

When properly used, multipurpose trusts can:

- Provide a stream of income for retirement, for a surviving spouse, or for the education of a child or grandchild.
- Shield from income tax the appreciation on appreciated property without reducing either income or qualified deductions.
- Make optimum use of the “unified credit exemption equivalent” where a primary estate planning objective is to provide funds for the lifetime of a specific beneficiary or beneficiaries.

Learn how each type of trust can save you money.
Estate Planning

HOW TO USE TAX SAVING TRUSTS

Contents

Introduction

I. "Bypass Trusts" and Other Trusts Designed to Reduce Estate Taxes on a Married Couple's Estate
   A. "Bypass Trust" Arrangements
      1. What a "Bypass Trust" Is and How it Produces Estate Tax Savings
      2. The Circumstances in which "Bypass Trusts" Should Be Used
      3. Steps to Maximize the Savings Produced by "Bypass Trusts"
   B. Other Trusts that Can Be Used in Conjunction with a "Bypass Trust" to Produce Additional Savings
      1. A "Bypass Trust" for More Than the $600,000 "Unified Credit Exemption Equivalent"
      2. A "Qualified Terminable Interest Property" Trust
      3. A "Disclaimer Trust"

II. Charitable Remainder Unitrusts and Pooled Income Funds
   A. The Basics of Charitable Remainder Unitrusts and Pooled Income Funds
   B. Other Valuable Tax and Nontax Uses of Charitable Remainder Unitrusts and Pooled Income Funds
      1. Shielding Capital Gains from Tax while Producing an "Unreduced" Stream of Income and an "Unreduced" Charitable Deduction
      2. Use of a Charitable Remainder Unitrust as the Vehicle to Produce Both Growth and an Enhanced Stream of Income
   C. Use of a Charitable Remainder Unitrust or Pooled Income Fund in Conjunction with a Life Insurance Arrangement
   D. Structuring a Charitable Remainder Unitrust or a Pooled Income Fund Gift to Make Economical Use of the "Unified Credit Exemption Equivalent"

III. Irrevocable Insurance Trusts
   A. Should Insurance Be Acquired, and an Irrevocable Insurance Trust Established, to Meet Needs with "Untaxed" Funds?
   B. Does an Irrevocable Insurance Trust Make Sense from a Basic Estate Planning Standpoint?
   C. Can the Payments Used to Acquire the Insurance Initially and Pay Continuing Premiums Feasibly Be Shielded from Gift Taxes?

IV. Picking the Tax Saving Trust Arrangement for You
Everything costs more than it used to — a college education, a first home, starting a business, or even affording adequate health care. Unfortunately, many children and grandchildren are forced to see their personal potential go unrealized because of financial constraints that could have been avoided if responsible family members had established a sensible savings plan in their behalf that also produced substantial tax savings.

Given the high costs of raising children, especially the costs of college, and the near certainty that costs will continue to rise, it is important that parents and other family members save for future costs in the most advantageous ways.

Financial institutions, states, and even colleges have developed a number of mechanisms for budgeting now for future costs. Some of the mechanisms are valuable, but most are inflexible.

You can transfer funds to your children for their expenses and avoid offsetting taxes. And you can maintain control of the funds. Especially parents and grandparents in the 28 and 31 percent brackets should consider transferring funds to their children's 15 percent tax bracket. The difference over years can be large provided that you know how to avoid the pitfalls.

Many grandparents can realize large estate tax savings by careful giving to grandchildren. Parents can use the "annual exclusion" to the gift tax over years to plan for the expense of raising responsible adults. However, both parents and grandparents need to evaluate their descendants' prospects and their own finances when undertaking such plans.

How to Save for Your Children describes the basic features of trusts for children as well as their advantages and disadvantages relative to custodianships for minors. Each trust description is summarized in easy-to-understand language. Avoid the "kiddie tax" and pick your own method of saving for the expense of your children's education and other costs.
HOW TO SAVE FOR YOUR CHILDREN
And Save on Taxes

Contents

Introduction

I. The Principal Objectives and the Major Impediments
to their Being Accomplished
   A. Achieving Income Tax Savings
   B. Gift and Estate Tax Saving

II. Techniques for Saving for Children at Reduced Tax Costs
   A. A Custodianship Under a State's Uniform Transfers
to Minors Act or Uniform Gifts to Minors Act
      1. Basic Features
      2. Advantages and Disadvantages
         a. Advantages
         b. Disadvantages
      3. Summary
   B. A Trust Meeting the Requirements of Section 2503(c)
of the Internal Revenue Code
      A. Basic Features
      B. Advantages and Disadvantages
         1. Advantages
         2. Disadvantages
         3. Summary
      C. A Trust From Which All Additions
         May Be Withdrawn Immediately
         1. Basic Features
         2. Advantages and Disadvantages
            a. Advantages
            b. Disadvantages
         3. Summary
      D. Charitable Remainder Unitrusts
         1. Basic Features
         2. Advantages and Disadvantages
         3. Summary

IV. Picking Your Own Method of Saving for Your Children
    at Reduced Tax Costs

39
Economic Fundamentals
Publications
CAUSE AND CONTROL OF THE BUSINESS CYCLE by E. C. Harwood,
September 1974, 86 pages
Code: CC $6.00

Cause and Control of the Business Cycle presents the results of research carried on continuously from 1926 through 1974. The first results of this research were published during 1928 and 1929 in articles that explained why a great depression then was imminent. The later results of this research describe in detail how our Nation has repeated, on an even larger scale, the money-credit blunders that were responsible for the great boom of the 1920's and the inevitable aftermath.

This book is especially useful to businessmen and investors. Maladjustments and recessions still are very much with us; control of the business cycle is not. An understanding of the basic principles involved and the information provided by the Harwood Index of Inflation, which is explained in the book, are valuable to all who have business interests or investment responsibilities. Cause and Control of the Business Cycle is written in clear, nontechnical language. It is as interesting and helpful to those who have had no formal study in economics as to those with some knowledge of the subject.

Intelligent public opinion must depend on better understanding. The analyses in this book cut through the haze of misunderstanding and controversy that obscure most discussions of the business cycle.

The “AIER Classics Library” at half-price!


Simply order the “AIER Classics Library” (code ACL),
for $12, on the order blank at the back of this catalog.
CAUSE AND CONTROL OF THE BUSINESS CYCLE

Contents

Preface


VI. The Acid Test  Predictions vs. Events. Limitations of Index of Inflating.

VII. Various Familiar Problems  Unemployment. Overproduction, Underconsumption, or What? Credit Extensions to Consumer. Prices During Inflating.


Appendix A: A Partial and Tentative List of Economic Names for Avoiding the Semantic Stumbling Blocks and Booby Traps

Appendix B: A Fundamental Difference Between a Measure of Value and a Measure of Distance, Weight, etc.

Appendix C: Elements of an Ideal Currency and Commercial Banking System Based on a Gold Standard

Appendix D: The Dream World of Inflating and the Accountant's Nightmare

Appendix E: The Lost Art of Commercial Banking

43
An opportunity to reconstruct responsible economics — we believe it should not be delayed! President Bush spoke to great applause about a great opportunity for a “new world order,” an opportunity largely created by American persistence against the spread of totalitarianism and the impoverishment it inflicts throughout the world.

He also spoke about the failures of those oppressive economic systems as an opportunity for us to address our social and economic problems. Unfortunately, he did not mention the underlying reasons why America, an economic giant, has so much need for economic reform.

We believe a principal reason that our banks are failing, our Treasury is deep in debt, and individual tax receipts are at record levels can be found in the virtual abandonment of individual responsibility and of marketplace signals at the level of Government policy. Government for too long has attempted to control public welfare only to see it swell almost beyond measurement while our money rots. In short, our national economic policy suffers from a palpably mistaken ambition to control, the very same ambition that brought openly totalitarian states to their knees.

We believe that President Bush’s opportunity is real and should not be delayed. It is an opportunity to reconstruct responsible economics and to begin to reject failed economic thinking. Are you, the long-suffering independent minority, ready?

E. C. Harwood, our founder, spent much of his life delving into economic policy and its increasing failures. Beginning in 1955 he several times compiled his work and that of others into one volume — Reconstruction of Economics. This work anticipated by many years President Bush’s desire to reevaluate our economic policy and we believe that our large and growing economic problems demand that we bring this timeless work to your attention.

The “AIER Classics Library” at half-price!

(See page 42 for details.)
## RECONSTRUCTION OF ECONOMICS

### Preface

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>What is Economic “Knowledge”?</td>
</tr>
<tr>
<td></td>
<td>Knowing as an Aspect of Human Behavior</td>
</tr>
<tr>
<td></td>
<td>The Greek Philosophers and Knowing Behavior</td>
</tr>
<tr>
<td></td>
<td>The Revolution in the Method of Inquiry</td>
</tr>
<tr>
<td>II.</td>
<td>Betrayal of Intelligence: A Review of Samuelson’s</td>
</tr>
<tr>
<td></td>
<td><em>Economics, An Introductory Analysis</em></td>
</tr>
<tr>
<td></td>
<td>Erroneous Assertions</td>
</tr>
<tr>
<td></td>
<td>Sweden’s Economy</td>
</tr>
<tr>
<td></td>
<td>Keynesian “Theory”</td>
</tr>
<tr>
<td></td>
<td>The “Neoclassical Synthesis”</td>
</tr>
<tr>
<td>III.</td>
<td>Medieval Scholasticism vs. Modern Science: A Review of Von Mises’s</td>
</tr>
<tr>
<td></td>
<td><em>Human Action, A Treatise on Economics</em></td>
</tr>
<tr>
<td></td>
<td>A Leap Backward</td>
</tr>
<tr>
<td></td>
<td>Modern Influence</td>
</tr>
<tr>
<td></td>
<td>Von Mises’s Contribution</td>
</tr>
<tr>
<td>IV.</td>
<td>Weaknesses in Economics: A Review of Burns, Neal, and Watson’s</td>
</tr>
<tr>
<td></td>
<td><em>Modern Economics</em></td>
</tr>
<tr>
<td>V.</td>
<td>Not Schizophrenia, Dr. Friedman</td>
</tr>
<tr>
<td></td>
<td>What Actually Occurred</td>
</tr>
<tr>
<td></td>
<td>Friedman vs. Samuelson and Keynes</td>
</tr>
<tr>
<td></td>
<td>Varying Methods of Inquiry</td>
</tr>
<tr>
<td></td>
<td>The Role of the Laboratorian</td>
</tr>
<tr>
<td></td>
<td>The Function of Hypotheses</td>
</tr>
<tr>
<td></td>
<td>Dr. Friedman’s Prescription</td>
</tr>
<tr>
<td></td>
<td>Conclusion</td>
</tr>
<tr>
<td>VI.</td>
<td>On the Philosophy of the Social Sciences by May Brodbeck</td>
</tr>
<tr>
<td>VII.</td>
<td>Philosophy and Social Science by Richard S. Rudner</td>
</tr>
<tr>
<td>VIII.</td>
<td>Thoughts on Scientific Method as Applied in Economics</td>
</tr>
<tr>
<td></td>
<td>The Galilean Revolution</td>
</tr>
<tr>
<td></td>
<td>Development of the New Method</td>
</tr>
<tr>
<td></td>
<td>Aspects of the New Method Applicable to Economics</td>
</tr>
<tr>
<td>IX.</td>
<td>The Development of Economic Scientists:</td>
</tr>
<tr>
<td></td>
<td>The AIER Graduate Fellowship Program</td>
</tr>
<tr>
<td></td>
<td>Early History</td>
</tr>
<tr>
<td></td>
<td>Government-Funded Research and Education: A Booby Trap?</td>
</tr>
<tr>
<td></td>
<td>The Summer Fellowship Today</td>
</tr>
<tr>
<td></td>
<td>Outlook</td>
</tr>
<tr>
<td>X.</td>
<td>The Role of Behavioral Scientists in a Durable Civilization</td>
</tr>
<tr>
<td></td>
<td>The Independent Minority</td>
</tr>
<tr>
<td></td>
<td>Essential Aspects of a Behavioral Research Council</td>
</tr>
<tr>
<td>XI.</td>
<td>Reconstruction of Economics</td>
</tr>
</tbody>
</table>

45
Learn about man's economic behavior as a "live" subject. The application of modern scientific method, as exemplified in various other fields since the Galilean revolution 3 centuries ago, is steadily making progress on economic problems, but the work remaining to be done is so extensive that only a beginning has been made. An organized and comprehensive body of scientifically grounded warranted assertions or "knowledge" simply does not exist as yet in the field of man's economic behavior.

Economics textbooks in great variety are available. Perhaps the most widely used at the moment are those emphasizing the secular revelations of the Keynesian school, but others presenting modern versions of the Marshallian marginal analyses and still others based on the seemingly intuitive introspections of a "reasoning mind" likewise are used.

Those able to prepare a new economics textbook, or at least aware of the need for one, have not yet produced a book that seems to meet the need. Something is needed both for the student beginner and for the general reader who wishes to gain at least an elementary understanding of man's economic behavior.

Useful Economics is an attempt to meet an obvious need. Both student beginners and general readers preferably should start such an inquiry in an area of the field where they at least have some familiarity with the principal matters discussed. Therefore, after preliminary development of certain technical terms, this booklet focuses attention on economic behavior in a typical supermarket and proceeds from that beginning. Few Americans are unfamiliar with that field of economic behavior, and its presentation in Useful Economics facilitates learning about man's economic behavior as a "live" subject.
USEFUL ECONOMICS

Contents

I. Initial Selection of Terms
   Man and His Environment
   Terra Firma Essential
   Human Processing Effort
   Summary

II. The Existing Confused Terminology

III. Processing At Retail
   How Do Customers Get Their Purchasing Media?

IV. Processing At Wholesale
   Manufacturers

V. Processing in Agriculture, Mining, Fishing, and Hunting
   Agriculture
   Mining
   Fishing and Hunting

VI. Other Customers of the Retail Markets

VII. Originating, Circulating, and Canceling Purchasing Media
    Processing and Exchanging
    A Satisfactory Purchasing Medium
    The Evolution of Commercial Banking
    Findings of Facts

VIII. How Who Gets What

IX. A Brief Digression

X. The Shares of Ter-Hup Accruing to Processors

XI. The Shares Accruing to Owners of Processing Ter-Hup
    Two Kinds of Processing Ter-Hup
    How Are the Relative Shares Determined?

XII. The Shares of Ter-Hup Accruing to Providers of Services

XIII. Practical Applications

Appendix A: Free Competition is Voluntary Cooperation
   Competition vs. War
   Voluntary vs. Involuntary Cooperation
   What Is Free Competition?

Appendix B: The Significance of Freedom
   Incomplete Freedom
   Processing Ter-Hup, Earned or Inherited
   Monopoly Privileges
KEENVS vs. HARWOOD — A CONTRIBUTION TO CURRENT DEBATE by
Jagdish Mehra, November 1985, 24 pages
Code: KH $6.00

Fundamental methodological and analytical differences reflected in
Keynes-Harwood exchange. A vast literature concerning John Maynard Keynes’s
The General Theory of Employment, Interest and Money has grown suggesting its
restructuring or its virtual abandonment. Works by Hicks, Clower, Leijonhufvud,
Minsky, Fellner, Weintraub, Milton Friedman, Lucas, and
Sargent are among the more
often cited. The Keynes-Harwood dialogue presented in
this booklet is an earlier con-
tribution, in the same spirit,
to this current debate.

Our founder, E. C. Har-
wood, is a relatively unknown figure who exchanged views
with J. M. Keynes through per-
sonal correspondence and the news media during the early part of 1934. Harwood
did some then-impressive empirical work; had some original, interesting ideas;
compiled a forecasting record superior to those of his better-known contemporaries;
had a specific epistemological base; and anticipated modern macrorconomic con-
cepts, including the natural rate of unemployment (the vertical long-run Phillips
curve) and imperfect information as a source of business cycles.

The Keynes-Harwood exchange reflects fundamental methodological and ana-
lytical differences. This exchange primarily focused on issues of analytical methods,
bond-financed deficit, the liquidity trap and hoarding phenomena, and the role of
money. However, the differences between the two extended beyond these matters,
and embraced their perceptions respecting the impact of economic events, the
policy and social philosophy implications of their theories, and predictions of
economic events based on their analyses. Subsequent economic events in conflict
with Keynes’s (or at least “Keynesian”) predictions have induced a complete re-
thinking of macrorconomic theory and constitute in some degree a vindication of
Keynes’s critics. It is unfortunate that Harwood’s economic thinking has remained
isolated from the mainstream of the academic world and his thoughts deserve to be
recognized, especially because some apply to today’s situation.
KEYNES vs. HARWOOD —
A CONTRIBUTION TO CURRENT DEBATE

Contents

Introduction
I. Keynes vs. Harwood
II. Methodology
III. Harwood's Main Contribution
   A. General Thoughts on Business Cycle
   B. Harwood's Business-Cycle Model
   C. Harwood Index of Inflating
   D. Harwood Index of Inflating as a Predictive Tool
      (i) Pre-Depression Period
      (ii) Depression Period Until 1933
IV. Basic Relationships in Harwood's Analysis,
    Policy Issues of the 1930's and their Current Relevance
   A. Basic Relationships
      (i) Velocity
      (ii) Three Stages of Inflating and the Normal State
      (iii) Oversaving Theory and Harwood's Saving-Investment Function
      (iv) Policies and Public Debt
      (v) Economic Growth and Role of Government
      (vi) The Gold Standard and a Blueprint of Money-Credit Reforms
   B. Policy Issues of the 1930's and their Current Relevance
V. Evaluation

The "AIER Classics Library" at half-price!
(See page 42 for details.)
Money & Banking

MONEY, BANKING AND INFLATING A Useful Description, April 1986, 46 pages
Code: MB $6.00

Aler's views about sound and unsound money and banking are presented in this informative volume. Because the U.S. monetary unit — the dollar — was for most of its history a weight of gold (or silver), the public developed confidence in the long-term buying power of the dollar. That confidence partly accounted for the market evolution by early in this century of institutional arrangements for a panoply of dollar-denominated financial claims — from immediately redeemable ones used as purchasing media to some having an original maturity of 100 years.

The resulting complex money-credit system, being the product of trial-and-error entrepreneurial activities and subject to human folly, was not without deficiencies. Thus, money-credit "crises" appeared from time to time. The Great Depression was a major one.

Monetary experimenters, seeing the system's defects but losing sight of its essential foundation, imagined possible cures for the various perceived defects. By force of law, imagined cures were imposed on one, then another, and another institutional arrangement that had evolved through voluntary market activities to meet needs. Elaborate theories were devised about why people hold various financial assets and how changes in their desired holdings affect the goods sector of the economy.

Most theoretical work on money and credit focused on the financial claims that were used as purchasing media, as close substitutes for purchasing media (time deposits, for example), or as other store-of-value financial assets. Practical attention to, and theory about, monetary units themselves (monetary standards) and their connection to the broader institutional issues was virtually nonexistent. As the monetary experimenters tinkered both in policy and theory with parts of the system, the U.S. dollar as a monetary unit was transformed ad hoc from being a specified weight of fine gold to being a totally fiat unit.

Declaring, without supporting warranted theory, that prior histories of fiat-money failures no longer were relevant, the experimenters predicted that the ushering in of the fiat dollar in 1971 was the final control essential to their achieving the monetary stability they imagined they were approaching.

Our views about sound and unsound money and banking are presented in Money, Banking and Inflating. The ideas of some other monetary students are close to ours in some major areas. But as far as we know, nobody else has incorporated in a single discussion all the aspects that we believe are essential for a sound money-credit system.
Contents

Foreword

I. What a Dollar Was

II. The Supply of Money and Purchasing Media in Use
   Measurement Problems. Issuers and Users.

III. The Demand for Money and Purchasing Media

IV. Sound Commercial Banking

V. Direct Measures of Inflating
   Earlier Trends and Consequences. More Recent Trends and Possible Consequences.

Appendix A: Financial Claims: Purchasing Media or Not?

Appendix B: How Banks Create Purchasing Media

Appendix C: The Lost Art of Commercial Banking

Appendix D: Plans for International Monetary Control
What have the politicians done to your money and when did they do it? Do you know that the founding fathers of our Republic did not specifically grant the Government the power to issue paper money or the politicians the power to declare any money "legal tender"? Do you know how and when the lawmakers and the courts gave those powers to themselves? Or how and when they created laws that drove competing currencies, such as state bank notes, out of circulation? Do you know when the dollar was defined as a fixed weight of silver or gold, or how and when the Government decided to abandon the gold standard, confiscate all gold held by American citizens, abrogate its promises on Gold Certificates, and prohibit the ownership of gold by Americans anywhere in the world? Do you know when Americans regained their right to own gold and what gold coins the United States belatedly mints today? Most important, do you know what the politicians are doing to your money today?

These and many other questions about your shrinking dollar are answered in The Pocket Money Book: A Monetary Chronology of the United States. This succinct booklet lists in chronological order the events that once made our money "sound as a dollar" — as well as the subsequent events that since have made it a depreciating currency that no longer promises any future value.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1775</td>
<td>Continental Congress authorizes paper dollars (Continental).</td>
</tr>
<tr>
<td>1789</td>
<td>The Constitution empowers the Federal Government to coin money.</td>
</tr>
<tr>
<td>1792</td>
<td>Coinage Act of 1792 permits free coinage of gold and silver.</td>
</tr>
<tr>
<td>1806</td>
<td>Coinage of silver dollars suspended.</td>
</tr>
<tr>
<td>1849</td>
<td>Coinage of gold dollars begins.</td>
</tr>
<tr>
<td>1862-63</td>
<td>Legal Tender Acts authorize Government paper money.</td>
</tr>
<tr>
<td>1863</td>
<td>National Bank Act ends circulation of state banknotes.</td>
</tr>
<tr>
<td>1871-84</td>
<td>Supreme Court upholds Legal Tender Acts.</td>
</tr>
<tr>
<td>1873</td>
<td>Coinage Act of 1873 defines the dollar as a weight of gold.</td>
</tr>
<tr>
<td>1875</td>
<td>Specie Resumption Act authorizes redemption of greenbacks.</td>
</tr>
<tr>
<td>1879</td>
<td>Greenbacks return to full convertibility.</td>
</tr>
<tr>
<td>1900</td>
<td>Gold Standard Act places U.S. dollar on official gold standard.</td>
</tr>
<tr>
<td>1913</td>
<td>Federal Reserve System is created.</td>
</tr>
<tr>
<td>1933</td>
<td>President Roosevelt declares “bank holiday.”</td>
</tr>
<tr>
<td>1933</td>
<td>Domestic gold standard is abandoned.</td>
</tr>
<tr>
<td>1934</td>
<td>Gold Reserve Act authorizes devaluation of dollar on foreign exchange.</td>
</tr>
<tr>
<td>1935</td>
<td>Supreme Court upholds abrogation of gold claims on Government certificates and private contracts.</td>
</tr>
<tr>
<td>1944</td>
<td>Bretton Woods agreement establishes new international monetary system of fixed exchange rates.</td>
</tr>
<tr>
<td>1958-59</td>
<td>United States pays out 95 million ounces of gold to meet dollar claims of foreigners.</td>
</tr>
<tr>
<td>1961</td>
<td>International “gold pool” created.</td>
</tr>
<tr>
<td>1961</td>
<td>President Eisenhower prohibits American ownership of gold anywhere in the world.</td>
</tr>
<tr>
<td>1968</td>
<td>Congress removes all bullion reserve requirements for Federal Reserve notes.</td>
</tr>
<tr>
<td>1971</td>
<td>President Nixon closes the “gold window.”</td>
</tr>
<tr>
<td>1973</td>
<td>The dollar is officially devalued from $38 to $42.22 per ounce of gold.</td>
</tr>
<tr>
<td>1974</td>
<td>U.S. citizens permitted to hold gold in any form.</td>
</tr>
<tr>
<td>1978-80</td>
<td>United States sells gold reserves at public auction.</td>
</tr>
<tr>
<td>1980</td>
<td>Depository Institutions Deregulation and Monetary Control Act initiates financial deregulation and monetary “management.”</td>
</tr>
<tr>
<td>1980</td>
<td>Gold Study Commission created.</td>
</tr>
</tbody>
</table>

Adapted from *The Pocket Money Book*, p. 2
Where are you being taken by Government guidance? We are all going where the Government’s monetary and economic policies will take us, whether we like it or not. Hardly anything can be more important to your economic future and that of your family than an understanding of current monetary trends and their probable consequences. That understanding will aid you in coping with the problems ahead.


“The Great Delusion of this twentieth century is the mistaken belief that inflating can somehow create orderly and sustainable economic growth....”

From Understanding the Money Muddle, p. 1
UNDERSTANDING THE MONEY MUDDLE  
And How It Affects You

Contents

I. The Twentieth Century Great Delusion  

II. Steps in the Dollar's Degradation  
Currency Redeemable in Gold. Loosening the Ties. Removal of the Final Barrier. The Dollar is Not a Dollar.

III. Symptoms and Consequences to Date  

IV. The End of Traditional Practices  

V. What To Expect  
Widespread Speculating. The Burden of Debt. More Controls. Depression or a Flight from Currency?

VI. A Possible Solution  
Money & Banking

WHY GOLD? edited by Ernest P. Welker, September 1981, 36 pages
Code: WG $6.00

Have you noticed that monetary “crises” occur with increasing frequency? As for the dollar, far from being “as good as gold,” as it once was, it keeps losing its buying power with alarming speed — both domestically and internationally. Why do U.S. officials try so hard to denigrate gold? Why do others think that gold is the basic monetary unit and the ultimate investment during hard times?

Discover the role gold has had in the past, what it probably will have in the future, and how this might affect you.

Ignorance of the useful role of gold is the ally of the masters of inflating — the leading politicians and their collaborators, the central bankers and other leading bankers. This unholy alliance somehow must maintain public acceptance of their paper currencies and credit in order to continue the inflating-embezzling-enslaving process and to keep themselves in power. Essential to the credibility of paper is the continuing denigration of gold, for once the relationships ... are widely known, public confidence in paper currencies will collapse.

... We hope that this bulletin will push back for some Americans the curtain of ignorance hiding the inflating-embezzling-enslaving process and thereby to deny to the would-be masters the surplus product (the savings) of an increasing number of free Americans.

Admittedly, the paths that the price of gold may take are many, and within the path that gold will travel there no doubt will be major ups and downs. Many might say this makes gold unacceptable as a protector of real wealth. We ask, Is paper preferable? Consider the experience of paper currencies.... In our view, that sad record is convincing evidence that those who acquire gold and gold-related assets will have the best chance of preserving their surplus product in the decades to come.

Excerpts from Why Gold?
WHY GOLD?

Contents

I. Golden Road to Freedom
   Enslavement by Inflating
   Golden Opportunity

II. Gold in the Evolution of Commercial Banking
    Primitive Markets
    Gold as a Medium of Exchange
    Commercial Banking
    Intermarket Trading
    Savings Deposits
    Inflating
    Deflating
    England's Early Experience
    America's Early Experience.

III. Gold as the Monetary Unit
     The Gold Standard
     Demonetization of the Dollar
     Why Gold Will Win

IV. Origin of Chronic "Inflation" in the U.S.
    "Inflation," Money, and Prices
    The U.S. Monetary System
    Creating Inflationary Purchasing Media
    Inflating as a Policy Goal
    The Postwar to the Present

V. Promise of Change for the Better?
   Price Stability as the Goal
   Money and Credit: Use and Abuse

VI. Gold as a Protector of Real Wealth
    Problems of Traditional Investments
    Worse Things to Come?
    Long-Term Stability, Short-Term Volatility
    Failure of the Greatest Bear Raid in History
    Recession and the Price of Gold
    Is Paper Preferable?
**Money & Banking**

**BREAKING THE BANKS: Central Banking Problems and Free Banking Solutions** by Richard M. Salsman, June 1990, 171 pages

Code: FB $12.00

Would you entrust your hard-earned savings to a confidence racket? Whether you know it or not, you may already have done so.

The U.S. banking system, which was built on the Government's promises of "safety" for all depositors, is beginning to look more and more like a giant scam. The half-trillion dollar S&L debacle already ranks as the largest financial scandal in human history and may end up costing each of us taxpayers thousands of dollars.

For many years, we have warned that Government policy has confounded sound banking practice, and that new Government measures to "protect" us could make things even worse.

Richard M. Salsman's authoritative book, *Breaking the Banks: Central Banking Problems and Free Banking Solutions*, tells you why the banking crisis developed and what can be done about it. Did you know that: the present banking system actually invites fraud and incompetence; the safety performance of U.S. banks during the least-regulated period in our history was superior to that of virtually any bank or thrift institution operating today; a chief beneficiary of banking regulation has been not the public, but the Government itself?

Central banking has failed to improve upon what Nobel economist Friedrich Hayek called "the spontaneous social order" of free banking, a failure that can be seen as a special case of the general failure of central economic planning. More precisely, it is the difference between private planning based on economic profit and bureaucratic planning based on political expediency. The money and banking system is too important to our freedom and our economic prosperity to be left to political manipulation. The system should be placed on an objective foundation of free-market principles and removed from the subjective quicksands of political manipulation. It should be governed by the rule of law and contract, not by the arbitrary rule of men. We know this has been the most useful approach in every other branch of industry. It is time to discover it in money and banking. Free banking offers an exciting, innovative, and prudent alternative to the central banking system that has destroyed sound money and sound banking.

*Excerpted from Breaking the Banks*

*Breaking the Banks* demonstrates that there are compelling civic as well as personal reasons to restore free banking in the United States, and we believe that it belongs in the library of every concerned citizen.
# Money & Banking

**BREAKING THE BANKS:**
Central Banking Problems and Free Banking Solutions

## Contents

**Editor's Preface**

**Introduction**

I. The Importance of Sound Banking

II. Standard Measures of Commercial Bank Stability
   A. Basic Indicators of the Financial Condition of Banks
   B. The Inter-Relatedness of Measures
   C. The Single Bank vs. the Banking System
   D. Central Banking vs. Free Banking

III. The Theory of the Effects of Central Banking on the Financial Condition of the Commercial Banking System
   A. Basic Characteristics of Central Banking
   B. How Central Banking Creates an Unsound Banking System

IV. The Historical Record of Central Banking in the United States: Weakening the Commercial Banking Industry
   A. Historical Overview
   B. Central Banking in Practice
   C. Money, Credit and the Business Cycle (1913-1988)

V. The Theory of the Effects of Free Banking on the Financial Condition of the Commercial Banking Industry
   A. Relevant Characteristics of Free Banking
   B. Why Free Banking Entails a Sound Banking System
   C. Free Banking in Economics Textbooks

VI. The Historical Record of Free Banking in the United States: Strengthening the Commercial Banking Industry
   A. Historical Overview
   B. Free Banking in Practice
   C. Money, Credit and the Business Cycle (1838-1913)

VII. Alternative Views of Banking Instability: Deregulation, Management Incompetence, and Fraud

VIII. The Basic Purposes of Central Banking and Free Banking
   Summary of U.S. Banking History
   Controls Breed Controls
   The Purpose of Central Banking
   The Purpose of Free Banking

IX. Money and Banking Reform: The Transition from Central Banking to Free Banking
   The Federal Reserve
   Capital Adequacy Regulations
   Deposit Insurance
   Regulation
   Transition to Free Banking
   The Current Central Banking Structure
   The Transition to Free Banking
   Conclusion

**Bibliography**
Americans in all walks of life now have a keener interest in general economic conditions than any time before. Well they should, because many important financial decisions are affected by the current outlook for economic conditions. For example, as a consumer, would you be likely to buy a car or major appliance if you thought a recession were developing? As a businessman, would your buying or hiring plans be affected by forecasts of future general business conditions — expansion or recession? As an investor, would your decision be the same regardless of the stage of the business cycle? As a current or potential homeowner, would you perhaps postpone a decision to trade up or to buy a house if unemployment were to become widespread? If your answer to any of these or similar questions is “yes,” you could benefit from Forecasting Business Trends.

Forecasting Business Trends describes what is wrong with some forecasting techniques and presents in detail AIER's procedure for predicting business-cycle changes using the statistical indicators.
It is readily apparent how much we rely on each other in today's economy. Think of how many people are involved in making food available around the country. Think of what it takes to put a common pencil in your hands — the technology for making erasers and lead, the process for putting the lead and eraser into the wood, the distribution system for putting the wood in the pencil-maker's hands, and the pencils on the retailer's shelf. Millions and millions of these types of activities occur daily. And they occur voluntarily for the most part, as people cooperate to produce and exchange things (buy and sell) in order to consume.

Many suggested solutions to the economic problems that trouble us as a Nation will in fact make those problems worse. Others may solve the specific problem at hand, but at the cost of creating other, perhaps worse, problems. Mistakes could be avoided by a more thoughtful, broader view of self-interest.

Concern about "poverty" gave rise to many Government programs in the 1960's and 1970's that took tax money from some Americans and gave it to others. Many new problems followed. One was that production and income growth slowed in the United States. By the early 1980's, concern switched from "taking care of the poor" to creating more production, more jobs, and more income growth.

Politicians now want more output growth. High technology is to be the path to renewed economic progress and strength. However, many politicians continue to insist that we need a new industrial policy. A central element of such a policy is that selected individuals from business firms, labor unions, and Government would jointly determine tomorrow's "best" use of the Nation's resources. They would recommend Government policy changes for implementing their economic blueprints.

The collapse of the centrally planned economies of Eastern Europe and the Soviet Union shows just how dangerous such proposals are. A new industrial policy might benefit a favored few, but not most Americans. Economics in Your Interest describes why. It has to do with how the economy actually works, not how somebody imagines it works or could work. And it has to do with serving one's own broad self-interest.
General Interest
Publications
**General Interest**

**AMERICA'S UNKNOWN ENEMY: BEYOND CONSPIRACY** by the Editorial Staff, Revised May 1991, 123 pages

Code: UN $9.00

Is your future guided by a conspiracy? What is the “New World Order” and what will it mean to you? Establishment critics from both right and left who disagree about most other matters agree that others conspire against you. If you are “in the know” about those who conspire against you, say some financial advisors, you can benefit from “incredible profit opportunities.”

- Are there conspiracies?
- Is the “independent” Federal Reserve a key part of the conspiracy?
- Do big bankers’ schemes, whether or not conspiratorial, threaten you?
- What and who are behind the policies that continually erode American freedoms and imperil our national interests?
- How and where are those policies being promoted?
- What must you know to stop them?

America’s Unknown Enemy answers these questions — questions that are crucial to maintaining your financial security and individual liberties and to promoting regard for unique American national interests.

---

**AMERICA’S UNKNOWN ENEMY: BEYOND CONSPIRACY**

Contents

Preface to the 1991 Edition

I. Capitalizing on Conspiracy
   II. The Sociology of Conspiracy
   III. The Conspirators
   IV. The Federal Reserve Conspiracy
   V. What Do International Bankers Want?
   VI. The Trilateralists’ Road to Power
   VII. The New World Order I: Molding Public Thought and Opinion
   VIII. The New World Order II: Beyond Conspiracy
   IX. The Persistent Lure of the Fantastic
   X. How to Make Enemies in “Backward” Nations
   XI. Lords of Poverty
   XII. The End of History?
   XIII. Is Socialism Dead?
   XIV. Socialism in the Behavioral Sciences
   XV. A New Eastern European Economics?
   XVI. Earth Day Fallout: Two Cultures Revisited
   XVII. Boomsters 1, Doomsters 0
Appendix A: Glossary of Organizations
Appendix B: Selected Bibliography Relating to the “Grand Conspiracy”
General Interest

CAN OUR REPUBLIC SURVIVE? Twentieth Century Common Sense and the American Crisis by the Editorial Staff, May 1969, 55 pages
Code: TC $6.00

Readers of our publications together with their immediate families and friends hold the balance of power in the United States. Whether you realize it or not, your decisions will be crucial to the survival of our Nation. If you choose not to inform yourselves and fail to act, other minority groups almost certainly will obtain policy decisions favorable to them in the short run but disastrous for the United States in the longer run. But if you will inform yourselves and act accordingly, crucial policy decisions favorable to the survival of our Nation in the longer run can be obtained.

You have the power to determine future policy decisions. The professional politicians are concerned about your views 365 days of every year. If you are uninformed and apathetic, the politicians (who always are planning how to win the next election) will cater to the special interests whose votes are sought, but if you are informed and alert, the professional politicians will cater to you. Professional politicians well know that independent voters (even if registered as Republicans or Democrats) hold the balance of power in most states of the Union.

Can Our Republic Survive? discusses problems of vital significance to you, to your children, and to your grandchildren.

CAN OUR REPUBLIC SURVIVE?
Twentieth Century Common Sense and the American Crisis

Contents
I. Conditions Essential for Survival
II. Vulnerability of Western Civilization
III. Economic Consequences of Unlimited Government
IV. Political Panaceas for Economic Problems
V. Economic Aspects of Other Foreign Policy Problems
VI. Achieving Conditions Essential for Survival
Behavioral Research Council
Publications
Collected essays dedicated to the memory of George A. Lundberg. This volume is a token, however small, of the profound contribution George Lundberg made to the development of the behavioral sciences. The contributors are Otto N. Larsen, William R. Catton, Jr., Franz Adler, Harry Alpert, Stuart C. Dodd, and Stefan C. Christopher and the editors.

THE BEHAVIORAL SCIENCES: Essays in Honor of George A. Lundberg

Contents

Part I
Lundberg’s Encounters with Sociology and Vice Versa
by Otto N. Larsen
An Assessment of Lundberg’s Substantive Inquiries
by William R. Catton, Jr.
Comments on Lundberg's Sociological Theories by Franz Adler
George Lundberg’s Social Philosophy: A Continuing Dialogue
by Harry Alpert

Part II
Neo-Behaviorism and the Behavioral Sciences by Paul Kurtz
Trial Names by Rollo Handy and E. C. Harwood
Overtures to a New Curriculum and Research Program
by Alfred de Grazia
The Reactants Models: Forecasting Some Probable Acts of Men
by Stuart C. Dodd and Stefan C. Christopher

Code: ACA $15.00

A broad yet scholarly overview, surveying the older fields of psychology, anthropology, sociology, economics, history, jurisprudence, political science, and linguistics; as well as the newer fields of game and decision theory, information theory and cybernetics, and general systems theory. Modern scientific methods and procedures of inquiry are discussed. From reviews of the first edition:

"... an encyclopedic and scholarly analysis of many disciplines ... one of the most helpful aspects of this volume is that each chapter not only attempts to define a different discipline and discuss its methods and techniques, but also brings the reader up-to-date on significant findings and controversies within the field. To do this with understanding, objectivity and sympathy calls for the highest level of scholarship ... a most valuable contribution to behavioral scientists and all scientists ..."

— Contemporary Psychology

"... the authors have done remarkably well in presenting in a concise form the present status and specifications, achievements and problems, basic terminology problems, contemporary controversies, and evaluations of the behavioral sciences ..."

— Social Science

A CURRENT APPRAISAL
OF THE BEHAVIORAL SCIENCES

Contents
Introduction: Modern Scientific Inquiry
I. Procedures of Inquiry into Human Behavior
II. Psychology
III. Anthropology
IV. Sociology
V. Political Science
VI. Economics
VII. History
VIII. Jurisprudence
IX. Linguistics
X. Game and Decision Theory
XI. Information Theory and Cybernetics
XII. General Systems Theory
Conclusion
Appendix: Trial Names
In man's long history, many different procedures of inquiry have been used in an attempt to solve the problems men encounter. Some procedures used today are carried over uncritically from earlier times. An analysis is made herein of such widely used but outmoded procedures of inquiry. Described in detail are more useful procedures as developed by John Dewey and Arther F. Bentley. In addition, the volume contains the full text of Dewey and Bentley's *Knowing and the Known* and of Joseph Ratner's essay, "Introduction to John Dewey's Philosophy."

**USEFUL PROCEDURES OF INQUIRY**

Contents

- Introduction
- **Section A:** Scientific Inquiry
  - I. Orientation for the Reader
  - II. Preliminary Comments
  - III. Some Outmoded Procedures of Inquiry
  - IV. The Dewey-Bentley View of Scientific Method
  - V. The Course of Inquiry
  - VI. Description of Procedures Tentatively Suggested for Trial in Scientific Inquiry
- **Section B:** Introduction to John Dewey's Philosophy by Joseph Ratner
- **Section C:** Knowing and the Known by John Dewey and Arthur F. Bentley
  - I. Vagueness in Logic
  - II. The Terminological Problem
  - III. Postulations
- IV. Interaction and Transaction
- V. Transactions as Known and Named
- VI. Specification
- VII. The Case of Definition
- VIII. Logic in an Age of Science
- IX. A Confused “Semiotic”
- X. Common Sense and Science
- XI. A Trial Group of Names
- XII. Summary of Progress Made
- Appendix: A Letter from John Dewey

**Section D:**

Analysis of Recent Inquiries

- I. The Authoritarian Personality
- II. An "Extremely Simple" Measurement of Values
- III. Some Difficulties with Utilities
- IV. Not Schizophrenia, Dr. Friedman
- V. Betrayal of Intelligence
- VI. Medieval Scholasticism vs. Modern Science
- VII. Would Government Support Be a "Booby Trap" for Behavioral Scientists?
Sustaining Memberships with AIER

Stock market gyrations, increasing inflation, possible recession, and banking crises were no surprise for AIER Sustaining Members. They knew from our reports that such economic woes have long-standing causes that continue to threaten most Americans and the Nation.

Our readers have watched the politicians fumble Social Security and Medicare. They know why growing Federal debt, if ever payable, almost surely will saddle their children and grandchildren with monstrous debt service taxes. They know that, even at 5 percent, “inflation” will halve the value of their saved dollars in just 14 years. They know that Congress wants to increase their taxes.

We believe that a free and diverse people can make common progress towards greater, longer-lasting prosperity when it has objective and clear discussion of national and international political and economic events. Our only purpose is to help you become better informed as provider, taxpayer, and citizen.

For 58 years our quiet research has been widely read, and noted in such newspapers and magazines as Reason, Newsweek, Barron’s, The Wall Street Journal, and Fortune. We invite you to join with thousands of other AIER members who support and benefit from our nonprofit pursuit of economic research and public education.

As a Sustaining Member ($59 a year), you will receive our twice-monthly Research Reports and our monthly Economic Education Bulletin. Each Report discusses two or three current economic events. Each Bulletin, which may be from four to over a hundred pages, brings to you personally useful discussion on topics such as Social Security, Medicare, pension plans, homeownership, life insurance, taxes, inflation, gold, mutual funds, and other personal financial information. Education Memberships also are available — you can receive the 12 monthly Bulletins for only $25 a year (refund of unused portion if not satisfied).

You can better understand and plan for evolving political and economic controversies by becoming a Sustaining Member now. Simply order Sustaining Membership (code ASM) for $59 a year ($16 quarterly) or Education Membership (code EM) for $25 a year on the order blank at the back of this catalog.

"The politicians and money managers in Western Civilization systematically have embezzled by the inflating process the surplus product of all who produce. Too few fully understand the success of this process. In just five decades, our planners have taken $8,176,900,000,000 (trillion) from the savings of the Nation’s “forgotten citizens,” those who mistakenly relied upon the dollar and dollar-denominated assets for a store of value.”

“Stand Still, Little Lambs, To Be Shorn!”

(January 1991)
Summer Fellowships at AIER

The American Institute for Economic Research awards about a dozen Summer Fellowships each year to college and university students of economics. Summer Fellows come to the Institute for an 8-week period of study and are provided with room and board at the Institute plus a $500 per month stipend. (Supplemental stipends of $100 per month per dependent are provided for Fellows who have family responsibilities.) Those who demonstrate exceptional potential are awarded Fellowships In Absentia for the succeeding academic year. In-absentia Fellows receive full or partial payment of tuition or a monthly stipend for all or part of the academic year, or both. In recent years most of the summer Fellows were awarded Fellowships In Absentia. During the past 5 years, in-absentia awards have averaged about $4,000.

AIER is an independent, nonprofit research organization that receives no financial support from Government or other institutional sources. Here at AIER staff economists and behavioral scientists inquire into a variety of general economic and policy issues, unhampered by political or other special-interest pressures. AIER's work relies on scientific methods of inquiry, the results of which are published in twice-monthly Research Reports and in the monthly Economic Education Bulletin and enjoy a wide distribution.

We view the summer program as an opportunity to share with students of economics some views they may not otherwise encounter during their formal education ...

"... an opportunity to share with students of economics some views they may not otherwise encounter during their formal education ..."
Columbia University, Dr. Marvin Goodfriend of the Federal Reserve Bank of Richmond, Mr. Alan Reynolds of Polyconomics, Dr. Marc Miles of H.C. Wainwright & Co. Economics, Inc., Social Security authority Dr. Marietta Constantinides, Mr. Richard Salsman of Citibank, and Professor Andrea Terzi, who is E. C. Harwood Professor of the Behavioral Sciences at Franklin College, Switzerland.

Fellows range in age from 20 to 35 years. Most have or are working on graduate degrees in economics, although some undergraduates have participated in past programs. (Three years of college work are a prerequisite for applicants.) Although most summer Fellows are from U.S. colleges and universities, the program was designed to be international in scope, and in recent years has been enhanced by the participation of students from Europe, Latin America, and Asia, representing institutions as far-flung as the London School of Economics, Rotterdam University (the Netherlands), the University of St. Gall (Switzerland), the University of Milan, the University of the Philippines, the University of Lima (Peru), Fudan University (China), Higher Institute of Economics (Bulgaria), and the Institute of World Economy and International Relations (Moscow, U.S.S.R.). U.S. colleges and universities represented in recent years have included, among others: Brown, Case Western Reserve, Columbia, Cornell, Harvard, Indiana University, Johns Hopkins, MIT, Notre Dame, Penn, Princeton, Stanford, Syracuse, Tufts University, University of California, University of Chicago, University of Illinois, University of Michigan, Vanderbilt, and Yale.

Fellows keep the same hours as Institute staff in the E. C. Harwood Library, the Institute's main research facility that was named for AIER’s founder. The Harwood Library, which commands a majestic view of Long Pond and the surrounding Berkshire hills, contains approximately 10,000 volumes on economic and related subjects. Books and supplies related to seminar assignments are provided for summer Fellows. Additional materials are available via interlibrary loan from neighboring colleges and universities, including Williams College and the University of Massachusetts. Summer Fellows, the Institute's professional staff, and the investment advisors of American Investment Services, Inc., AIER's investment advisory organization, all occupy desks in the Harwood Library. Students and staff enjoy regular opportunities to engage in informal discussion.

Adjoining the Harwood Library is the main house, a stone mansion representative of the storied “summer cottages” of Berkshire County. Referred to as “the castle” by students and staff, the main house provides quarters, in single and double rooms, for summer Fellows, resident staff, and visiting scholars. The Institute kitchen prepares meals Monday through Friday. On weekends Fellows and resident staff observe a self-help regime. Fellows can avail themselves of a number of amusements: ping pong, billiards, volleyball, and basketball facilities are available on the premises. Swimming, tennis, and golf are nearby. The Institute atmosphere is congenial and relaxed.

The Institute is located on 100 pristine acres 4 miles from the center of town. Numerous hiking trails and jogging paths lace through the surrounding countryside, and the Berkshires are favored with cultural attractions throughout the summer. There are several historic homes and gardens open to the public. Tanglewood, the summer home of the Boston Symphony Orchestra, is less than a half-hour away. Music, drama, and dance are offered by accomplished local companies such as the
Berkshire Theatre Festival in Stockbridge, Shakespeare & Company at The Mount in Lenox, Jacob’s Pillow Dance Festival in Becket, and South Mountain Concerts in Pittsfield. New York City and Boston are within 3 hours’ driving time. Great Barrington, a town of 10,000, has all essential services, several excellent restaurants, a cinema, and many shops. The Institute provides scheduled transportation to and from Great Barrington during the workweek, but an automobile is a distinct convenience.

For more information about our Summer Fellowship program and an application, please direct inquiries to:

Pamela P. Allard,
Assistant to the Director
American Institute for Economic Research
Great Barrington, Massachusetts 01230

Telephone: (413) 528-1216
or FAX: (413) 528-0103
AIER'S Charitable Giving Programs:

INVEST BY GIVING

Charitable Remainders: What They Are & How They Work

"Split-interest donations" to charities, in which the donor retains the right to receive income from the donated assets, are called charitable remainders. There are two main types maintained by AIER: Reserved Life Income Funds (RLIs) and Charitable Remainder Unitrusts (CRUs).

RLIs are "pooled income funds" maintained by AIER and are similar to mutual funds. The donor is assigned a number of units, according to the value of the donated assets. The income received by the fund (dividends, interest, etc.) is pooled, and distributed among the income beneficiaries according to the number of units so assigned.

When no further income distributions are due because the last income beneficiary named by the donor has died, the value of the units will be "severed" from the fund and made available for AIER's use.

In a CRU, the assets are held in a separate account and not "pooled" with other donations. It is required that the donor stipulate a fixed percentage (not less than 5 percent) of the value of the fund to be distributed annually to income beneficiaries. The donor may also stipulate that distributions are to be up to "income only," with or without a further stipulation that any shortfall of actual income received by the funds from the fixed percentage be "carried forward," and be available for distribution in subsequent years in which the actual income is in excess of the fixed percentage. The trustee of a CRU need not be AIER itself (although most of our donors have requested AIER to serve as trustee).

No Gains Taxes

Although there are many sound and useful reasons for making split-interest charitable remainder gifts, perhaps the most practical is that, when the gift is of appreciated property, no gains taxes are due even though the property is sold shortly thereafter by the RLI or CRU. This means that the donor can donate highly appreciated, but low yielding, investments and receive the income from the investment of the entire value of the donated assets.

Tax Deductions

Donors of charitable remainder gifts receive an income tax deduction in the year that the gift is made, but the deduction is less than the full value of the donated assets, because the value of funds to be received at a future date is less than that of funds that can be used immediately.

Donations of intangible property (such as common stocks) and real property are valued for the purpose of the charitable deduction at fair market value at the time of the gift. Deductions for charitable donations of such appreciated property are limited to 30 percent of income (as compared to 50 percent for other donations), but any
unused portion may be carried forward up to 5 subsequent tax years. The valuation of tangible property (such as artwork) may be limited to the donor’s cost.

The value of the deduction that can be claimed is determined by 1) the value of the gift, 2) the expected rate of return on the fund, and 3) the expected lifetimes of the named income beneficiaries.

In the instance of RLIs, the estimated rate of return is based on the past experience of the fund, and for CRUs it is based on the fixed percentage to be distributed.

The values of RLIs and CRUs are includable in the donor’s taxable estate. However, the estate will receive a charitable deduction for the estimated value of the charity’s remainder interest at the time. If there are no additional income beneficiaries living at the time of the donor’s death, because none were named to begin with, because the named beneficiaries predeceased the donor, or because the donor revoked their income interest by will, the estate will receive a deduction for the full value of the RLI or CRU going to AIER.

Where there are successor beneficiaries other than a spouse, the income interest in an RLI can qualify for the marital deduction “QTIP” election so that the successor’s income interest will be taxable only in the estate of the last surviving spouse. However, the IRS takes the position that this does not apply to additional income interests in CRUs.

How You Can Benefit from a Charitable Remainder Gift to AIER

In 1991, the American Institute for Economic Research (AIER) paid out more than $4.8 million to income beneficiaries of its RLI funds and its CRUs. At the end of 1991 the assets held under these programs totaled nearly $88 million.

Achieve Long-Term Financial Goals

Unlike many, if not most, charities, AIER accepts charitable remainders with no restrictions on the ages or number of named income beneficiaries beyond the statutory requirement that they be living at the time the gift is made.

This means that a CRU or RLI with AIER offers a sound way to provide a long-term source of income for your family (perhaps as long as 75 years or more). The individuals you designate as beneficiaries will receive quarterly payments from the CRU or RLI and you will have the assurance of knowing that their future income needs will be met in whole or in part.

Save on Taxes and Other Costs

No capital gains taxes will be due on any appreciation of donated assets. Their full value may be reinvested for income.

The estimated value of a remainder gift to AIER is deductible from taxable income and also from taxable estates. The amount of this income tax deduction will depend on the value of the assets donated and the ages of the income beneficiaries you name. The greater the number of life income beneficiaries and the younger they are at the time of a contribution, the less will be the income tax deduction.

The amount of the eventual estate tax deduction will depend on the value of the assets and the ages of the remaining income beneficiaries at the time. Where
successor beneficiaries other than a spouse are named, gift taxes may be avoided if, at the time of the donation, you retain the power to revoke the successor beneficiaries' interests by will.

The unrealized gain on gifts of appreciated assets is deemed a "tax preference" subject to the Alternative Minimum Tax (AMT). Unless the donor has significant "tax preferences" from other sources, the AMT is seldom a problem for donors of charitable remainder gifts, because only the value of the income tax deduction (which is generally only a fraction of the gift) is deemed a "tax preference," and because the AMT does not apply to the first $40,000 of tax preference income in a given year. Where the AMT would apply, gifts may be spread over more than one year.

It is important for donors to retain the right to revoke by will the income interests of named beneficiaries. Relationships change, but, more significantly, the present value of irrevocable income interests in a charitable remainder are taxable gifts not subject to the gift tax exclusion. It is only gifts that are immediately available to the recipient that are eligible for the gift tax exclusion.

CRUs and RLIs are not subject to probate costs or executors' fees in most states. Continuing the income payments to successor beneficiaries is simply a matter of properly informing AIER. AIER does not charge for administering its RLI funds or CRUs, but AIER does retain its wholly owned investment advisory firm, American Investment Services, Inc. (AIS), for investment supervision of these funds. The fees for these services compare very favorably with the fees charged by others you might select to manage your assets on behalf of yourself or your loved ones.

**Fund Management by AIER and AIS**

Since their inception in the early 1970s, AIER's RLI Fund investments have performed better than the S&P 500 index and the Weisenberger index of representative growth mutual funds (see the chart below). AIER's RLI funds are currently invested in...
invested in Swiss franc and Deutsche mark denominated bonds, cash and equivalent investments, selected gold mining shares, and blue chip common stocks. AIER generally follows a similar strategy in investing the assets of a CRU, but tailors such investments to the needs of the particular beneficiaries.

As part of its research function, AIER continually monitors and assesses economic conditions. Of course, if fundamental economic conditions change, the investments will be revised accordingly.

Support AIER

A market-based economic system founded on individual liberties and property rights is the key to the advancement of our civilization. A charitable remainder gift to AIER eventually will be used to promote recognition of this view. If one cares enough about one's loved ones to want to help with their financial needs, one also ought to be concerned about the type of society in which they will live.

How to Give to an RLI with AIER

You irrevocably transfer money, securities or other assets to the RLI, reserving an income interest in such assets for the life of one or more beneficiaries. AIER provides donors with a standard instrument of transfer form.

The income beneficiaries are assigned a number of "units of participation" in the RLI. To determine the number of "units of participation" the fair market value of your gift is divided by the fair market value of a unit in the RLI at the time of the gift. This method is similar to that used by mutual funds to determine the number of shares in the fund a given investment will purchase.

The net RLI income is distributed quarterly among income beneficiaries according to their respective units of participation. The distribution is taxable to the beneficiaries. (The RLI funds cannot invest in or accept as a gift tax-exempt securities.)

The individual beneficiaries designated by you may include you or your spouse, parent, child or grandchild or any other individuals for whom you wish to provide, subject only to the condition that such beneficiaries are "living or ascertainable" at the time of the transfer. The income interests of the beneficiaries may be concurrent, consecutive or both concurrent and consecutive. You may reserve the right exercisable only by will to revoke the income interest of any individual beneficiary. This is an important reservation, as it avoids gift tax on the interest in the RLI created for any beneficiary other than yourself.

Like a mutual fund, the property transferred by you to the RLI is pooled with property transferred to the RLI by other donors and managed and invested by AIER, as trustee.

Upon the termination of the interests of the life beneficiaries, AIER severs a portion of the assets from the RLI equal in value to the then-current value of the units assigned to your gift, and those assets are then used by AIER in its scientific and educational research activities.

How to Give to a CRU with AIER

You irrevocably transfer money, securities or other assets to a specially established trust of which AIER is the trustee. AIER has a standard form of CRU agreement.
that it provides donors and that has been specifically held by the IRS to fulfill the tax requirements for a charitable remainder unitrust.

You designate a fixed percentage (at least 5 percent) of the fair market value of the CRU assets, valued annually, to be paid each year to individuals designated by you (the unitrust payment). If you wish, the unitrust payment may be limited to the income of the CRU with any underpayments to be made up out of excess income in future years.

The unitrust payment will be distributed in quarterly installments to the beneficiaries designated by you and such payment will be taxable to them, except in the unusual case when all current and prior income of the CRU (including capital gains) has been distributed.

The beneficiaries can include you or your spouse, parent, child or grandchild or any other individuals for whom you wish to provide. The only limitation is that the individual beneficiaries must be “living or ascertainable” when the trust is created. Alternatively, the beneficiaries can include a “class” of individuals, such as your children or grandchildren, for a period of years (not to exceed 20), in which event the members of the class need not be “living or ascertainable” at such time.

The term of individual beneficiaries’ interests may last for their lifetimes or for a term of years (up to 20). You may also provide that the term of an individual’s interest will terminate earlier upon the occurrence of a contingency, such as remarriage. The interests of beneficiaries may be concurrent, consecutive or both concurrent and consecutive. In addition, you may reserve the right exercisable only by will to revoke the income interest of any individual beneficiary. This is an important reservation, as it avoids current gift tax on the interest in the CRU created for any beneficiary other than yourself.

As trustee, AIER invests and reinvests the principal of the CRU in a manner consistent with your long-term financial goals.

Upon termination of the interest of individual beneficiaries, the remaining CRU principal is paid to AIER for use in its scientific and educational research activities.

For further information about the “Invest by Giving” programs described here, please contact:

Edward P. Welker,
Vice President, Business and Charitable Affairs
American Institute for Economic Research
Great Barrington, Massachusetts 01230

Telephone (413) 528-1216
or FAX (413) 528-0103
ORDERING INFORMATION

Prices are subject to change without notice.

All books are sent by Second Class mail.
Please allow 4 weeks for delivery.

Prices for publications not in this catalog (this only applies to publications in print — for out-of-print publications, prices quoted on request) and quantity discounts:*

Research Reports and nonbooklet Economic Education Bulletins: ... $2 each

Economic Education Bulletin booklets: ............... 40 percent off list prices
(minimum of 20 copies)

Educational Discount for classroom use:............. 50 percent off list prices
(minimum of 10 copies)

For orders of 50 or more copies of a single booklet, please call or write for price quotation.

* In any combination of issues, including postage and handling, to one address.
<table>
<thead>
<tr>
<th>Page No.</th>
<th>Code</th>
<th>Title</th>
<th>Price per Copy</th>
<th>No. of Copies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In addition, I wish to make a tax-deductible gift to AIER's Fellowship Program in the amount of: $ __________

Mail to: ____________________________________________________________
Name _____________________________________________________________
Street _____________________________________________________________
City ___________________________ State __________ Zip ___________

Total for all items: $ __________
<table>
<thead>
<tr>
<th>Page No.</th>
<th>Code</th>
<th>Title</th>
<th>Price per Copy</th>
<th>No. of Copies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

*In addition, I wish to make a tax-deductible gift to AIER's Fellowship Program in the amount of:* $ 

Mail to: 
Name ________________________________
Street ___________________________________
City __________________ State _______ Zip _______

Total for all items: $
<table>
<thead>
<tr>
<th>Name</th>
<th>Street</th>
<th>City</th>
<th>State</th>
<th>Zip</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You think would enjoy receiving a copy of this catalog?
Please list names and addresses of family members and/or friends.
<table>
<thead>
<tr>
<th>Page No.</th>
<th>Code</th>
<th>Title</th>
<th>Price per Copy</th>
<th>No. of Copies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*In addition, I wish to make a tax-deductible gift to AIER’s Fellowship Program in the amount of:*

$ 

Mail to:

Name ________________________________

Street ________________________________

City ___________________ State __________ Zip __________

Total for all items: $
<table>
<thead>
<tr>
<th>Name</th>
<th>Street</th>
<th>City</th>
<th>State</th>
<th>Zip</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You think you would enjoy receiving a copy of this catalog?

Please list names and addresses of family members and/or friends.
E. C. HARWOOD RESEARCH LIBRARY
American Institute for Economic Research
Great Barrington, Massachusetts

Portion of the Interior
of the E. C. Harwood Research Library