HOW AN ECONOMY GROWS and WHY IT DOESN'T

by IRWIN A. SCHIFF

With wit and humour Schiff explains:

1. The roots of economic growth.
2. The economic benefits of underconsumption.
3. Where savings come from.
4. Why economic growth is dependant on savings.
5. How consumer spending stiffels economic growth.
6. How capital is created.
7. How governments destroy capital.
8. The four uses of capital.
9. How capital benefits even those who don't have any.
10. The destructive nature of consumer credit.
11. How free enterprise forces capitalists, no matter how mean and greedy, to benefit society, if they want to get richer.
12. Why government can not expand credit.
13. How the federal government loots society's limited store of savings.
14. How the Federal Reserve operates as the U.S. Government's partner in crime.
15. Where inflation comes from and why prices go up.
16. How the government creates unemployment.
17. The myth of government "jobs" programs.
18. Why most politicians are deceivers. (this of course will not be news to many, but this book will allow you to cite chapter and verse.)
19. How the U.S. government destroys America's ability to produce.
20. Plus a whole lot more!

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by IRWIN A. SCHIFF

Art by VIC LOCKMAN

BOOKS BY IRWIN SCHIFF

The Great Income Tax Hoax

How An Economy Grows and Why It Doesn't

The Social Security Swindle — How Anyone Can Drop Out

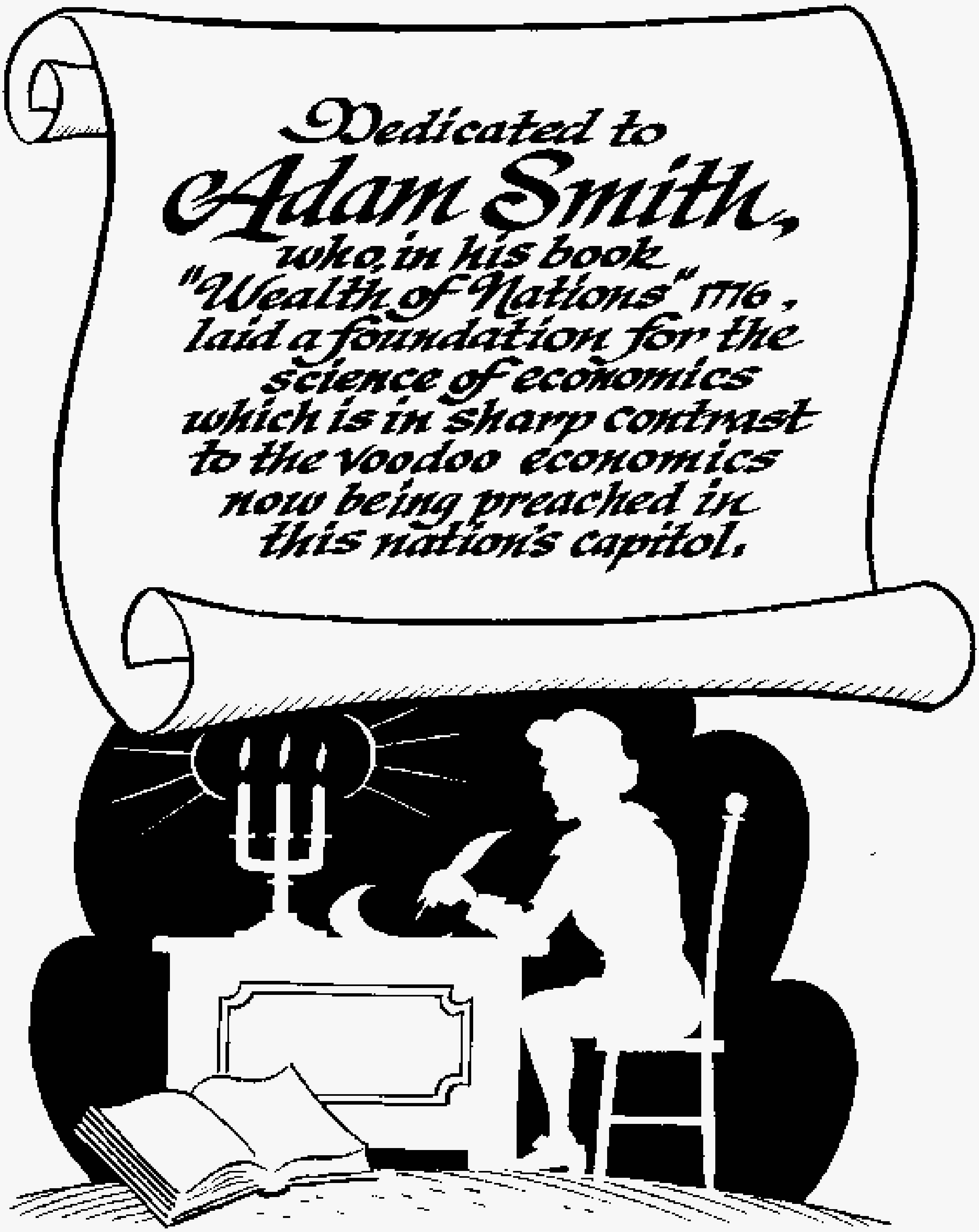
How Anyone Can Stop Paying Income Taxes

The Kingdom of Moltz

The Biggest Con: How The Government Is Fleecing You

Published by Freedom Books
P.O. Box 5303, Hamden, Connecticut 06518

Library of Congress Cataloging Card No. 85-070522
ISBN: 0-930374-06-1


Dedicated to
Adam Smith,
who, in his book
"Wealth of Nations" 1776,
laid a foundation for the
science of economics
which is in sharp contrast
to the voodoo economics
now being preached in
this nation's capitol.

Irwin A. Schiff was born in New Haven, Connecticut in 1928, and is a graduate of the University of Connecticut, where he majored in economics and accounting. After serving in the Army Finance Corp, he entered the life insurance field. He earned a C.L.U. degree in 1958, opened his own agency in 1960, and became a licensed (N.A.S.D.) securities salesman in 1962. His extensive business and financial dealings afforded him ample opportunity to view first hand the distortions, the inefficiencies and the hardships caused by government regulation, taxation, and economic interference.

In 1968, he testified before the Supreme Committee on Banking and Currency opposing removal of gold backing from U.S. currency. His testimony while diametrically opposed to that of all government witnesses, proved to be dead right, while those of government "experts" proved to be dead wrong.

Growing increasingly fearful that irresponsible policies pursued by Washington politicians could only lead to economic and social disaster, he decided, in 1974, to write a book explaining why and offering solutions to prevent it.

That book, entitled *The Biggest Con: How the Government is Fleecing You,* contains the original narrative from which *How An Economy Grows and Why It Doesn't* was taken. For a more indepth, academic treatment of how the U.S. Government creates such things as inflation, unemployment, poverty and crime and how it can destroy an economic system, read *The Biggest Con.*


HOW an ECONOMY GROWS
A FISH STORY
ONCE UPON AN ISLAND LIVED THREE MEN WHO FISHED FOR FOOD EVERY DAY...
I'M ABLE!
I'M BAKER!
AND I'M CHARLIE!
UGH! FISHING BY HAND IS NO BUCKET OF BASS!
IT'S HARDER THAN EATING SOUP WITH A FORK!
BUT AFTER MUCH TROUBLE THEY EACH MANAGED TO CATCH ONE FISH PER DAY...

AND EVERY DAY ABLE, BAKER AND CHARLIE CONSUMED THE FISH EACH HAD CAUGHT, ENABLING THEM TO SURVIVE TO THE NEXT DAY TO CATCH ANOTHER FISH...

EVERYTHING THAT IS PRODUCED IS CONSUMED!


ONE NIGHT, LOOKING UP INTO THE STAR-STUDDED SKY, ABLE IS STRUCK BY A THOUGHT...
THERE MUST BE MORE TO LIFE THAN CATCH, EAT AND CATCH!
THERE IS!
HIS THINK-BOX STARTED GRINDING...
AND THE IDEA FOR A FISH-CATCHER IS BORN...
I'LL CALL IT A NET!
SO, THE NEXT DAY...
I NEED NET MATERIALS!
WHAT?! YOU'RE NOT GOING FISHING TODAY, ABLE!
YOU'LL GO HUNGRY!


ABLE IS LIVING OUT A FEW VERY BASIC ECONOMIC PRINCIPLES IN ORDER TO IMPROVE HIS WAY OF LIFE...
HE IS UNDERCONSUMING and HE IS TAKING A RISK!
I'M GIVING UP SOMETHING ...EATING!
IT MIGHT NOT EVEN WORK!
GROWL!
AT DAY'S END ABLE HAS COMPLETED HIS NET! HE HAS CREATED CAPITAL THROUGH HIS SELF SACRIFICE!
WHEW!
HIS FRIENDS SNOOZE CONTENTEDLY TOWARD A NEW DAY OF HAND FISHING...
Z
Z
WHILE ABLE CAN'T SLEEP FOR HUNGER AND WORRY ABOUT HIS RISK TAKING EXPERIMENT...


THE NEXT DAY BAKER AND CHARLIE MAKE MUCH SPORT OF ABLE'S INVENTION
YOU COULD WEAR IT LIKE A HAT...
YOU COULD TIE IT IN A BOW! HO-HO!
I'M GOING FISHING! YOU'LL SEE!
THE LAUGHS SOON FADE TO GASPS...
≶GASP!≶ HE CAUGHT ONE ALREADY!
BRAVO! IT WORKS JUST AS I'D PLANNED!
AND BY DAY'S END ABLE HAS CAUGHT 2 FISH ...BAKER AND CHARLIE EACH THE USUAL
I'M DEAD TIRED, TOO!
NOW I HAVE 1 MORE FISH THAN I NEED TO CONSUME ...I HAVE GENERATED SAVINGS!

ABLE'S SAVINGS CREATE CAPITAL

WITHOUT A SUPPLY OF SAVINGS (CAPITAL) AN ECONOMY *CANNOT GROW!*

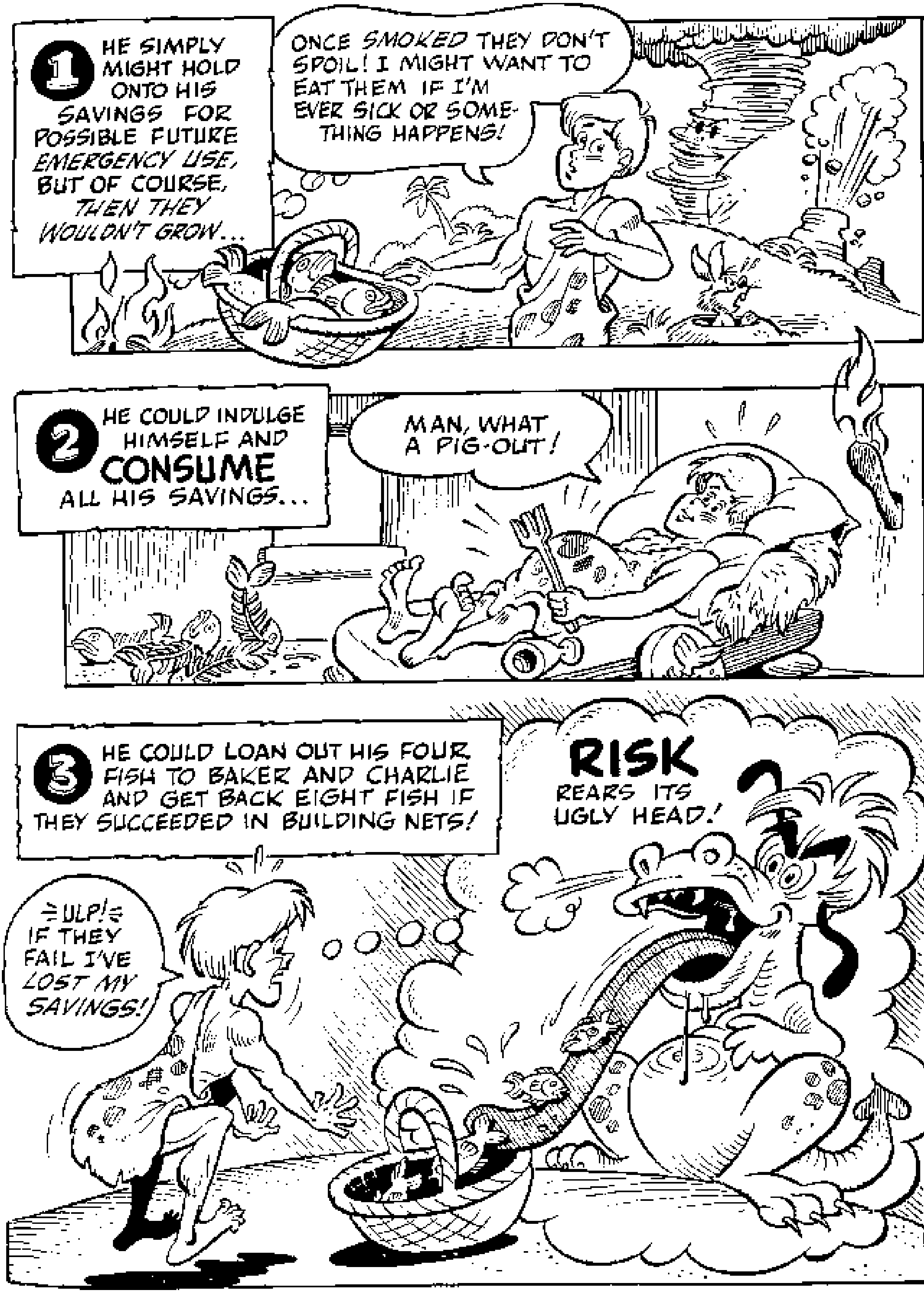

BAKER AND CHARLIE SOON REALIZE THAT THEY TOO COULD BENEFIT FROM ABLE'S *NET*...*HIS* **CAPITAL!**
HEY, ABLE, OL' BUDDY-BUDDY...
LET **US** BORROW YOUR NET, HUH?
BUT ABLE IS NOBODY'S FOOL! HE REMEMBERS HIS SELF SACRIFICE...
HUNGER...
...RISK!
NOTHING DOING! MAKE YOUR OWN NET, BUDDY-BUDDIES!
HUH? B-BUT WE CAN'T STAND TO BE **HUNGRY!**
NOT EVERY-BODY IS CUT-OUT FOR SELF DEPRI-VATION!

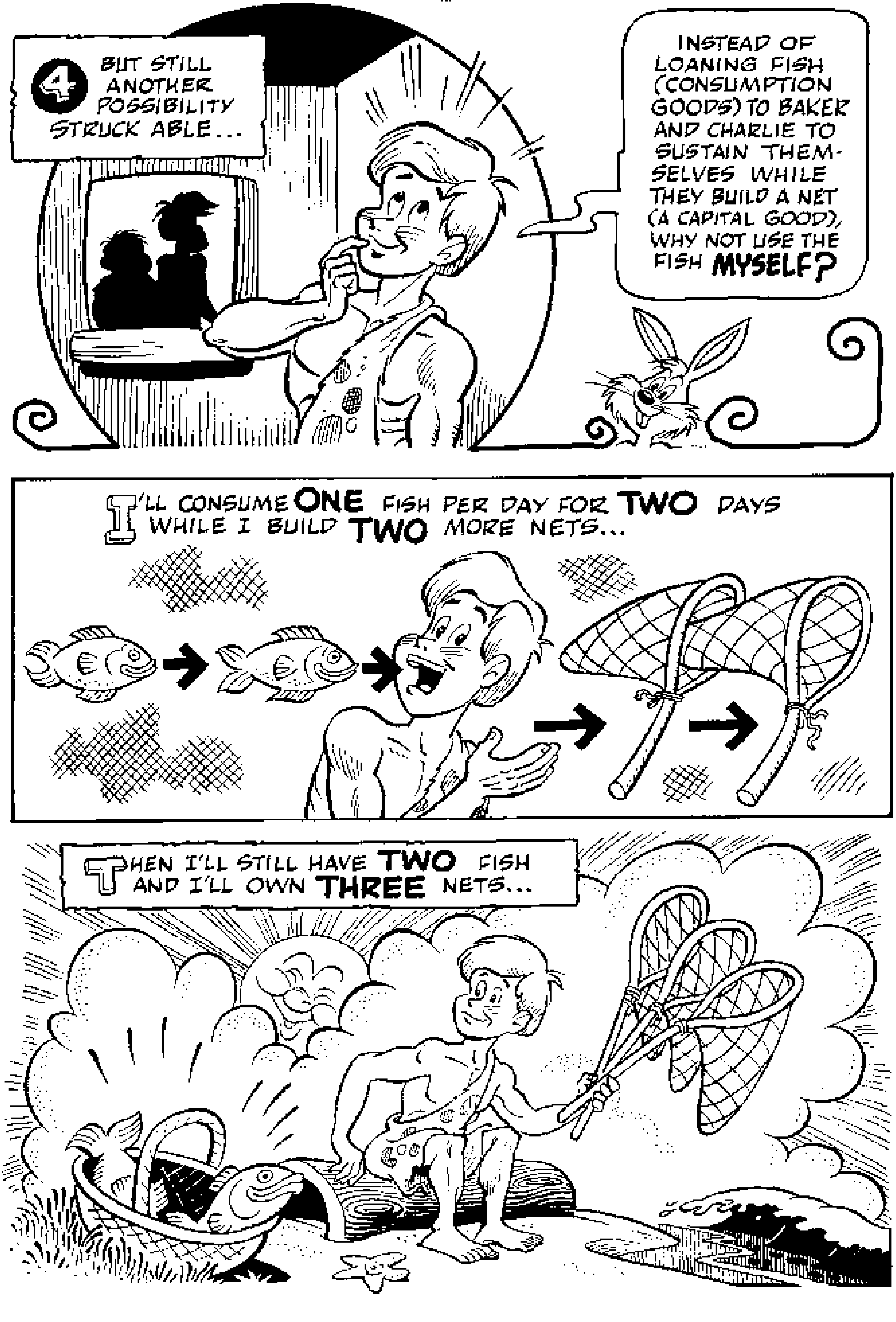

BESIDES, WE'RE ALL THUMBS WHEN IT COMES TO HAND-CRAFT!
WE MIGHT STARVE TO DEATH BEFORE WE CAN MAKE A DECENT NET!
SO HOW ABOUT THIS... LOAN US SOME OF YOUR SURPLUS FISH TO EAT WHILE WE MAKE A NET?
WE'LL REPAY YOU FROM OUR NET CATCHES!
OH, YEAH! THEN IF YOU FAIL I'VE LOST MY SAVINGS!
I'D HAVE EVERYTHING TO LOSE AND NOTHING TO GAIN BY MAKING SUCH A LOAN!
HE'S GOT A POINT!
A STRAIGHT LOAN IS NO INCENTIVE FOR HIM!


BAKER AND CHARLIE'S THINK-BOXES MESH GEARS...
... AND A FINANCIAL IDEA IS BORN!
INTEREST
HEY, ABLE... HEAR THIS!
FOR EVERY FISH YOU LOAN TO US WHILE WE BUILD A NET WE'LL PAY BACK TWO FISH!
NOW THAT INTERESTS ME!
IF I LOAN THEM FOUR FISH I'LL GET BACK EIGHT FISH!
I'LL BE FOUR FISH RICHER WITHOUT DOING ANY MORE WORK!

TWO-WAY BENEFITS

ABLE'S SAVINGS OPTIONS




4 BUT STILL ANOTHER POSSIBILITY STRUCK ABLE...
INSTEAD OF LOANING FISH (CONSUMPTION GOODS) TO BAKER AND CHARLIE TO SUSTAIN THEMSELVES WHILE THEY BUILD A NET (A CAPITAL GOOD), WHY NOT USE THE FISH MYSELF?
I'LL CONSUME ONE FISH PER DAY FOR TWO DAYS WHILE I BUILD TWO MORE NETS...
THEN I'LL STILL HAVE TWO FISH AND I'LL OWN THREE NETS...


NEXT, I CAN RENT A NET TO BAKER AND CHARLIE FOR 1/2 A FISH PER DAY, A REASONABLE FEE...
BAKER AND CHARLIE WILL EACH BE ABLE TO CATCH TWO FISH PER DAY WITH THE NETS!
SINCE I WOULD'VE CAUGHT 1 FISH WITHOUT THE NET, AND SUBTRACTING 1/2 FISH RENT... I'M NOW 1/2 FISH RICHER!
IT BEATS THE HARD WORK OF HAND-FISHING WHEREBY I CAN CATCH ONLY 1 FISH PER DAY!
... AND I CAN RETIRE AND NEVER WORK AGAIN, WITH 30 FISH PER MONTH RENTAL FEES COMING IN!


IT BEATS LOANING 4 FISH TO BAKER AND CHARLIE TO BUILD THEIR OWN NETS! THAT WOULD HAVE EARNED ME A TOTAL OF ONLY 4 FISH!
OF COURSE BAKER AND CHARLIE MIGHT ONLY RENT THE NETS FOR 2 DAYS... THEN USE THEIR SAVINGS TO BUILD NETS FOR THEMSELVES...I'D BE ONLY 2 FISH AHEAD!
WHAT TO DO?... LOAN OUT 4 FISH, SO BAKER AND CHARLIE CAN BUILD THEIR OWN NETS, AND GET 8 FISH BACK, OR...EAT TWO OF MY FISH WHILE BUILDING 2 MORE NETS FOR RENTAL THAT MIGHT BRING BACK ONLY 2 FISH... BUT POSSIBLY STEADY RETIREMENT EARNINGS?
DECISIONS...DECISIONS! BUT NO MATTER WHICH WAY HE GOES, IF BAKER AND CHARLIE ARE SUCCESSFUL, ABLE WILL HAVE INCREASED HIS AND SOCIETY'S CAPITAL!

Review

ABLE (AND SOCIETY) HAS ONLY FIVE THINGS HE CAN DO WITH HIS SAVINGS GAINED BY SELF-SACRIFICE...

WHATEVER CHOICE ABLE MAKES EVENTUALLY WILL ENABLE THE COMMUNITY TO GENERATE 3 EXTRA FISH PER DAY, ASSUMING THEY ALL CONTINUE TO WORK JUST AS HARD!


WHAT ABOUT GREED?
WON'T IT BE BAD IF ABLE TURNS OUT TO BE A GREEDY GUY, WANTING MORE AND MORE WEALTH?
BAD FOR WHO?
THE ONLY WAY ABLE'S WEALTH CAN INCREASE IS IF HE MAKES HIS WEALTH AVAILABLE TO OTHER MEMBERS OF THE COMMUNITY!
EQUIPMENT RENTAL
FISH LOANS
OTHERWISE HIS WEALTH WILL STAY THE SAME OR GET SMALLER AS HE PERSONALLY USES IT UP!
THE NOBLE THING ABOUT PRIVATE CAPITALISM IS THAT IT FORCES THOSE WHO MAY ONLY BE MOTIVATED BY PERSONAL GAIN TO RAISE THE STANDARD OF LIVING OF OTHERS!
CAPITAL


SO ABLE DECIDES TO LOAN 4 FISH TO BAKER & CHARLIE...
NOW WE HAVE FISH TO EAT WHILE WE BUILD OUR OWN NETS!
THE NETS ARE MADE...
AND THEY NOW CATCH ENOUGH FISH TO EAT AND TO PAY BACK THEIR LOAN TO ABLE...
NOW ABLE HAS PROFITED FROM HIS LOAN, AND SO HAVE BAKER AND CHARLIE...
I'M 4 FISH RICHER!
WE OWN NETS WE DIDN'T OWN BEFORE!


EXPANSION
NOW BAKER AND CHARLIE FISH FOR A FULL WEEK, SAVING ENOUGH FISH TO ENABLE THEM TO DEVOTE ANOTHER WEEK'S EFFORT ON A STILL BIGGER CAPITAL PROJECT...
MONDAY
TUESDAY
WED.
THURS.
FRIDAY
SAT.
THIS MUCH LARGER PROJECT REQUIRES MORE AND NEW MATERIALS...PLUS INGENUITY...
LET'S BUILD A BIGGER AND BETTER FISH CATCHER!
WE NEED TOUGHER STUFF... LIKE VINES!
...AND BAMBOO!

the BETTER FISH TRAP

NATURAL DISASTERS... ACTS OF GOD

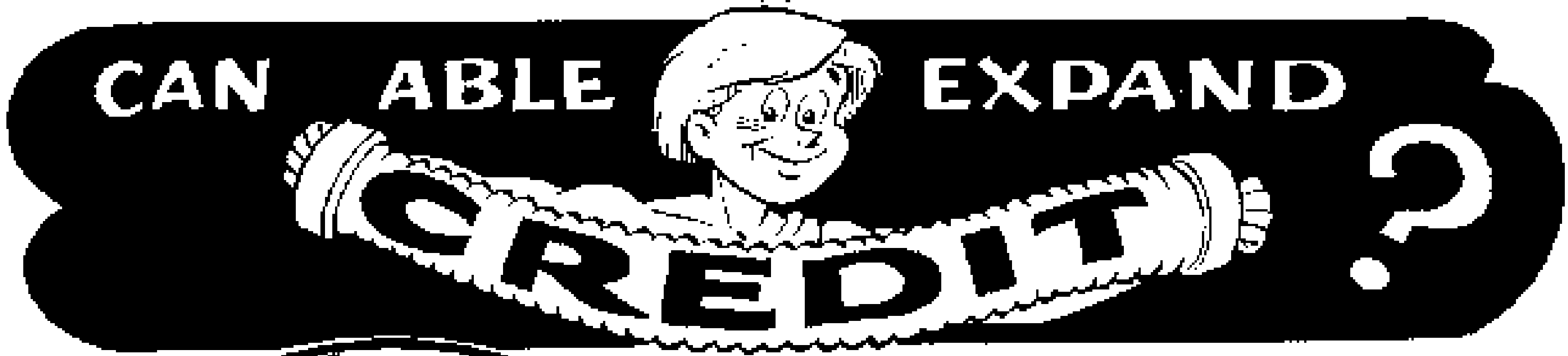
THESE MAY DISRUPT THE ISLAND'S ECONOMY BY DAMAGING ITS CAPITAL... THE BIG FISH TRAP.

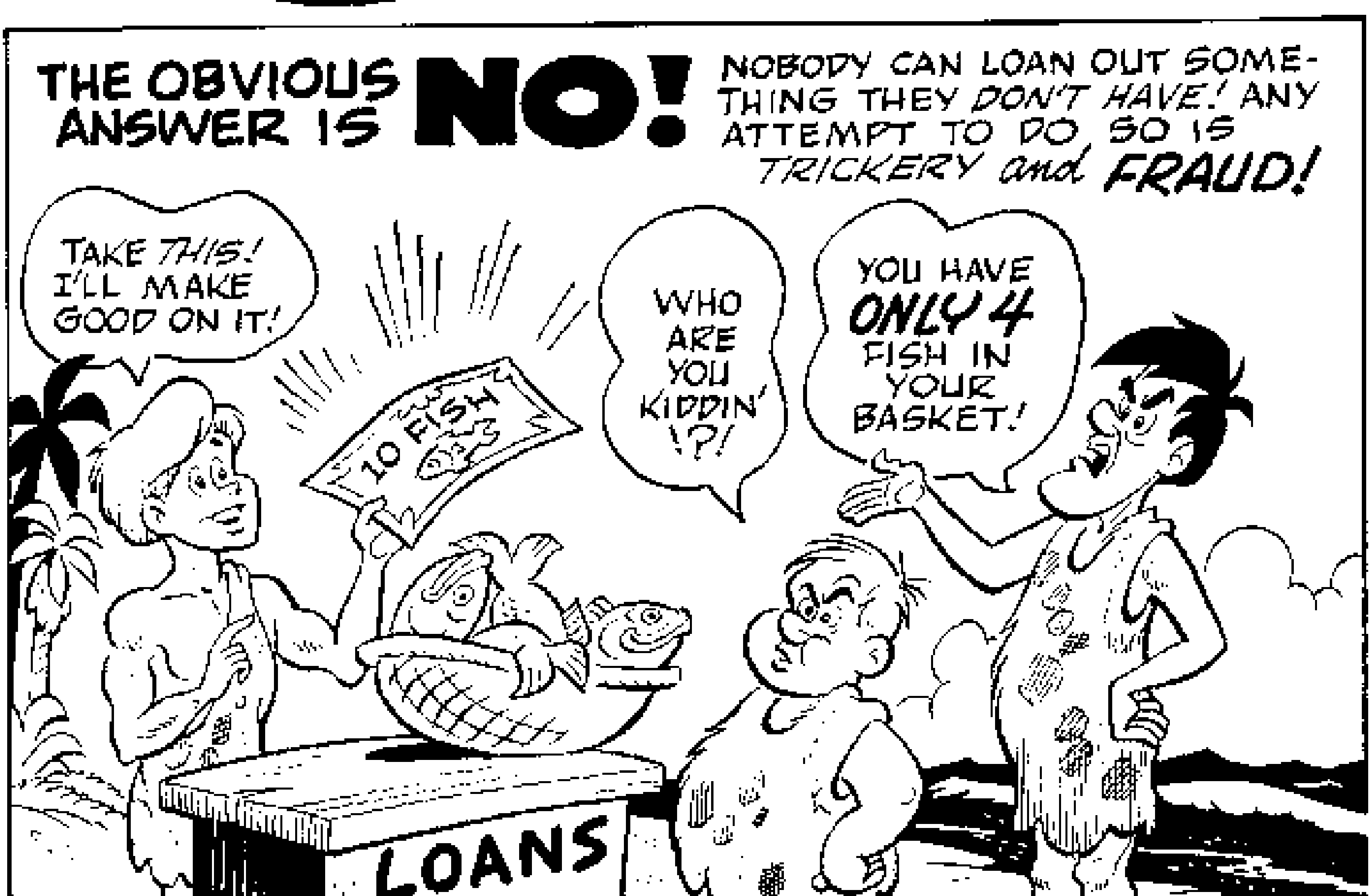
UNNATURAL DISASTERS

THROUGHOUT HISTORY *UNNATURAL DISASTERS* HAVE BEEN CAUSED BY NONPRODUCTIVE POLITICIANS MEDDLING IN THE NATURAL ECONOMIC ORDER TO STEAL THE PRODUCTIVITY OF SOME FOR THE BENEFIT OF OTHERS.


ISLAND CONSUMER DEBT
SUPPOSE BAKER AND CHARLIE APPROACHED ABLE FOR A "VACATION LOAN" INSTEAD OF A LOAN FOR BUILDING NETS...
WE'RE TIRED AND NEED A REST!
LOAN US EACH TWO FISH SO WE CAN BASK ON THE BEACH A FEW DAYS!
IT WILL COST YOU EACH 2 FISH IN INTEREST! HOW WILL YOU REPAY?
ER...WE'LL WORK HARDER!
AND DO WITHOUT EATING FOR SEVERAL DAYS!
YOU'LL HAVE TO GO WITHOUT EATING 4 DAYS TO REPAY YOUR LOAN!
BUT WE'VE JUST GOTTA HAVE A VACATION!

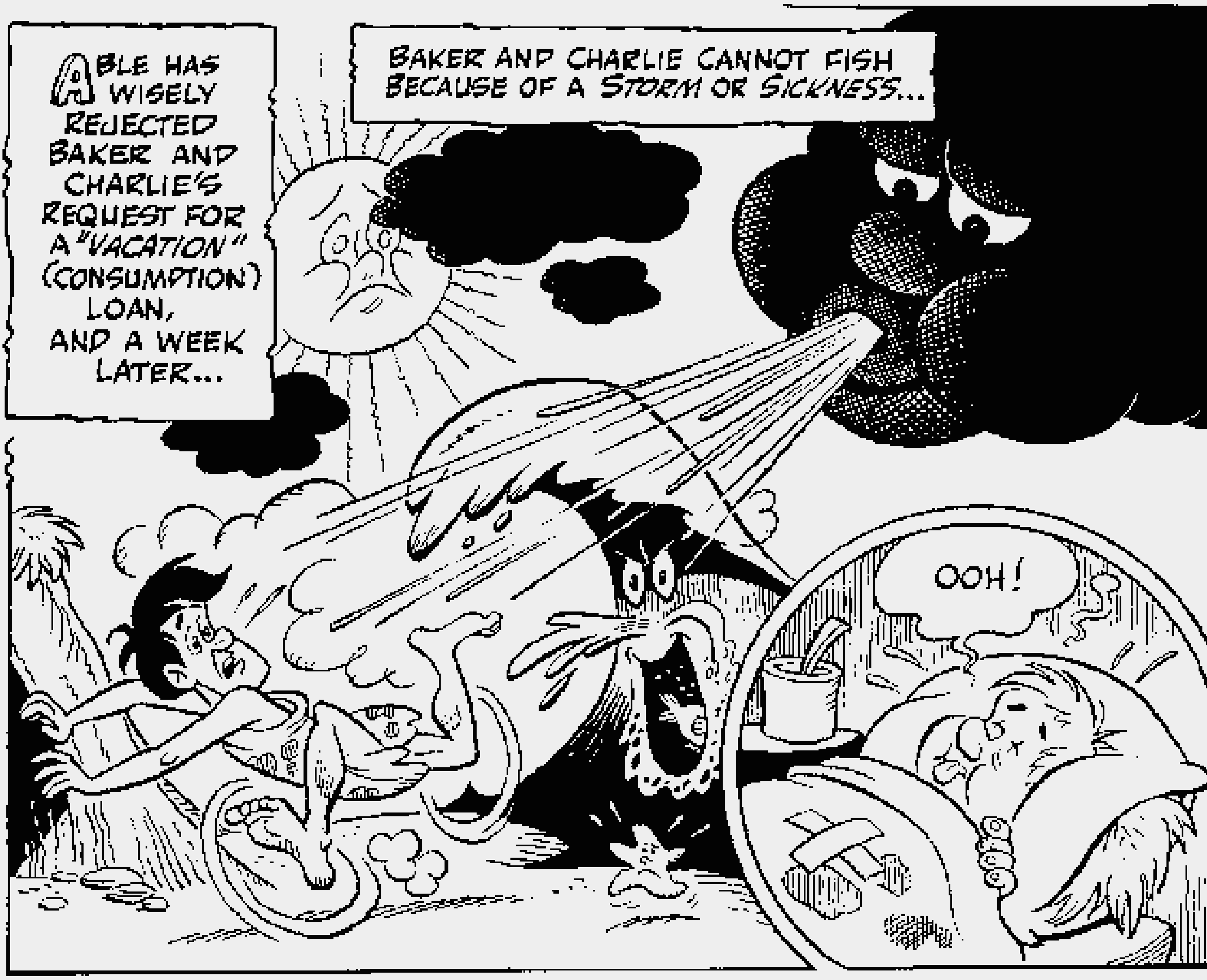

LOOK! WHY BORROW AND GO HUNGRY 4 DAYS TO RE-PAY THE LOAN, WHEN WITHOUT BORROWING YOU CAN FINANCE YOUR VACATION BY GOING WITH-OUT FISH FOR ONLY 2 DAYS?
GIVE ME ONE GOOD REASON!
WE WANNA TAKE OUR VACATION NOW!
YIKES! THE "NOW" ORIENTED GENERATION!
I DENY YOUR LOAN WHICH WOULD ONLY BENEFIT ME AND BE AN ECONOMIC BURDEN TO YOU!
BESIDES... IF I MAKE A CONSUMER LOAN TO YOU I WON'T HAVE AS MUCH TO LOAN OUT FOR PRODUCTIVE PURPOSES!
BAH! FOOEY!





THE ISLAND'S TOTAL SUPPLY OF CREDIT IS LIMITED BY ITS TOTAL SUPPLY OF FISH!

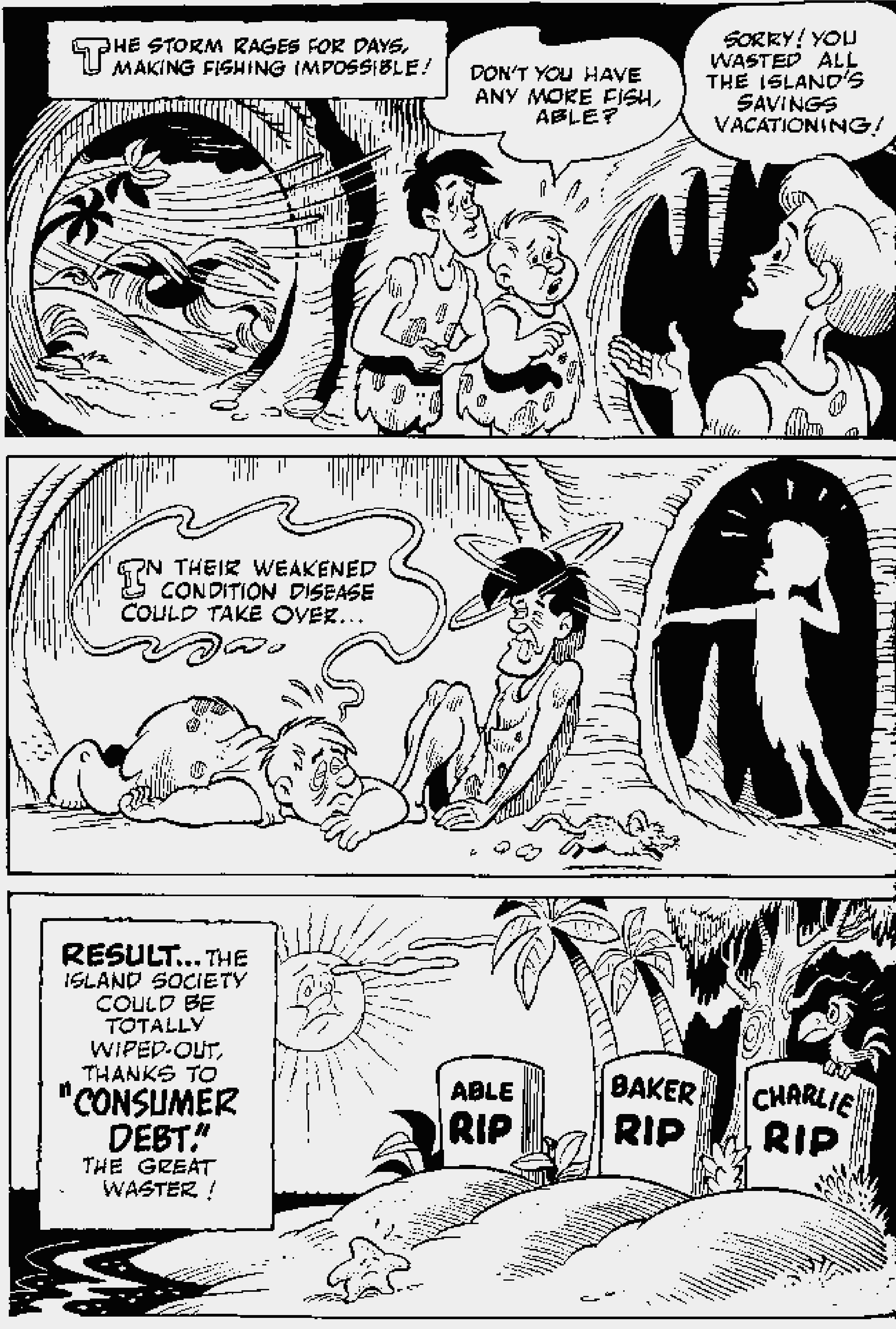
the EMERGENCY LOAN for CONSUMPTION



NOW, OUT OF COMPASSION, ABLE MAKES A CONSUMER LOAN OUT OF HIS SACRIFICIALLY ACCUMULATED SAVINGS SO THAT BAKER AND CHARLIE CAN EAT AND LIVE TO WORK ANOTHER DAY...

BUT SUPPOSE ABLE HAD GRANTED THE ORIGINAL & NEEDLESS

CONSUMPTION LOAN FOR A VACATION


THE STORM RAGES FOR DAYS, MAKING FISHING IMPOSSIBLE!
DON'T YOU HAVE ANY MORE FISH, ABLE?
SORRY! YOU WASTED ALL THE ISLAND'S SAVINGS VACATIONING!
IN THEIR WEAKENED CONDITION DISEASE COULD TAKE OVER...
RESULT... THE ISLAND SOCIETY COULD BE TOTALLY WIPED-OUT, THANKS TO "CONSUMER DEBT." THE GREAT WASTER!
ABLE RIP
BAKER RIP
CHARLIE RIP

SURVIVAL of THE SAVERS

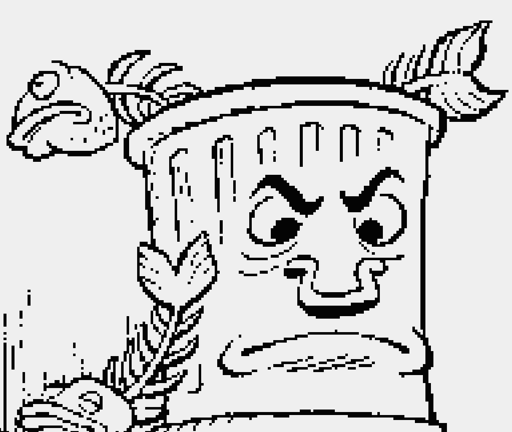
IF ON THE OTHER HAND, ABLE REFUSED TO MAKE THE "VACATION LOAN," HE WOULD HAVE HAD "EMERGENCY FUNDS" AVAILABLE TO WEATHER THE STORM...

A **DEPRESSION** OR A **RECESSION** HAS SET IN!

YES, SAVINGS CAN MEAN THE DIFFERENCE BETWEEN THE LIFE AND DEATH OF SOCIETY!

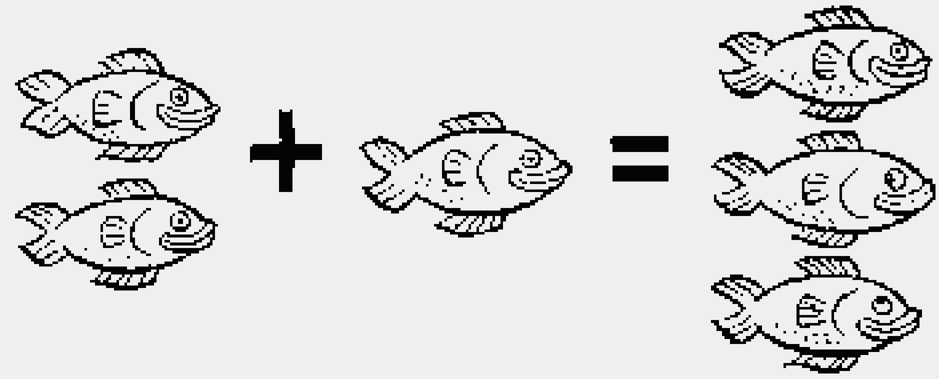
LESSON:

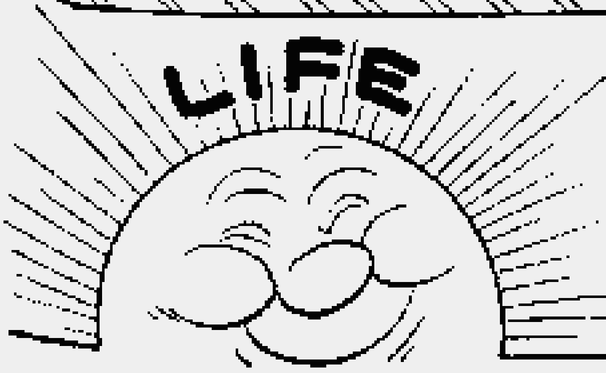
CONSUMPTION LOANS **WASTE** SAVINGS



INVESTMENT OR CAPITAL LOANS TEND TO **INCREASE** SAVINGS

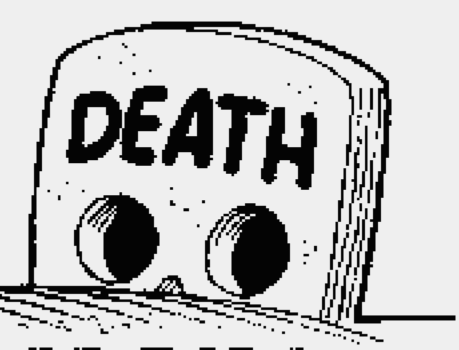
Loan Interest Increase





SAVINGS

IT MAKES A **BIG** DIFFERENCE



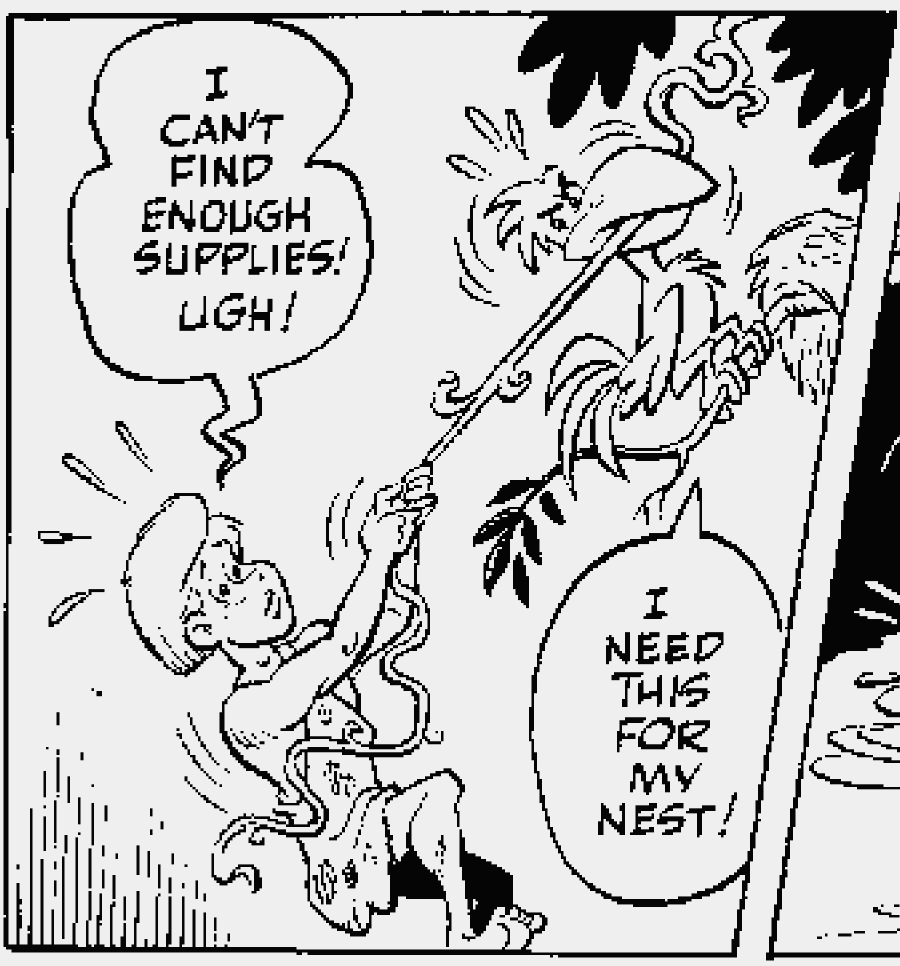
CONSUMER DEBT

CAPITAL LOAN RISK

OF COURSE, NOT ALL INVESTMENTS OR CAPITAL LOANS WORK OUT, AND THIS CAN ALSO BRING ABOUT A REDUCTION AND A WASTE OF SOCIETY'S STORE OF SAVINGS! BUT THE ONES THAT WORK MAKE UP FOR THE ONES THAT DON'T!

ABLE MAY HAVE MADE LOANS TO BAKER AND CHARLIE TO BUILD NETS, BUT...

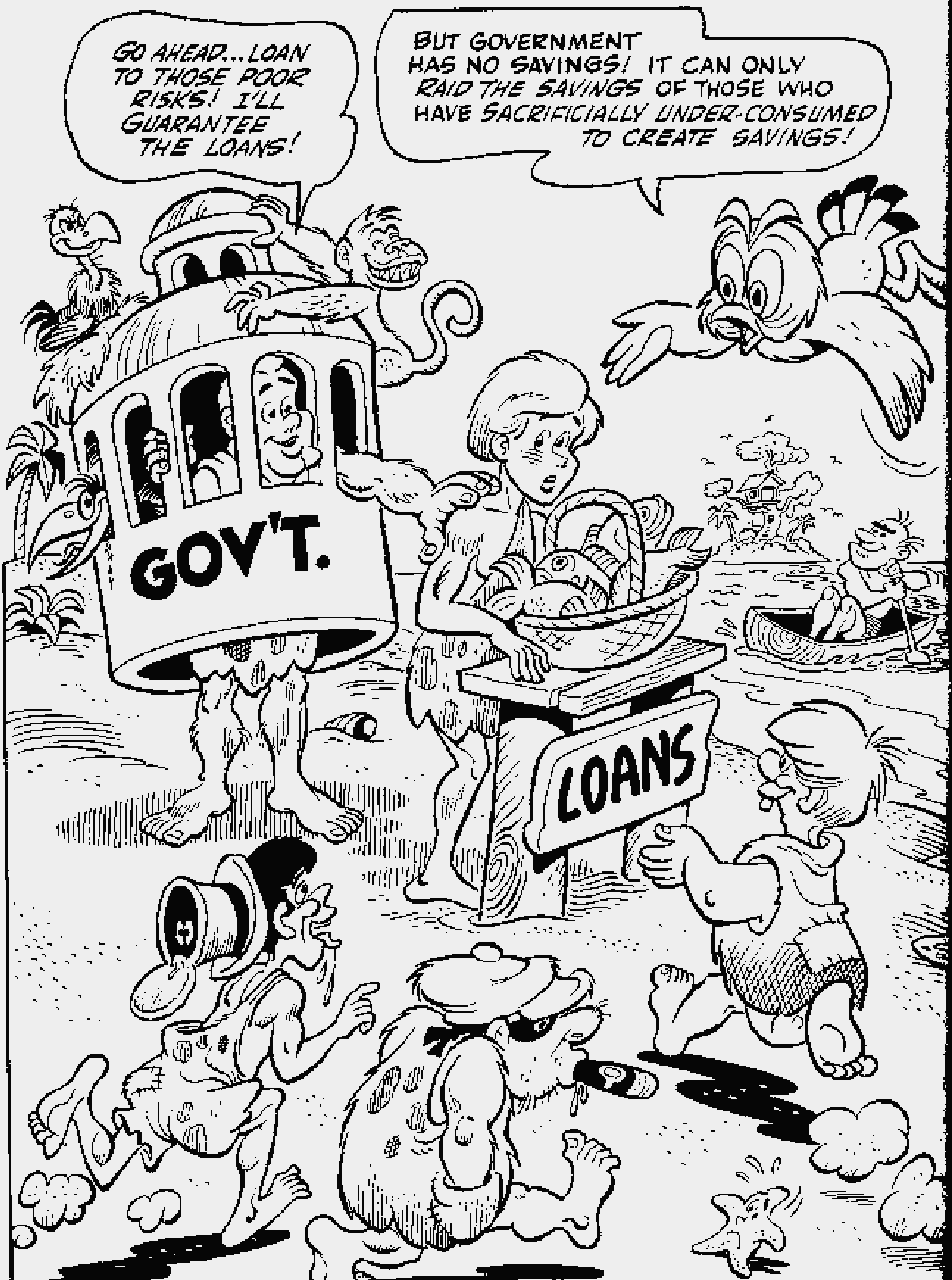
OR ABLE MAY HAVE USED UP HIS CAPITAL BUILDING MORE NETS FOR HIMSELF, BUT...



2 BIG LESSONS

1 LOANS FOR ***CONSUMPTION*** PURPOSES REDUCE THE AMOUNT OF FUNDS AVAILABLE TO FINANCE BOTH ***CAPITAL*** *PROJECTS* AND THE PRODUCTION OF MORE ***CONSUMER*** *GOODS*, AND THEREFORE CAN ONLY ***LOWER*** SOCIETY'S STANDARD OF LIVING AND ITS ECONOMIC SECURITY.

2 GOVERNMENT PROGRAMS ENCOURAGING LOANS TO POOR QUALITY AND HIGH RISK APPLICANTS DEVELOP A HIGHER DEGREE OF CAPITAL FAILURE, AND WASTE SOCIETY'S SAVINGS IN THE SAME WAY AS GRANTING CONSUMER CREDIT!



ENTER the BULLY

BUT NOW LET US SUPPOSE, THAT, WHILE BAKER AND CHARLIE WERE ATTEMPTING TO NEGOCIATE A CONSUMER LOAN FROM ABLE FOR A VACATION **FRANKLIN DEE** THE ISLAND'S BULLY SHOWED UP...

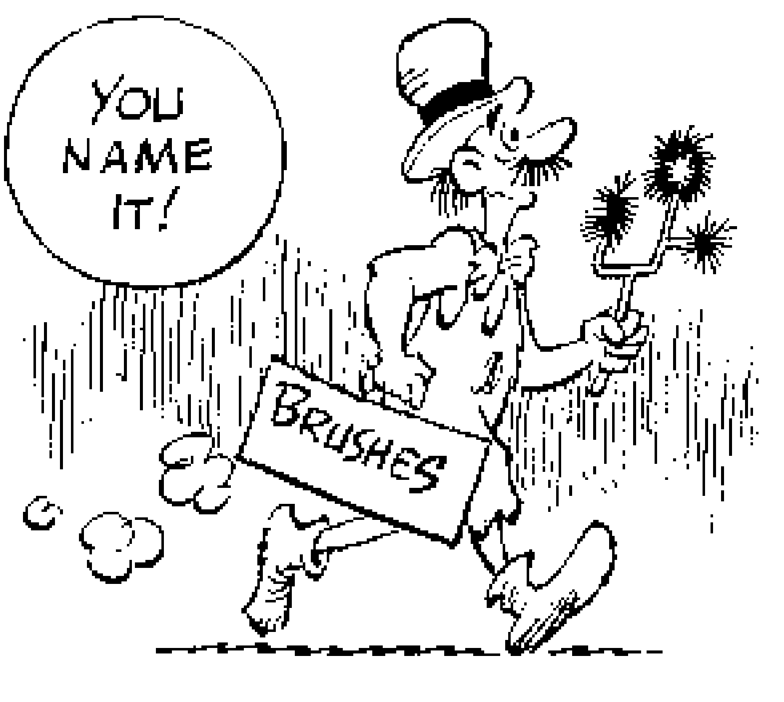
TODAY, IN AMERICA, THE INFLUENCE OF POLITICIANS ON LOANING INSTITUTIONS OPERATES IN MUCH THE SAME WAY AS FRANKLIN DEE, TO:

1. WASTE SAVINGS BY ENCOURAGING THE UNECONOMIC USE OF *CREDIT*

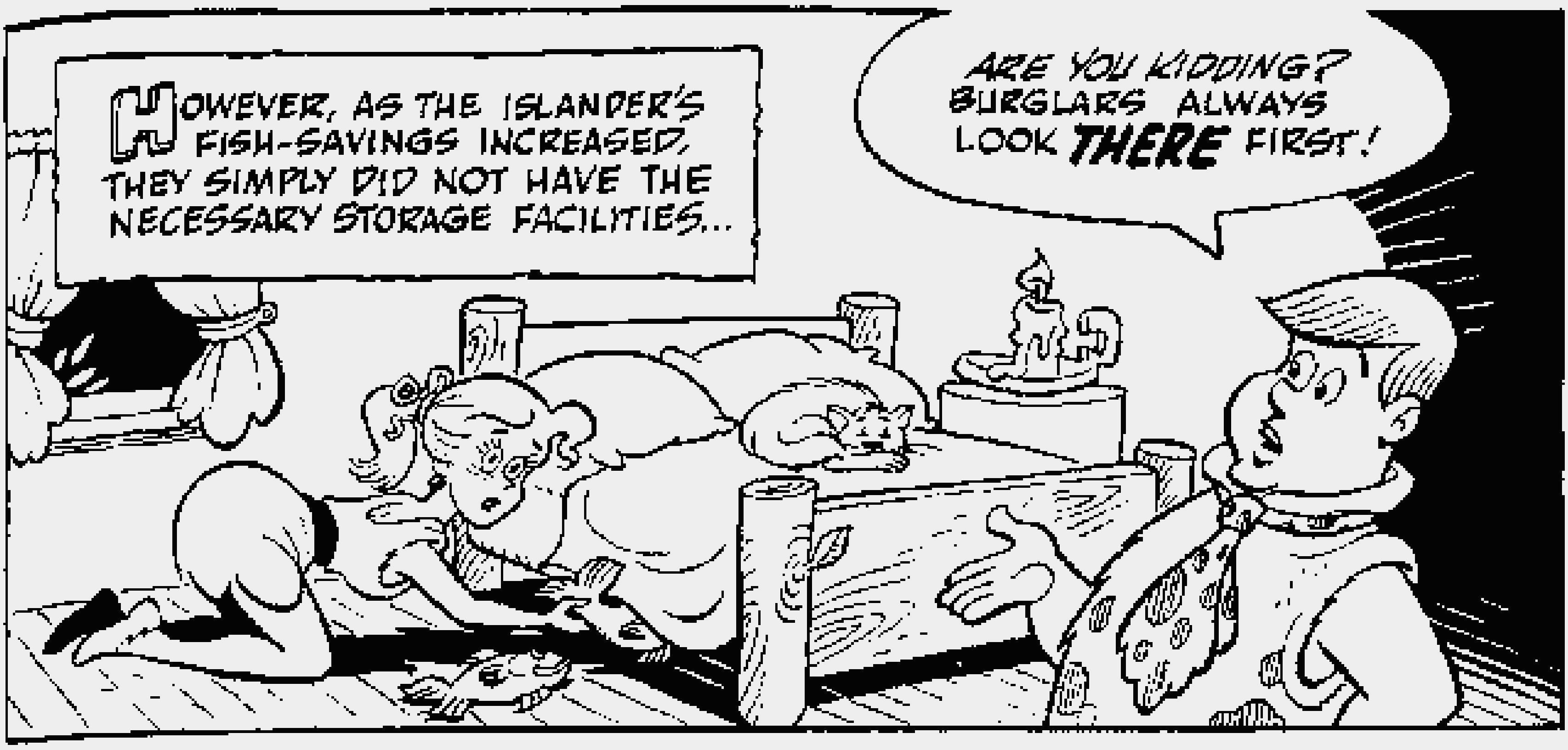
2. DISCOURAGE SAVINGS BY *REDUCING* IF NOT *COMPLETELY ELIMINATING THE REWARDS OF THRIFT*

the ISLAND ECONOMY GROWS

NOW LET'S SEE HOW THE ***SAME ECONOMIC RULES*** THAT OPERATE IN A ***SIMPLE*** ECONOMIC SOCIETY ALSO APPLY TO A MORE ***COMPLICATED*** ONE...



THE ISLANDERS CONTINUED TO USE FISH AS A MEDIUM OF EXCHANGE. ALL WAGES AND PRICES WERE QUOTED IN TERMS OF SO MANY FISH: AS WERE THE TERMS OF LOANS. AND SINCE EACH PERSON ON THE ISLAND CONSUMED ONE FISH PER DAY, THE ISLAND'S PRICE STRUCTURE WAS RELATED TO THEIR DAILY CONSUMPTION OF FISH!

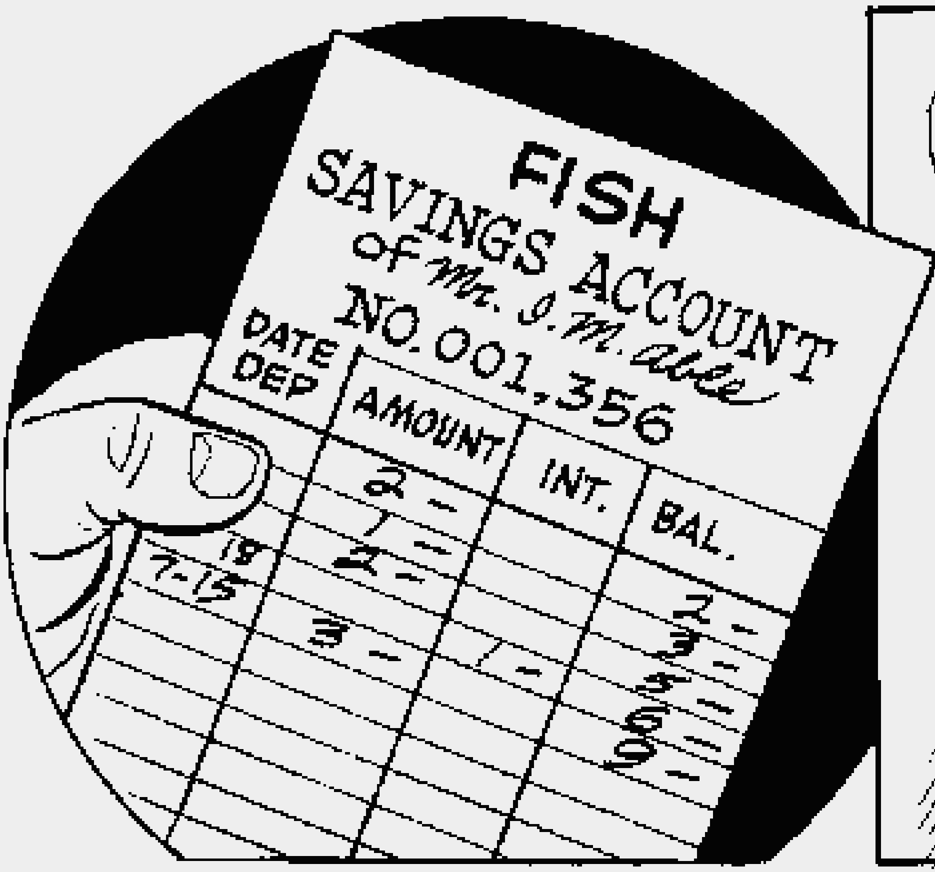


AND WHILE THEY WOULD HAVE LIKED TO SEE THEIR SAVINGS GROW BY LOANS AND INVESTMENTS, INDIVIDUAL PRODUCERS HAD NEITHER THE TIME NOR TRAINING TO JUDGE THE MERITS OF BUSINESS PROPOSITIONS OFFERED TO THEM...

SO, AN HONEST AND WISE MEMBER OF THE ISLAND COMMUNITY, **MAX GOODBANK,** SEEING A VERY REAL BUSINESS OPPORTUNITY, ENTERS THE SCENE...

How "FISH SAVINGS & LOAN Co works

WHEN THE "ABLES" OF THE ISLAND *UNDERCONSUME* THEY *DEPOSIT* THE
FISH SAVINGS WITH MR. GOODBANK...



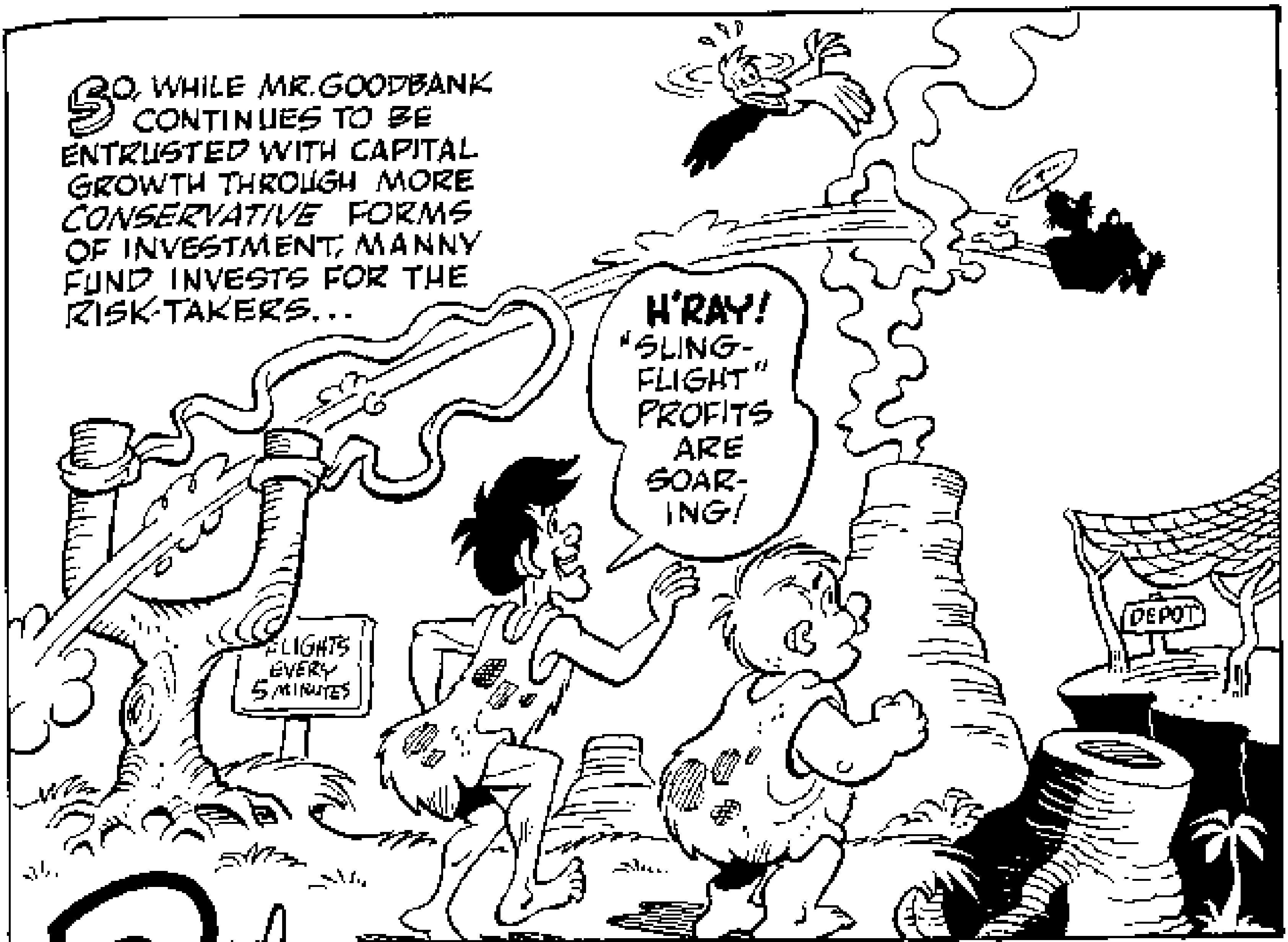
SO THE ABLES DELEGATE INVESTMENT RESPONSIBILITY TO MR. GOODBAN

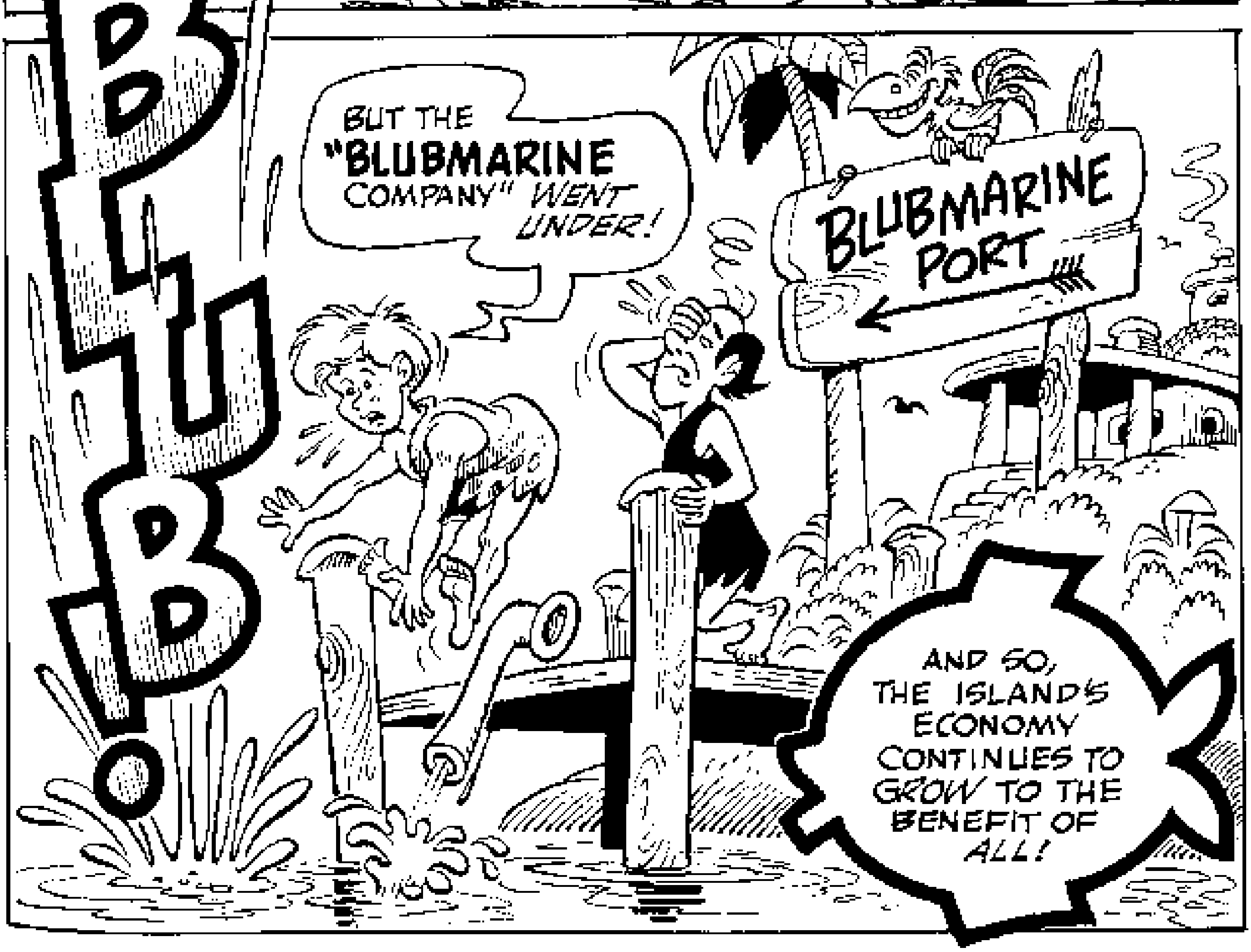

NOW THOSE REQUIRING CONSUMPTION GOODS (FISH) IN ORDER TO FINANCE A CAPITAL PROJECT NEED ONLY SEE MR. GOODBANK, RATHER THAN ALL OF THE "ABLES" ON THE ISLAND...
I NEED SOME FISH TO EAT WHILE I BUILD A TOOL FACTORY!
HMM... YOU HAVE A GOOD RECORD!
MR. GOODBANK HAS TOO MUCH INTEGRITY TO RISK THE ISLANDER'S SAVINGS ON VACATION LOANS AND THE LIKE...
BERMUDA
SORRY!
UNDER HIS WISE AND CONSERVATIVE CARE THE ISLAND'S SAVINGS AND COMMERCE CONTINUE TO GROW...
AIR CARGO


BUT MR. GOODBANK DOES HAVE COMPASSION FOR THOSE IN DESPERATE NEED OF CONSUMER CREDIT DUE TO DIRE EMERGENCY, POOR HEALTH, UNEMPLOYMENT, ETC.
I'VE SET UP A CONTINGENCY FUND FOR BORROWERS LIKE YOU, MR. HARDTIMES!
Z Z Z
I'LL DO MY BEST TO REPAY THIS LOAN, SIR!
BUT IF BORROWERS ARE UNABLE TO PAY BACK THESE LOANS THE BULK OF THE ISLAND'S SAVINGS IS STILL UNTOUCHED AND AVAILABLE FOR ESSENTIAL ISLAND PROJECTS!
FISH SAVINGS AND LOAN CO
AFTER SAN FRANCISCO'S GREAT EARTHQUAKE IN 1906 A LOCAL BANKER MADE STREET CORNER EMERGENCY LOANS TO EARTHQUAKE VICTIMS...
EMERGENCY LOANS
LOW INTERE

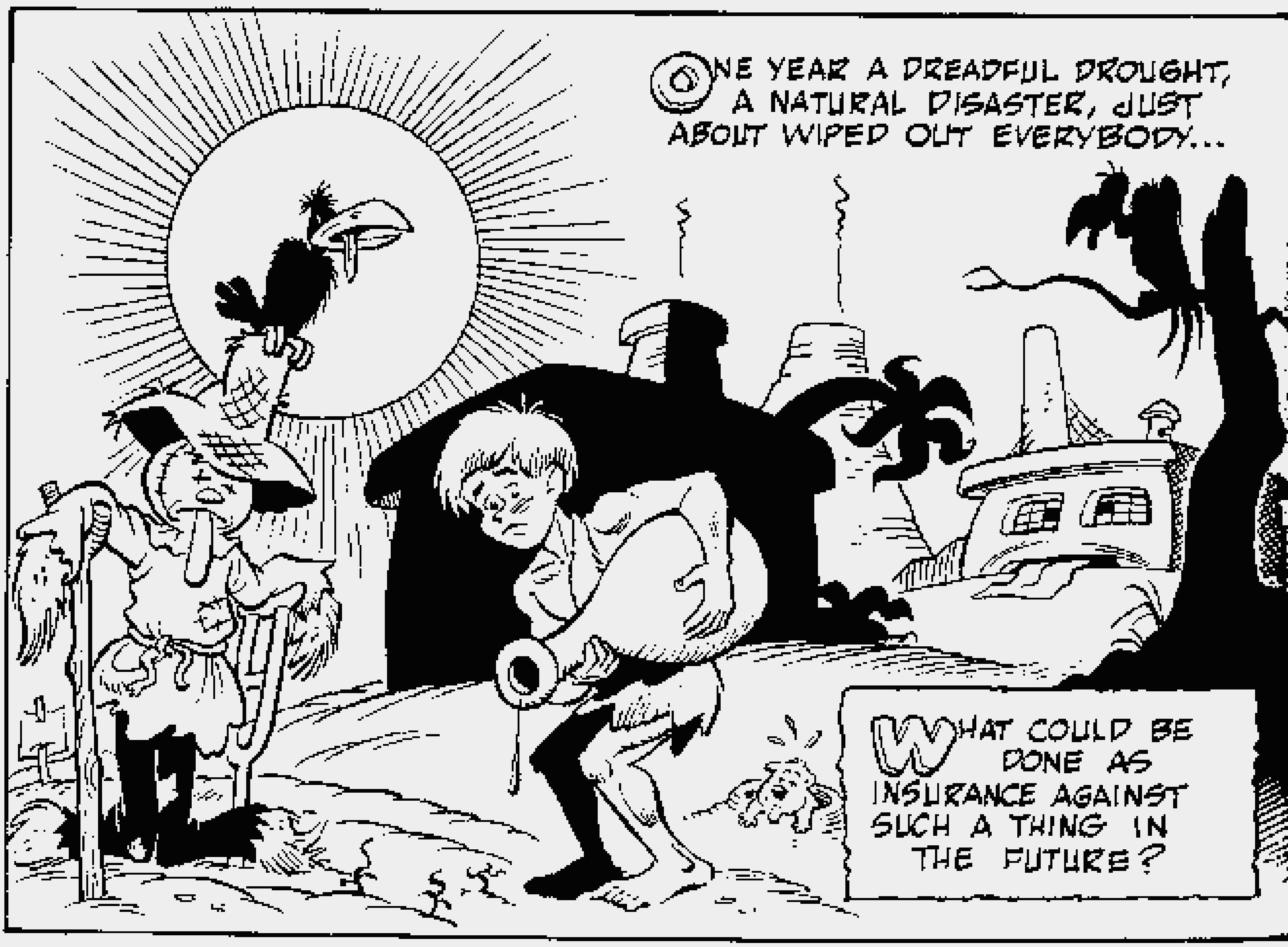

NOW SEVERAL GENERATIONS HAVE PASSED SINCE THE ORIGINAL I.M. ABLE MADE HIS PERSONAL SACRIFICE AND CREATED THE ISLAND'S FIRST PIECE OF CAPITAL EQUIPMENT (A NET). THE ISLAND'S ECONOMIC AND SOCIAL PROGRESS BEGAN AT THAT POINT!
FISH
THE ISLAND CONTINUED TO DEVELOP AND PROSPER WITH MR. GOODBANK'S STORAGE VAULT AND HIS AND HIS SONS' WISE ADMINISTRATION OF LOANING OUT SOCIETY'S CAPITAL.
INVESTMENT DECISIONS CONTINUED TO BE MADE BY INDIVIDUALS...
LET'S PUT OUR FISH IN THE BANK!
FISH
LOAN DECISIONS WERE MADE BY MR. GOODBANK III (HE LOOKS JUST LIKE HIS GRANDFATHER, DOESN'T HE?)
LOAN DENIED!
LOAN APPROVED!

Enter Manny Fund


SO, WHILE MR. GOODBANK CONTINUES TO BE ENTRUSTED WITH CAPITAL GROWTH THROUGH MORE CONSERVATIVE FORMS OF INVESTMENT, MANNY FUND INVESTS FOR THE RISK-TAKERS...
H'RAY! "SLING-FLIGHT" PROFITS ARE SOARING!
FLIGHTS EVERY 5 MINUTES
DEPOT


BLUB!
BUT THE "BLUBMARINE COMPANY" WENT UNDER!
BLUBMARINE PORT
AND SO, THE ISLAND'S ECONOMY CONTINUES TO GROW TO THE BENEFIT OF ALL!

the WATER SUPPLY PROBLEM

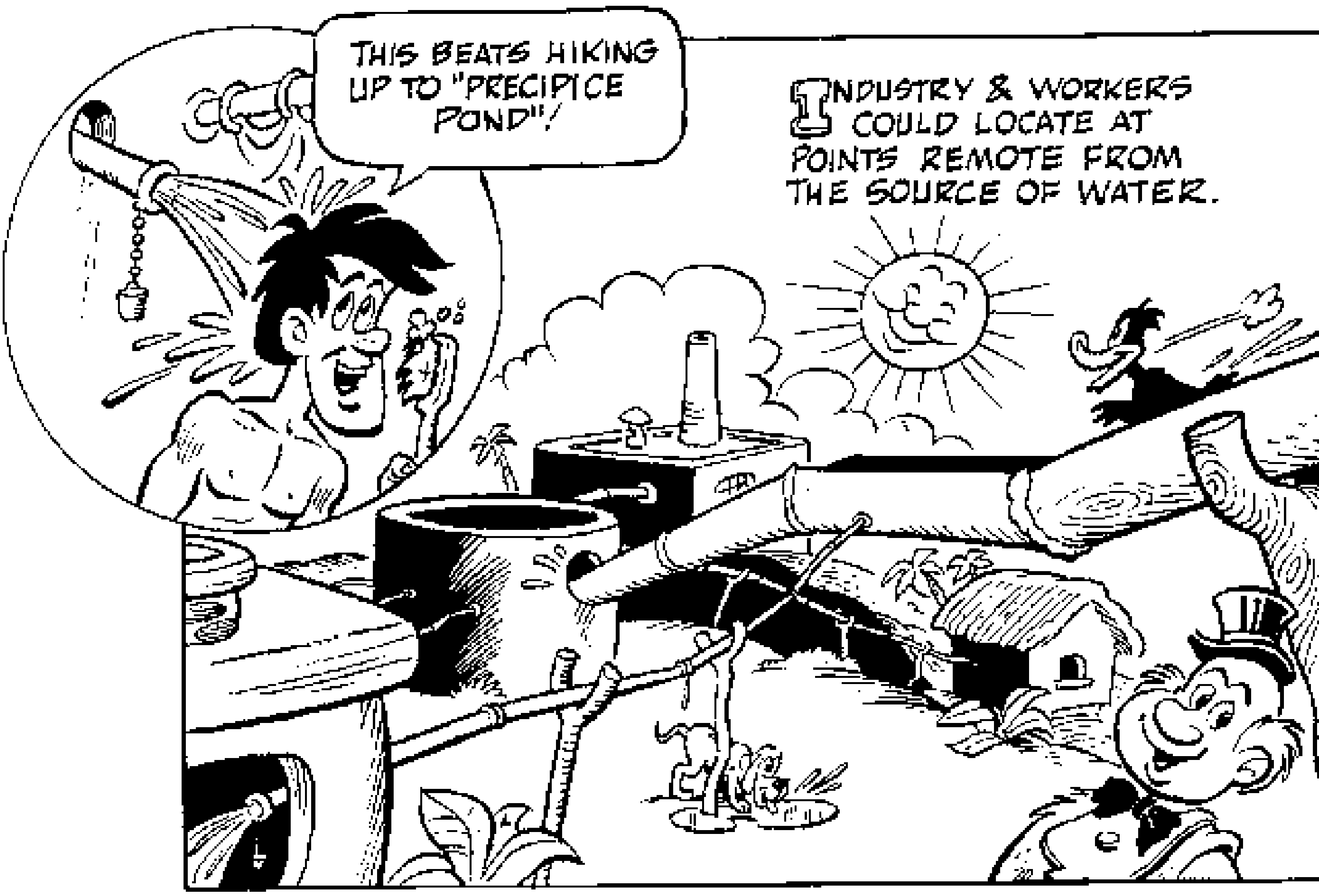


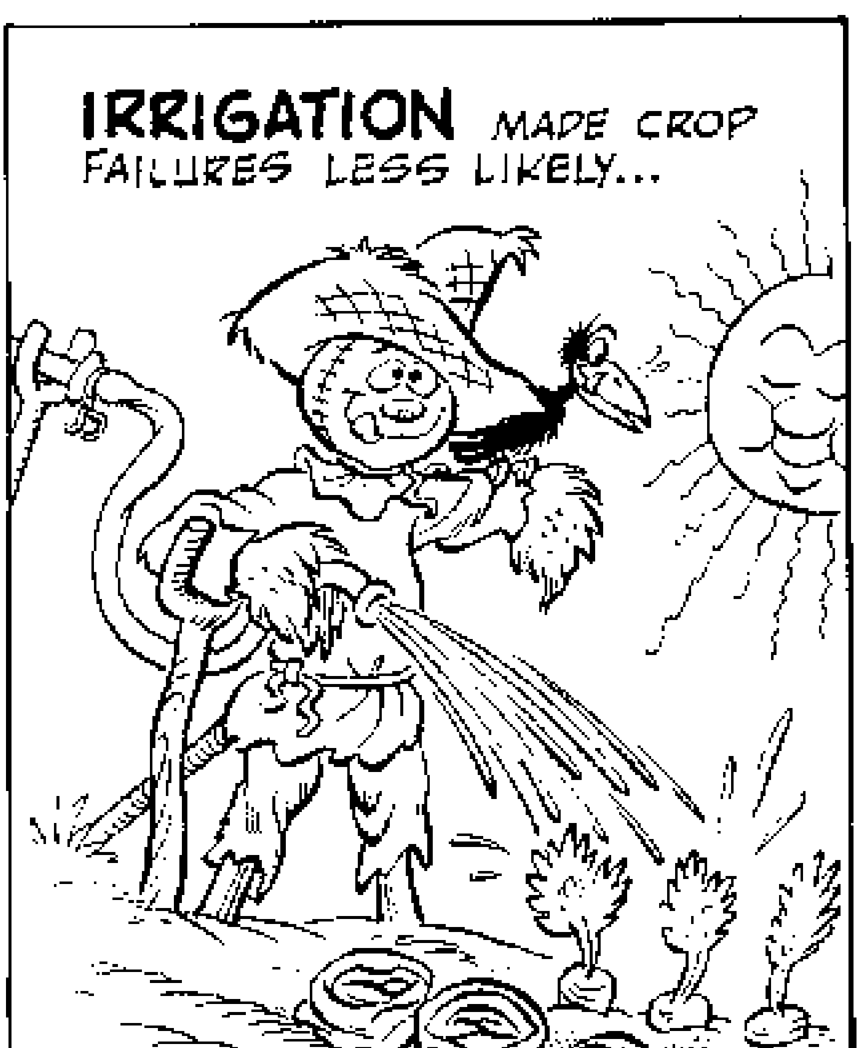

THE FERTILE MIND OF "H_2O PEDDLER" TACKLED THE PROBLEM...
HMM...IN NATURE RAIN RUNOFF COLLECTS IN PONDS! LET'S COPY NATURE!
LET'S BUILD A BIG RESERVOIR TO COLLECT AND SAVE RAIN WATER FOR FUTURE USE!
BLUE PRINT
MR. GOODBANK HAD A RECEPTIVE EAR!
AND EQUALLY IMPORTANT, THE ISLAND'S SAVINGS WERE NOW GREAT ENOUGH TO FUND SUCH A LARGE PROJECT...
THEN WE'LL CONSTRUCT A NETWORK OF PIPELINES, ETC., ETC...
BLUE PRINT
YOU'VE GOT A LOAN FOR YOUR PROJECT, MR. H_2O PEDDLER!

the WATER WORKS PROJECT

THE SPLASHING SUCCESS

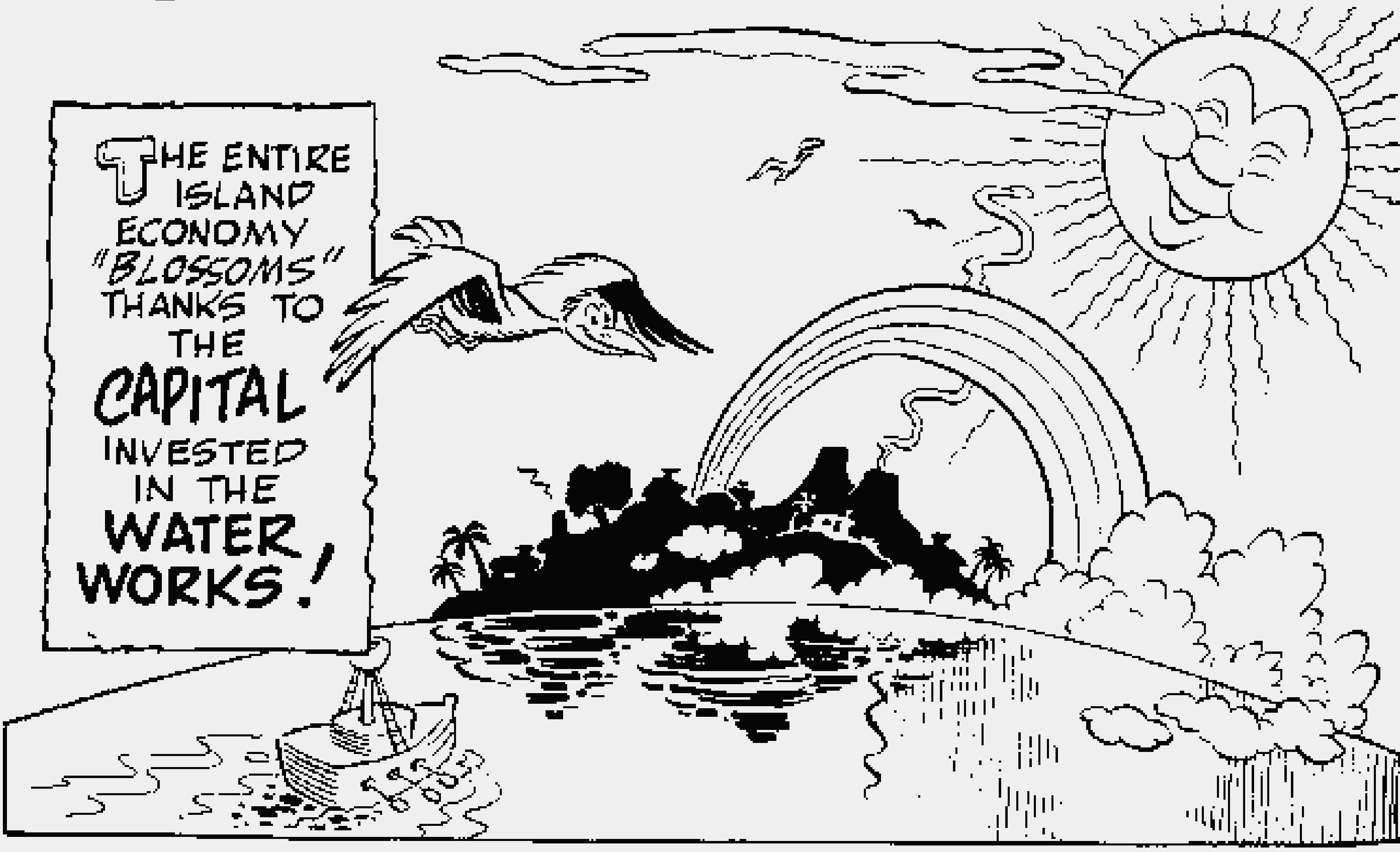
OF THE WATERWORKS PROJECT FLOWED THROUGH THE ISLAND'S ECONOMY! PIPELINES, AVAILABLE FOR A REASONABLE CHARGE, BROUGHT WATER GREAT DISTANCES!





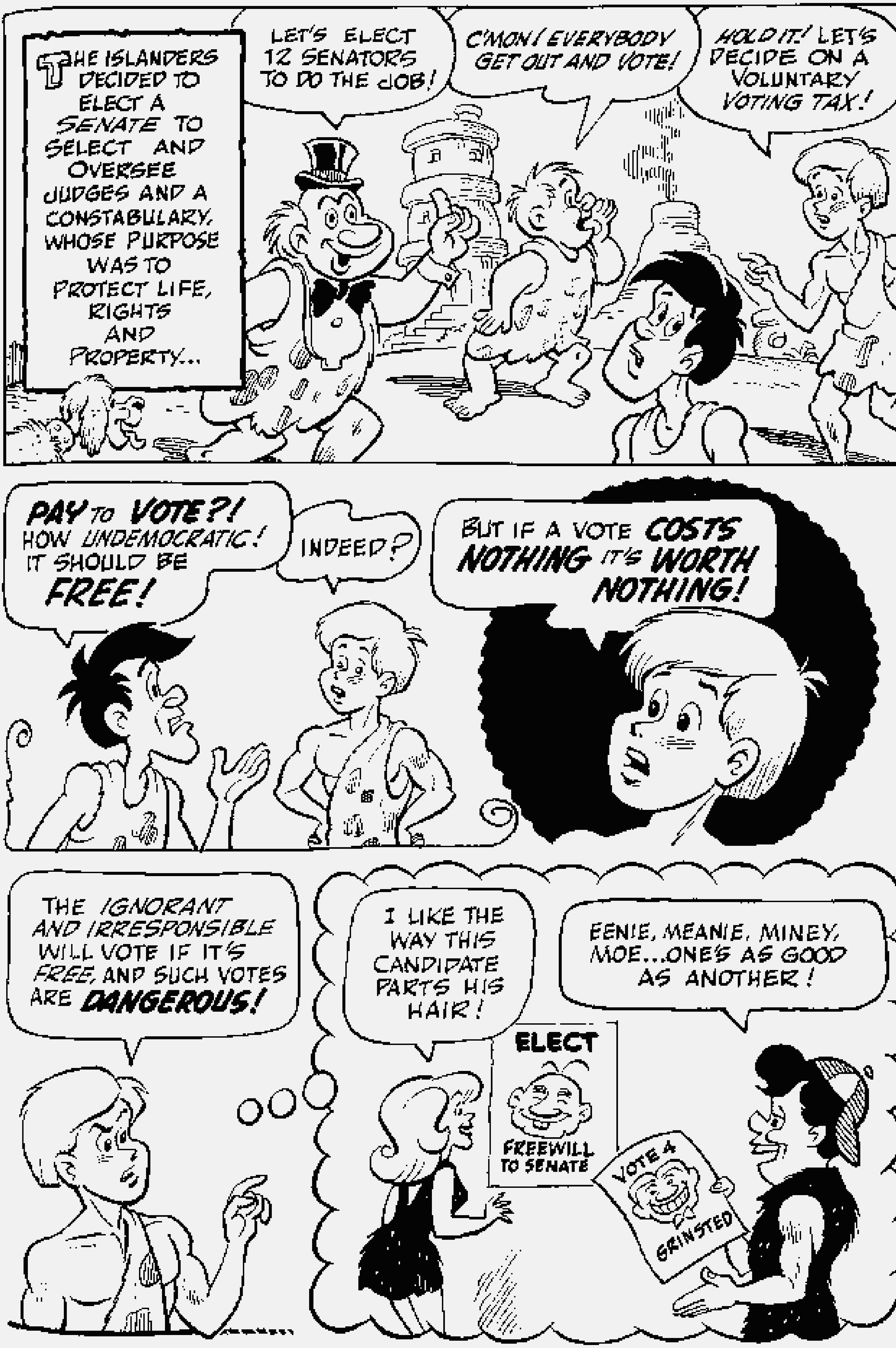
RELIEVED OF THE TASK OF HAULING WATER BY HAND, EVERYBODY NOW HAS MORE TIME AND ENERGY TO DEVOTE TO PRODUCING MORE CONSUMER GOODS AND DEVELOPING NEW CAPITAL PROJECTS!


THE WATER WORKS PROSPERED AND PAID BACK IT'S LOAN PLUS INTEREST. SO THE ISLAND'S SAVINGS CAPITAL GREW AND GREW UNDER MR. GOODBANK'S WATCHFUL CARE!
QUITE A CATCH!
WATER WORKS
SAVINGS AND LOAN CO.


THE ENTIRE ISLAND ECONOMY "BLOSSOMS" THANKS TO THE CAPITAL INVESTED IN THE WATER WORKS!

BIG vs. LITTLE ECONOMICS

GOVERNMENT on the ISLAND


THE ISLANDERS DECIDED TO ELECT A SENATE TO SELECT AND OVERSEE JUDGES AND A CONSTABULARY, WHOSE PURPOSE WAS TO PROTECT LIFE, RIGHTS AND PROPERTY...
LET'S ELECT 12 SENATORS TO DO THE JOB!
C'MON! EVERYBODY GET OUT AND VOTE!
HOLD IT! LET'S DECIDE ON A VOLUNTARY VOTING TAX!
PAY TO VOTE?! HOW UNDEMOCRATIC! IT SHOULD BE FREE!
INDEED?
BUT IF A VOTE COSTS NOTHING IT'S WORTH NOTHING!
THE IGNORANT AND IRRESPONSIBLE WILL VOTE IF IT'S FREE, AND SUCH VOTES ARE DANGEROUS!
I LIKE THE WAY THIS CANDIDATE PARTS HIS HAIR!
ELECT
FREEWILL TO SENATE
EENIE, MEANIE, MINEY, MOE...ONE'S AS GOOD AS ANOTHER!
VOTE 4
GRINSTED

LET THE **STUPID** *and* **WHO-CARES** CITIZEN STAY HOME! IF HE PAYS TO VOTE HE'LL PAY MORE ATTENTION TO THE ISSUES AND THE CANDIDATES...

LIKE GOING TO THE THEATER...THE PRICE IS THE ***SAME*** FOR ***EVERY-BODY***...EACH PERSON ENJOYS THE ***SAME*** ENTERTAINMENT...

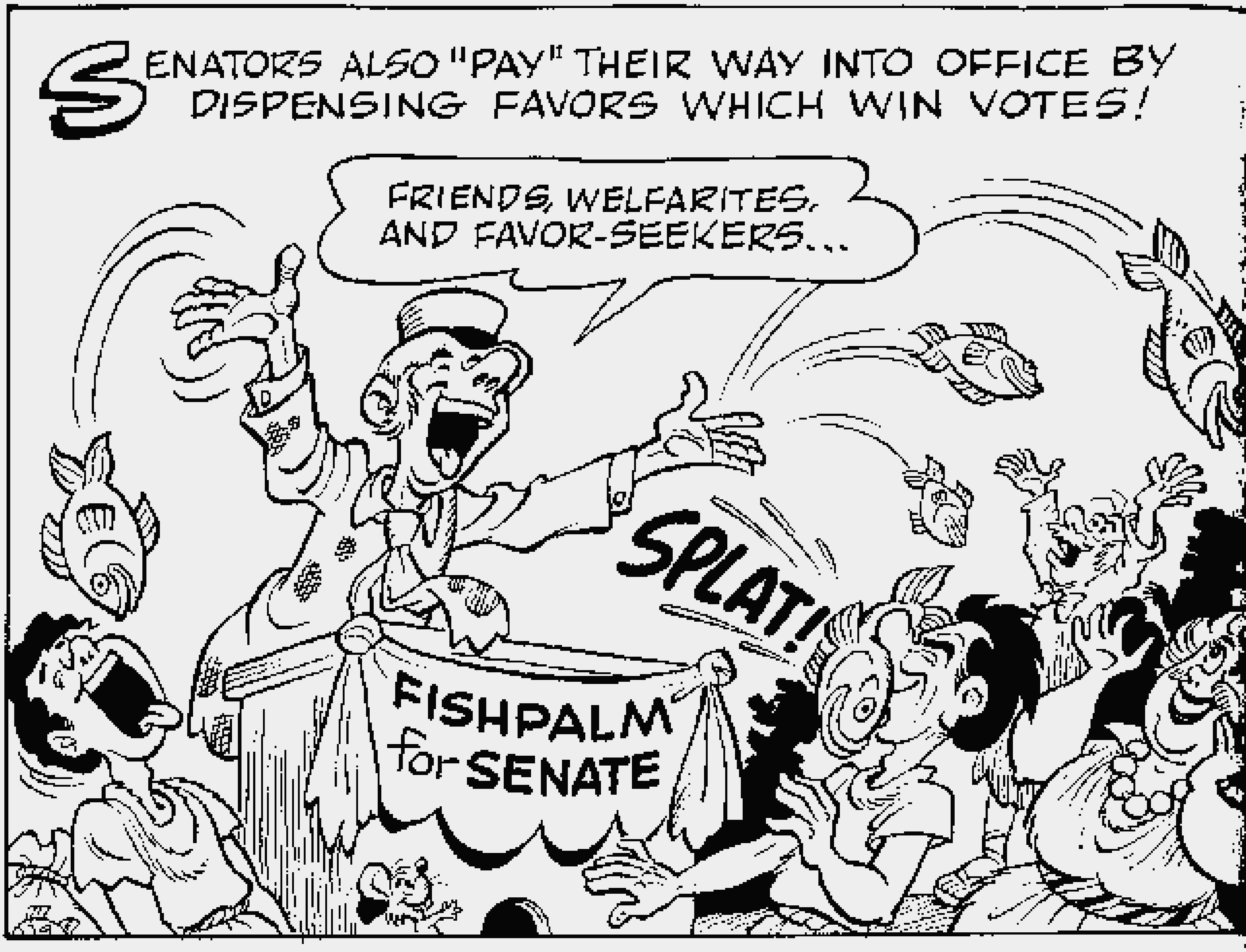

OKAY...YOU WIN AGAIN, MR. JUSTICE ...EVERYBODY SHOULD PAY THE SAME TAX TO VOTE!
VOTE (5 FISH)
BALLOT BOX
HUH? LOOK WHO'S COMING TO VOTE!
HOLD IT, SONNY!
HUH?
YOU'RE TOO YOUNG TO VOTE!
WHAT DOES AGE HAVE TO DO WITH IT?
VOTE (5 FISH)
BALLOT BOX
I WORK! I'M A PRODUCTIVE MEMBER OF SOCIETY, AND I'LL PAY THE 5 FISH TAX TO VOTE!
ER...UM... YOU'VE GOT ME THERE, KID!
ON THE OTHER HAND, THAT OLD HOBO CONTRIBUTES ZERO TO OUR SOCIETY AND HIS JUDGMENT IS QUESTIONABLE!
LOT

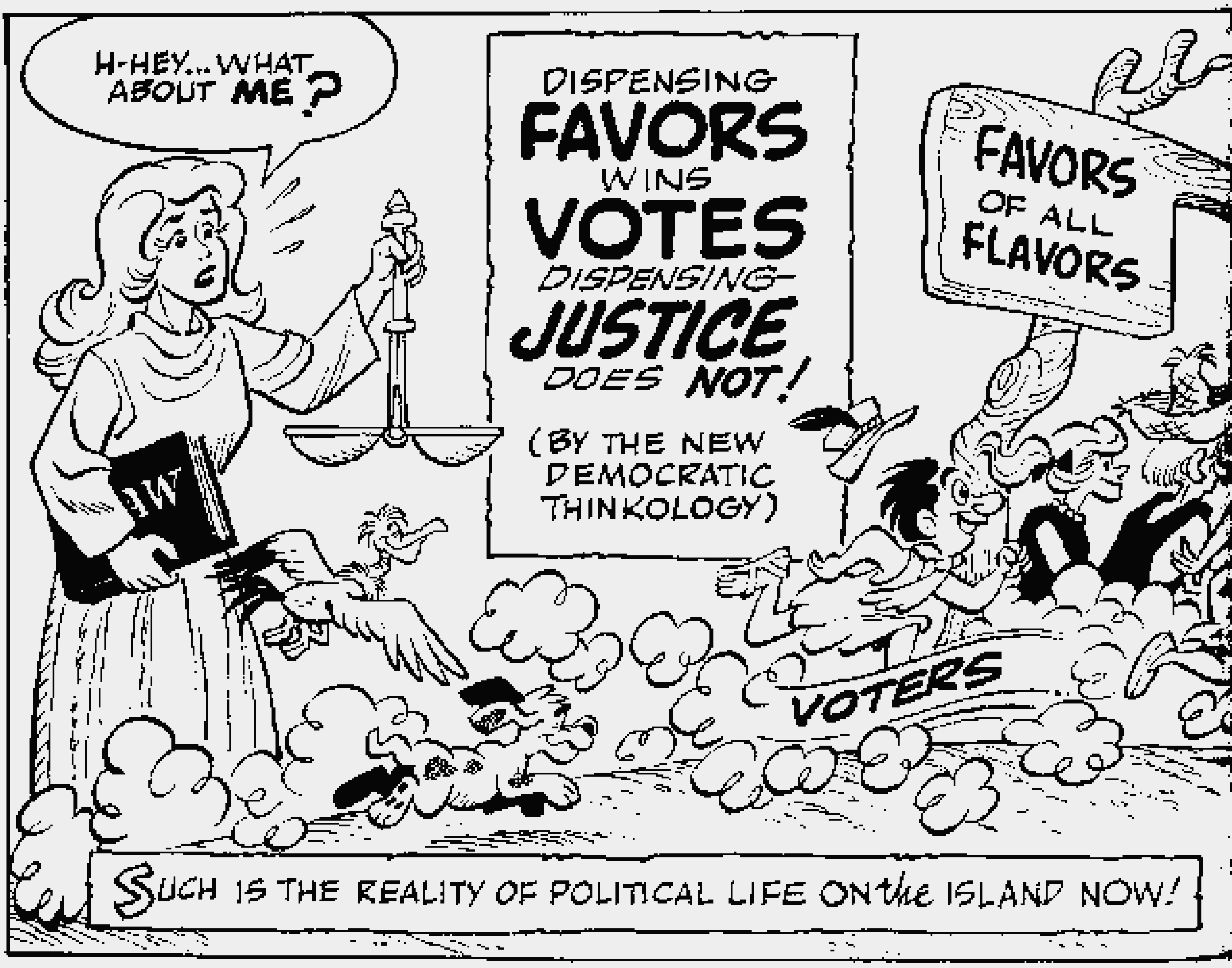
SOME OF THE ISLANDERS, OF COURSE, WOULD NOT HAVE GIVEN EVEN **ONE** FISH LET ALONE **FIVE**, TO PROMOTE ECONOMIC AND SOCIAL JUSTICE! FORTUNATELY, THEY DID ***NOT*** HAVE A VOICE IN THE ISLAND'S GOVERNMENT!

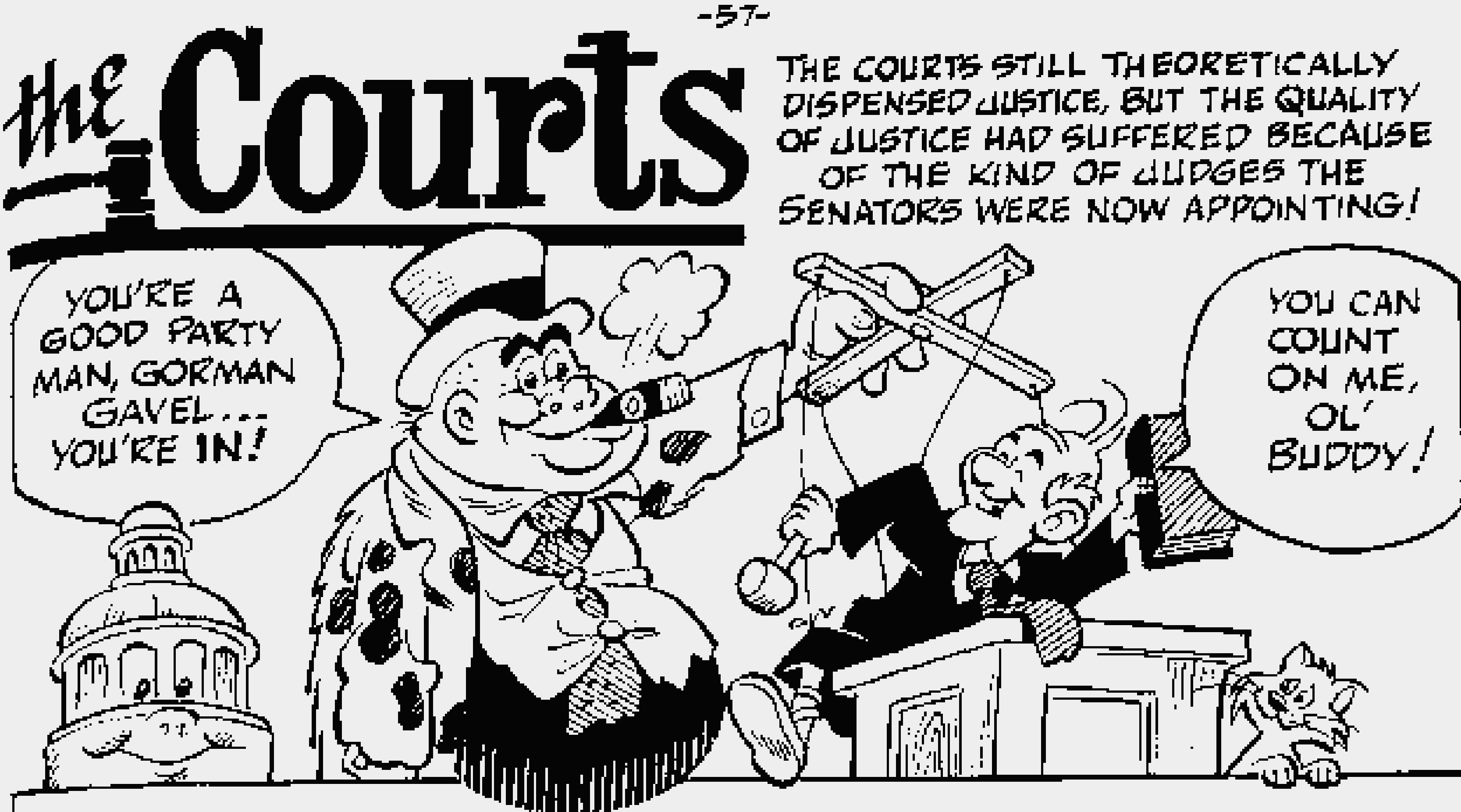
AND SO, WITH THE ENFORCEMENT OF JUST LAWS, AND THE COURT SYSTEM ENFORCING CONTRACTS AND DISPUTES AMONG TRADESMEN, TRADE WAS FACILITATED AND THIS FURTHER INCREASED THE DIVISION OF LABOR, INCREASING ECONOMIC BENEFITS FOR **ALL**...TAXPAYERS AND NON TAXPAYERS ALIKE!

THE ISLAND'S ECONOMY CONTINUED TO GROW, AND *EVERYBODY PROSPERED!*

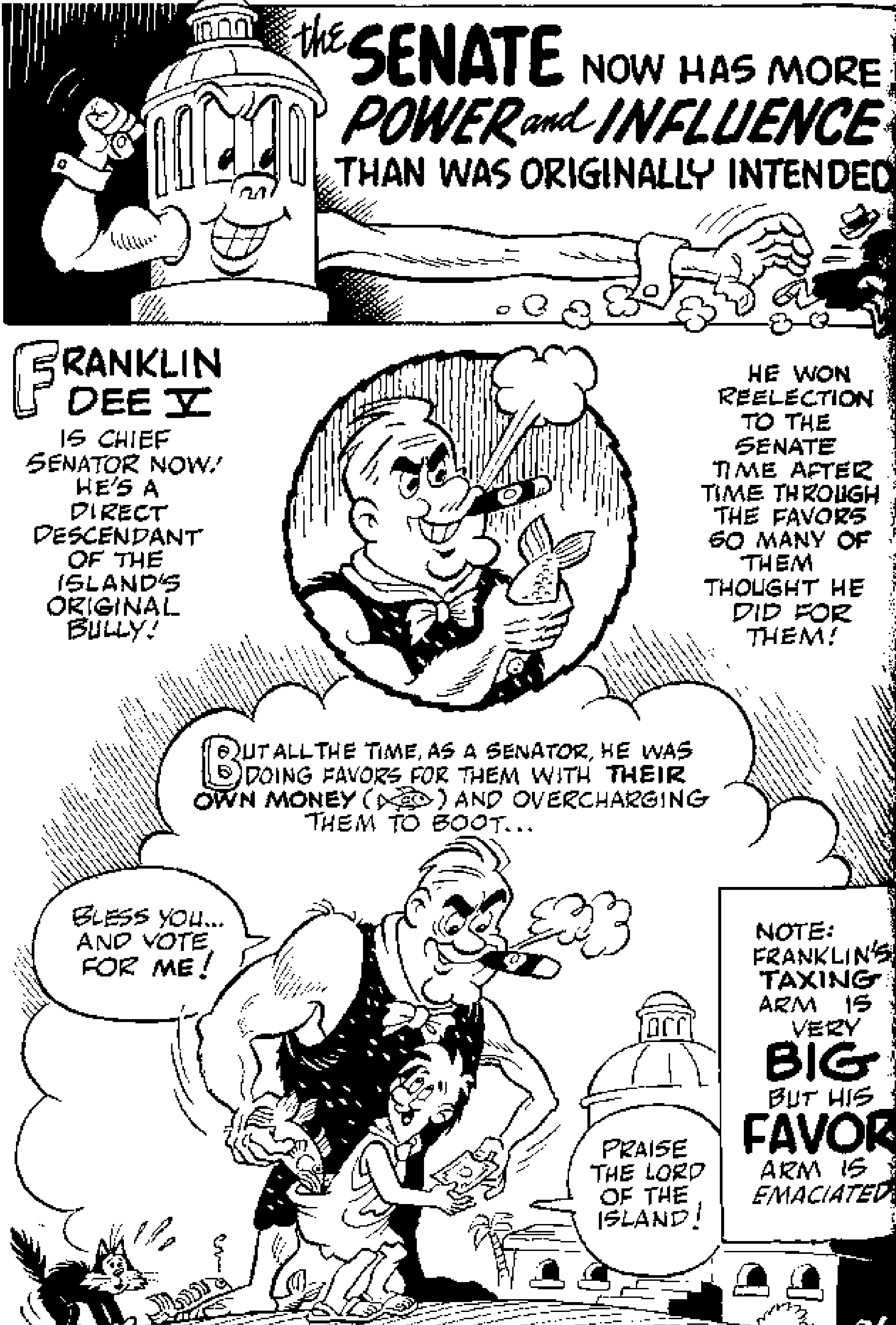

DEMOCRACY REARS ITS UGLY HEAD
A FEW MORE GENERATIONS PASS, AND THE POLITICAL COMPLEXION OF THE ISLAND HAS CHANGED! IN A BURST OF DEMOCRATIC FERVER **EVERY ONE** ON THE ISLAND HAS BEEN GIVEN THE VOTE!
VOTE
VOTER'S BUS
SENATORS ARE NOW HIGHLY PAID INDIVIDUALS, WHO SEEK OFFICE MORE FOR MONEY AND POWER THAN FOR THE HONOR OF DISPENSING JUSTICE...
Senate Seat
MANY OF THEM SPEND SMALL FORTUNES TO GET ELECTED!

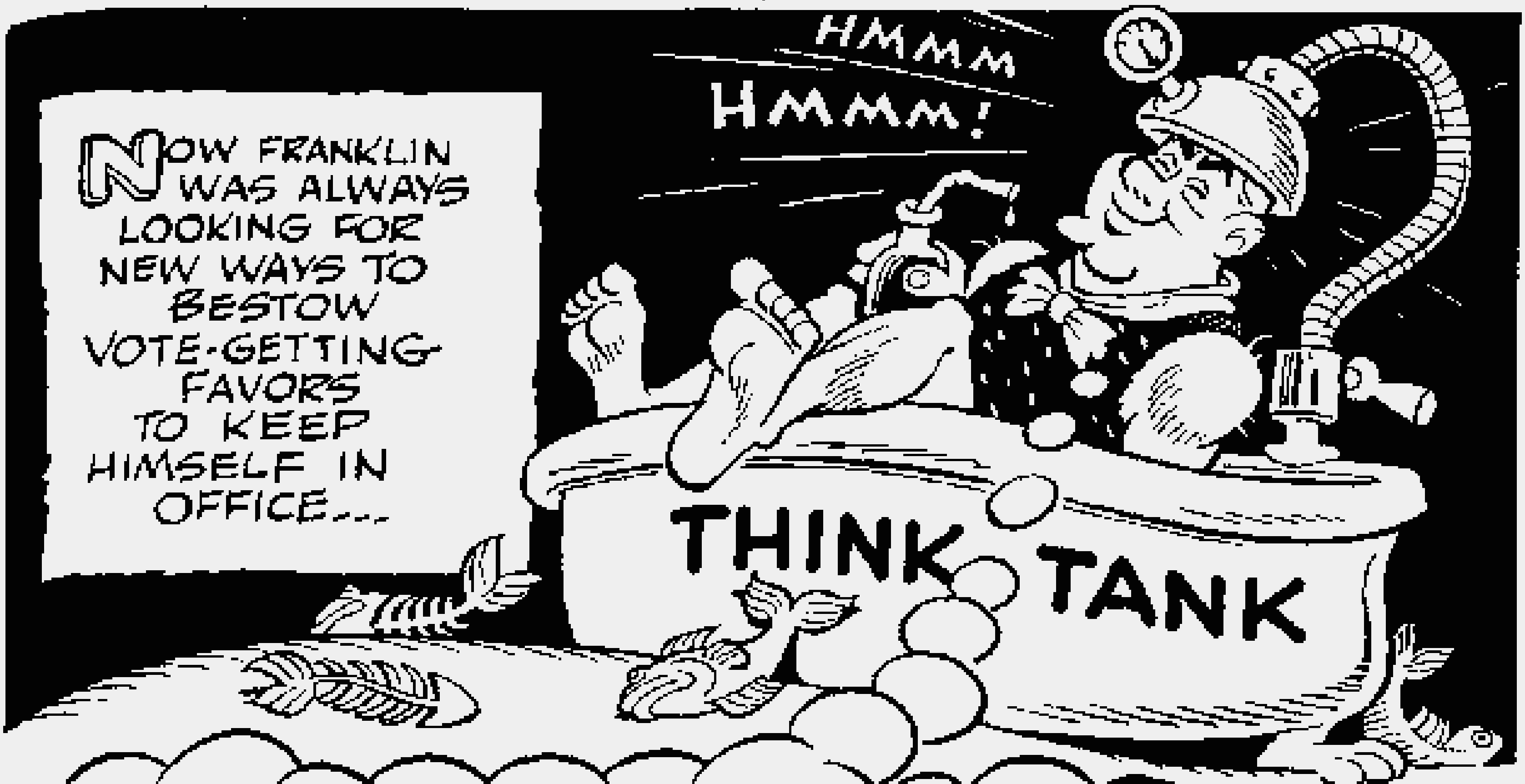

SENATORS ALSO "PAY" THEIR WAY INTO OFFICE BY DISPENSING FAVORS WHICH WIN VOTES!
FRIENDS, WELFARITES, AND FAVOR-SEEKERS...
SPLAT!
FISHPALM for SENATE


H-HEY... WHAT ABOUT ME?
DISPENSING FAVORS WINS VOTES DISPENSING JUSTICE DOES NOT!
(BY THE NEW DEMOCRATIC THINKOLOGY)
FAVORS OF ALL FLAVORS
VOTERS
SUCH IS THE REALITY OF POLITICAL LIFE ON the ISLAND NOW!

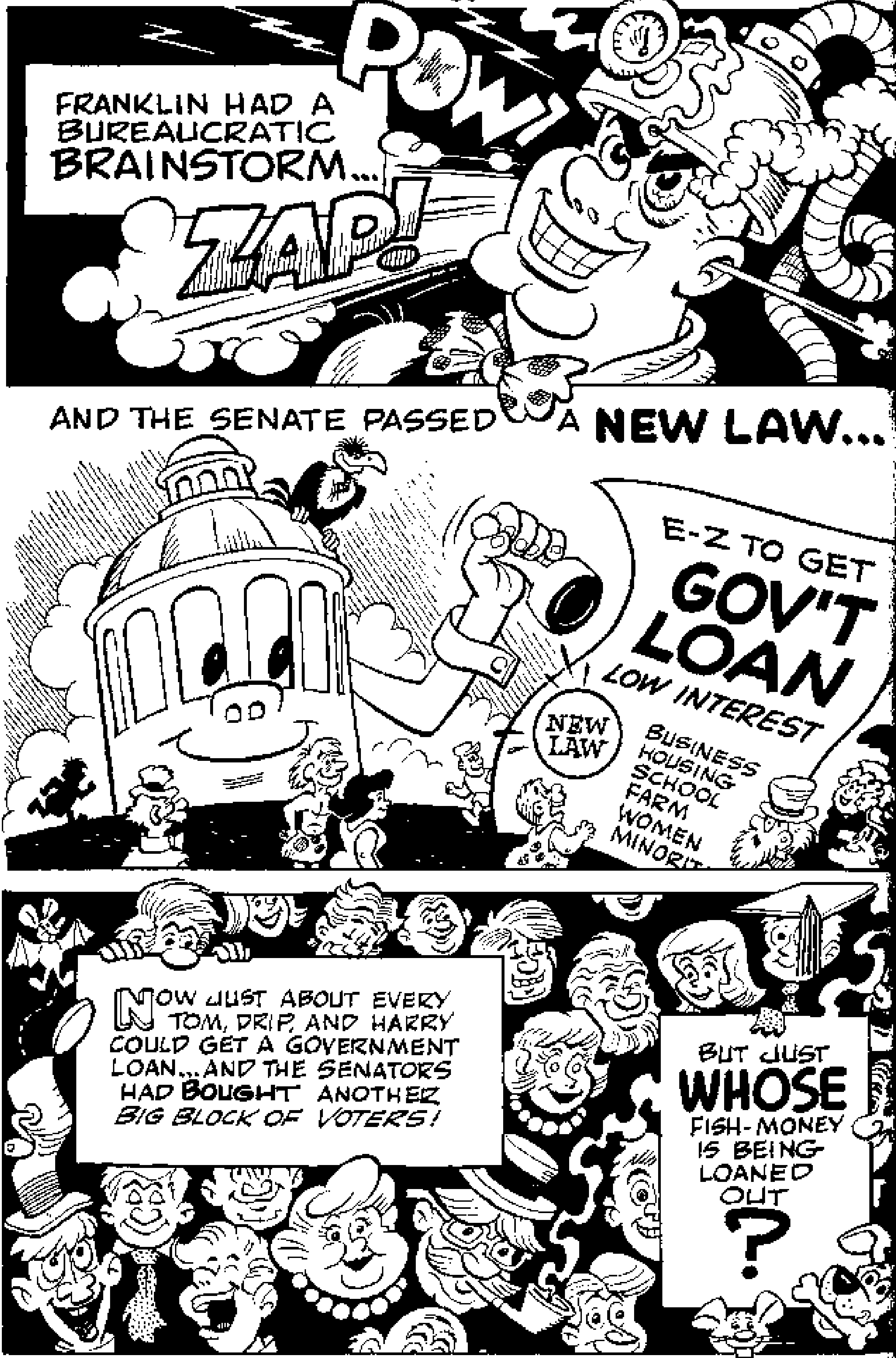

the Courts
THE COURTS STILL THEORETICALLY DISPENSED JUSTICE, BUT THE QUALITY OF JUSTICE HAD SUFFERED BECAUSE OF THE KIND OF JUDGES THE SENATORS WERE NOW APPOINTING!
YOU'RE A GOOD PARTY MAN, GORMAN GAVEL... YOU'RE IN!
YOU CAN COUNT ON ME, OL' BUDDY!

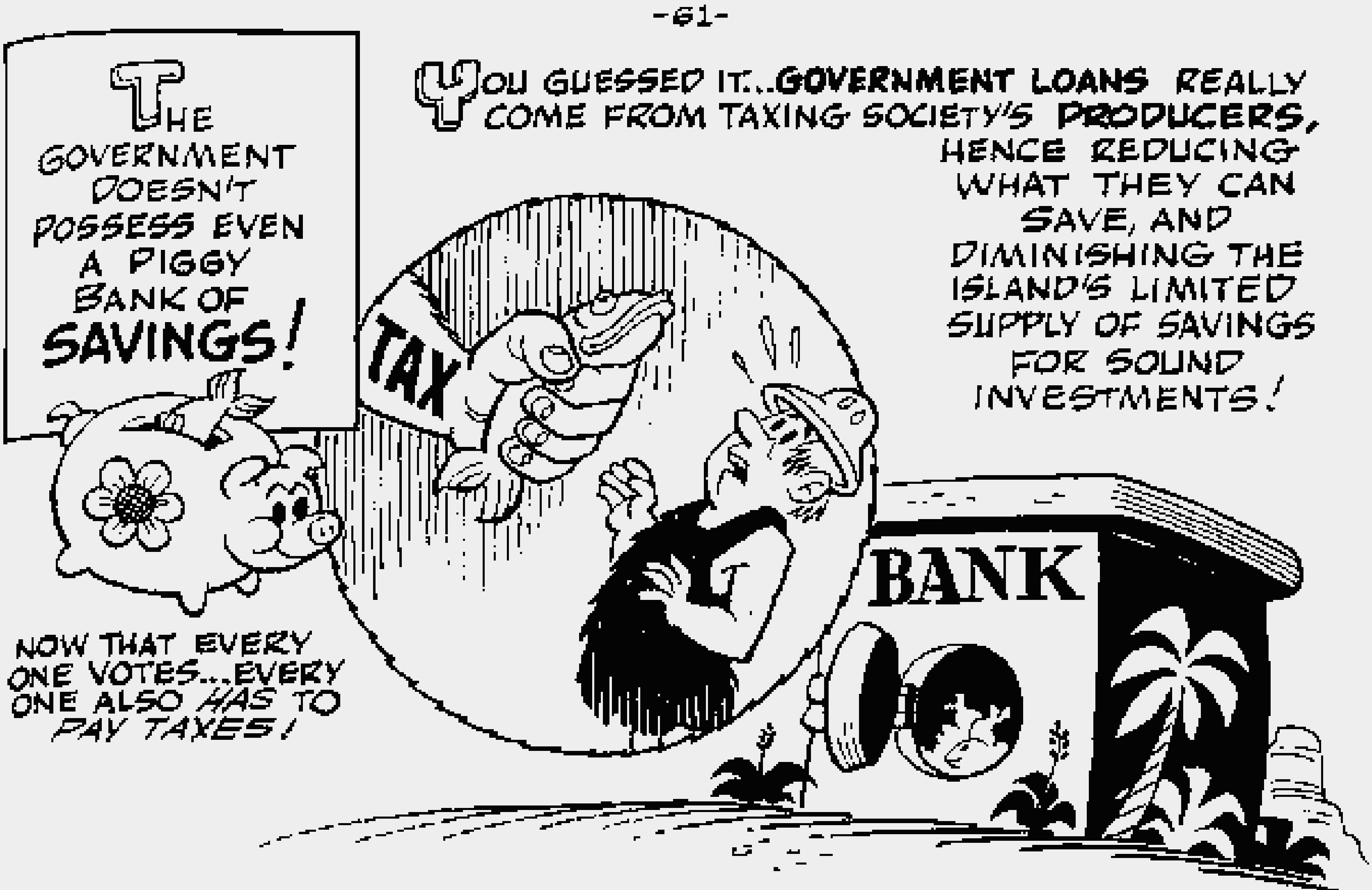

WORSE YET, THE LEGITIMATE COURTS WERE REPLACED BY A HOST OF NEW ADMINISTRATIVE COURTS SET UP BY THE SENATE TO ADMINISTER A QUAGMIRE OF NEW LAWS THEY HAD PASSED! THESE COURTS FUNCTION OUTSIDE THE REAL LEGAL SYSTEM AND ARE CONTROLLED BY THE SENATE!
WHAT CONSTITUTIONAL RIGHTS?!
GUILTY!
PROVE YOU'RE INNOCENT!
KANGAROO ROW
BUREAUCOURT
COURT-OF-NO-APPEAL
TAX CO
ADM RUL


the SENATE NOW HAS MORE
POWER and INFLUENCE
THAN WAS ORIGINALLY INTENDED
FRANKLIN DEE V
IS CHIEF SENATOR NOW! HE'S A DIRECT DESCENDANT OF THE ISLAND'S ORIGINAL BULLY!
HE WON REELECTION TO THE SENATE TIME AFTER TIME THROUGH THE FAVORS SO MANY OF THEM THOUGHT HE DID FOR THEM!
BUT ALL THE TIME, AS A SENATOR, HE WAS DOING FAVORS FOR THEM WITH THEIR OWN MONEY ( ) AND OVERCHARGING THEM TO BOOT...
BLESS YOU... AND VOTE FOR ME!
PRAISE THE LORD OF THE ISLAND!
NOTE: FRANKLIN'S TAXING ARM IS VERY BIG BUT HIS FAVOR ARM IS EMACIATED

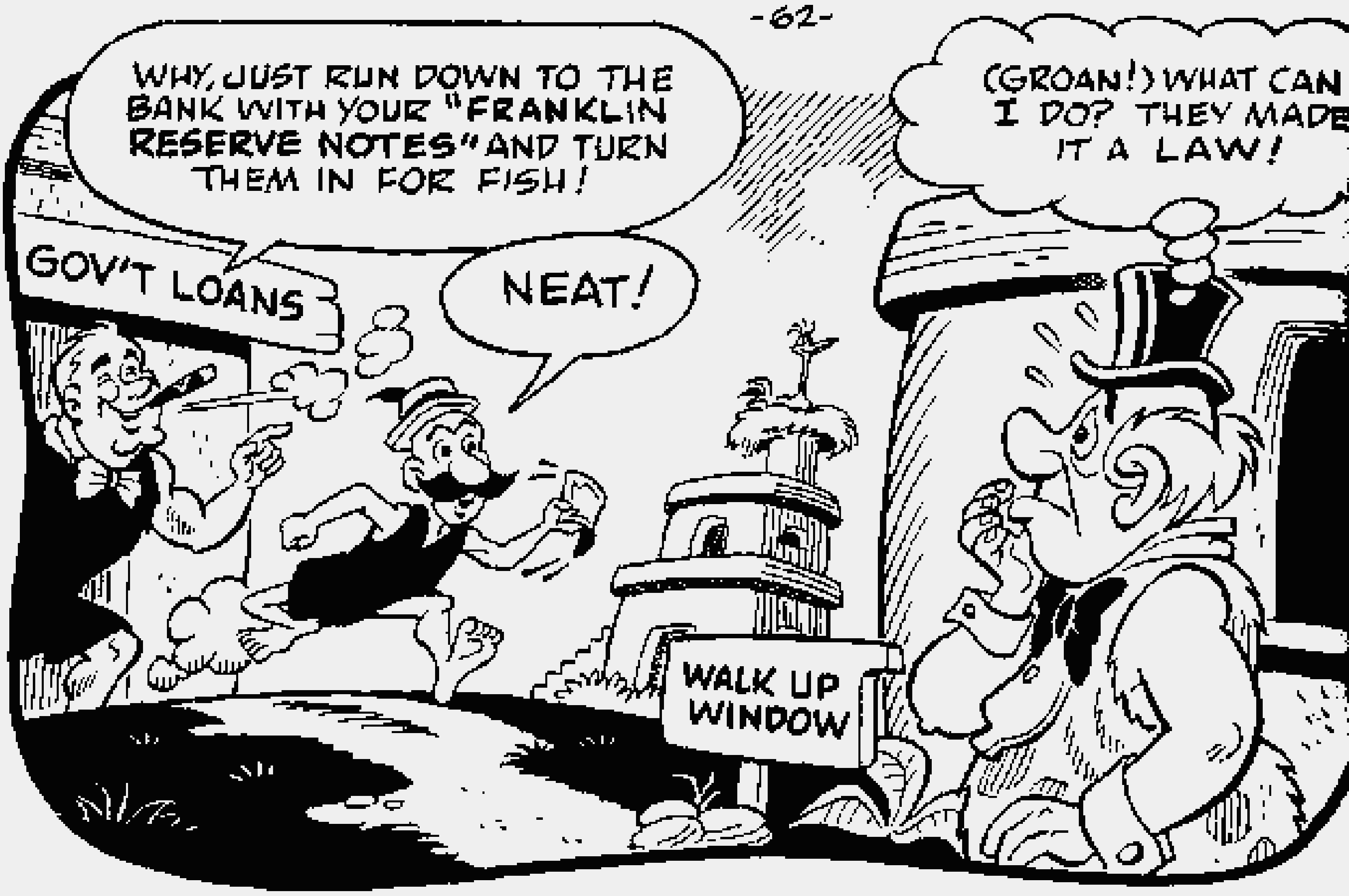

NOW FRANKLIN WAS ALWAYS LOOKING FOR NEW WAYS TO BESTOW VOTE-GETTING FAVORS TO KEEP HIMSELF IN OFFICE...
HMMM
HMMM!
THINK TANK


HMMMM...THE NEW DIRECTOR OF THE BANK, SEYMOUR GOODBANK, A DIRECT DESCENDANT OF MAX GOODBANK, THE BANK'S FOUNDER, IS REJECTING A NUMBER OF REQUESTS FOR COMMERCIAL AND CONSUMPTION LOANS! THERE MUST BE A WAY TO USE THESE REJECTED LOAN APPLICANTS! HMMM...
SORRY! I'M A CONSCIENTIOUS GUARDIAN OF THE ISLAND'S SAVINGS!
STINGY!
BAH!
TIGHTWAD!

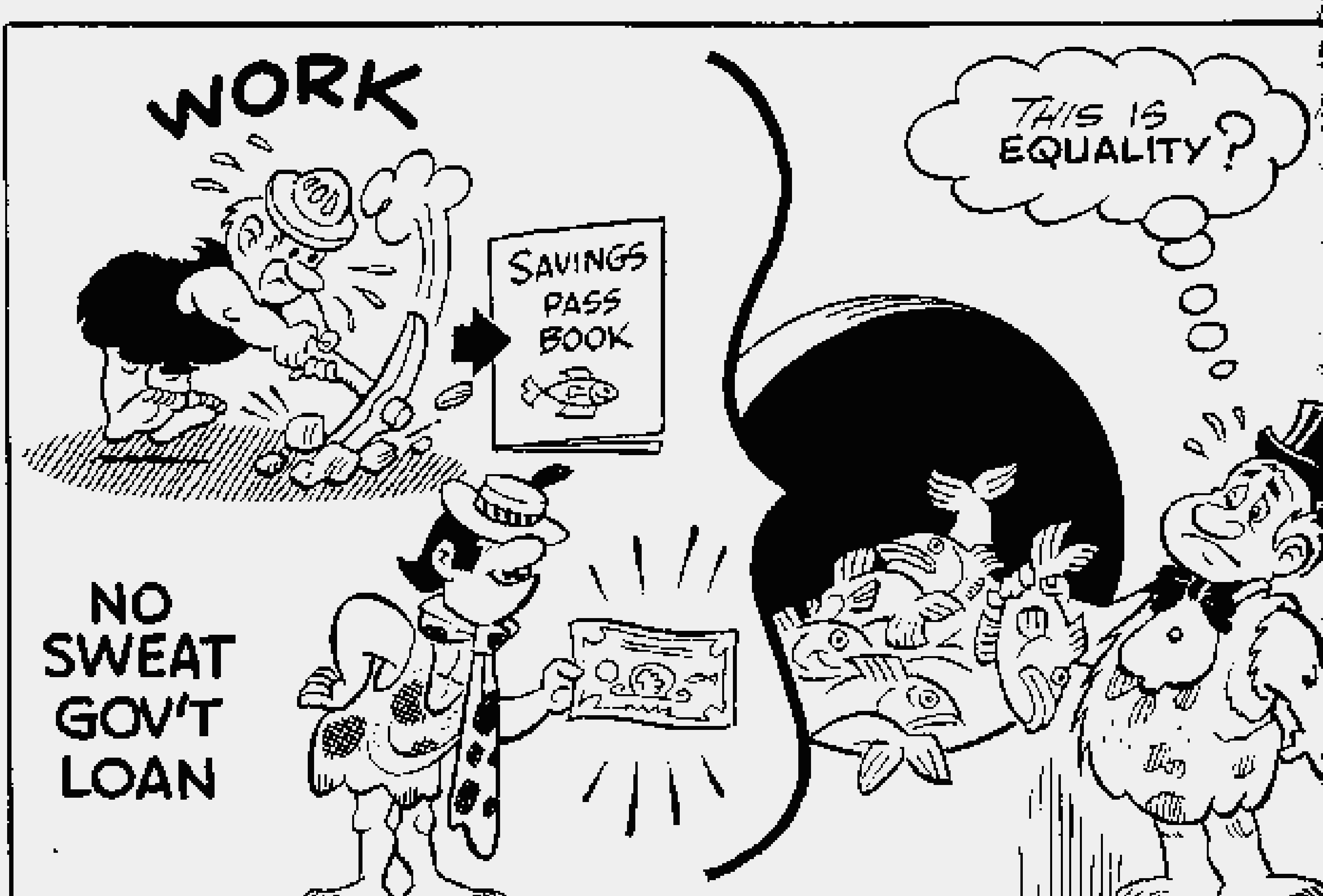

FRANKLIN HAD A BUREAUCRATIC BRAINSTORM...
POW!
ZAP!
AND THE SENATE PASSED A NEW LAW...
E-Z TO GET
GOV'T LOAN
LOW INTEREST
NEW LAW
BUSINESS
HOUSING
SCHOOL
FARM
WOMEN
MINORIT
NOW JUST ABOUT EVERY TOM, DRIP, AND HARRY COULD GET A GOVERNMENT LOAN... AND THE SENATORS HAD BOUGHT ANOTHER BIG BLOCK OF VOTERS!
BUT JUST WHOSE FISH-MONEY IS BEING LOANED OUT ?


THE GOVERNMENT DOESN'T POSSESS EVEN A PIGGY BANK OF SAVINGS!
YOU GUESSED IT...GOVERNMENT LOANS REALLY COME FROM TAXING SOCIETY'S PRODUCERS, HENCE REDUCING WHAT THEY CAN SAVE, AND DIMINISHING THE ISLAND'S LIMITED SUPPLY OF SAVINGS FOR SOUND INVESTMENTS!
TAX
BANK
NOW THAT EVERY ONE VOTES...EVERY ONE ALSO HAS TO PAY TAXES!


BUT MOST OF GOVERNMENT LOANS WERE MADE IN A MORE SNEAKY AND INDIRECT WAY! THE GOVERNMENT ISSUED BIG BATCHES OF FRANKLIN RESERVE NOTES!
ALL I NEED IS PAPER AND INK TO MAKE LOANS!
HUH? WHAT DO WE DO WITH THESE PIECES OF PAPER?
FRANKLIN RESERVE NOTE
PAY TO THE BEARER ON DEMAND
TEN FISH

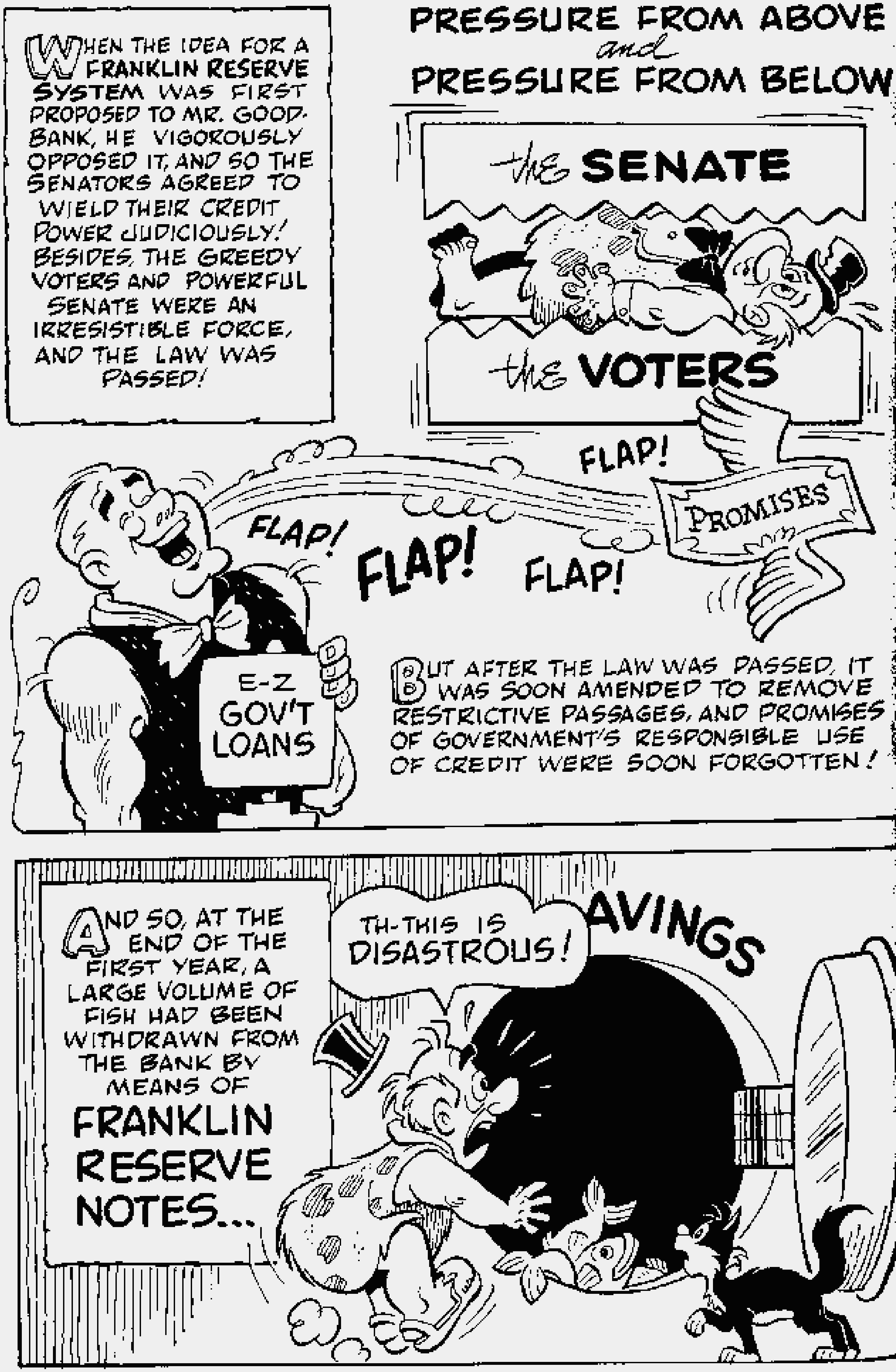


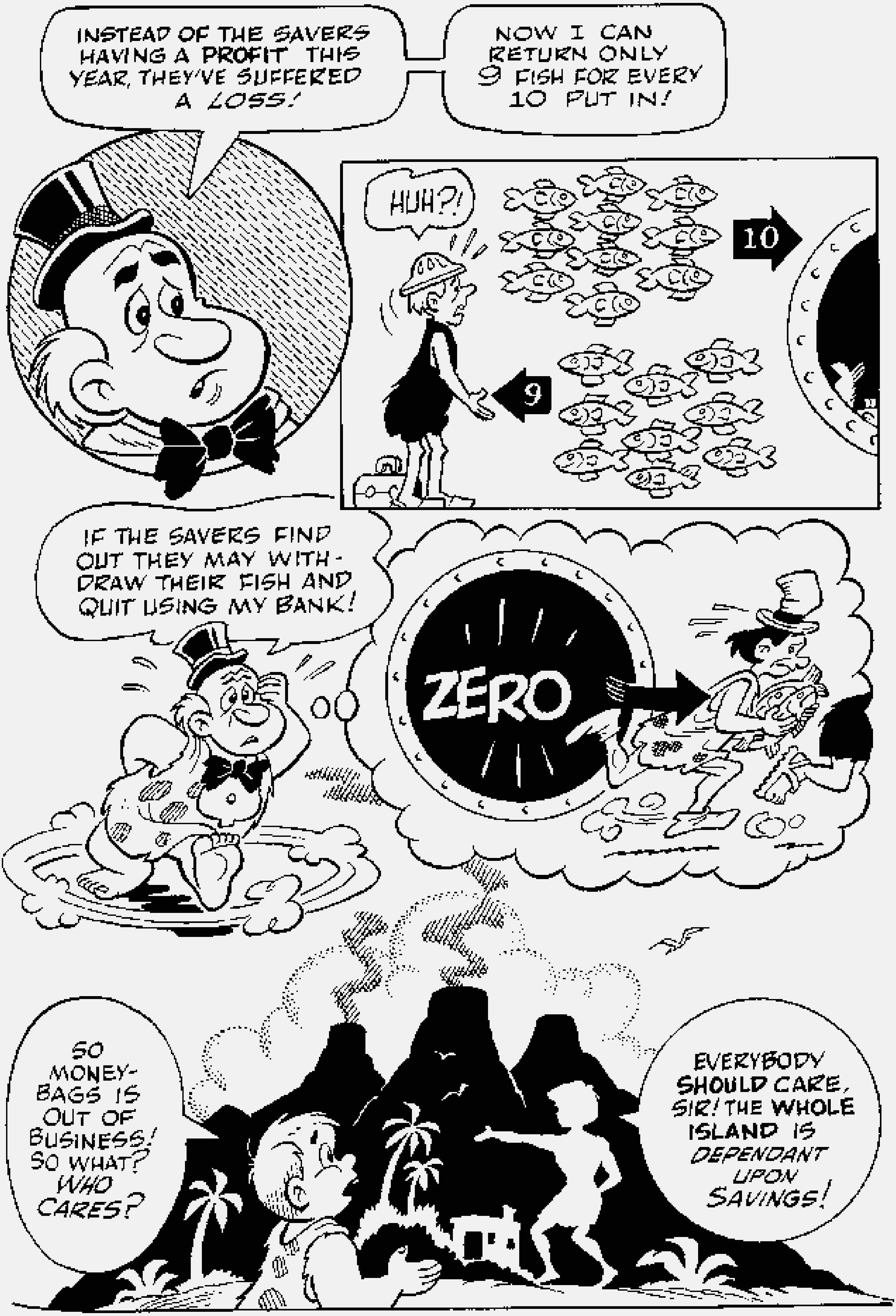
NOW A SAVER'S CLAIM TO FISH HE HAD *WORKED FOR* AND DEPOSITED AS EVIDENCED BY HIS *DEPOSIT BOOK*, WAS NO BETTER CLAIM TO HIS PRODUCTIVITY THAN WHAT COULD BE WITH-DRAWN WITH **FRANKLIN RESERVE NOTES...**



THUS, THE GOVERNMENT PROVIDED PRODUCERS AND NON-PRODUCERS ALIKE WITH THE SAME "DEMOCRATIC" ACCESS TO THE COMMUNITY'S STORE OF SAVINGS!


BUT NO MATTER HOW YOU SLICE IT ...WHETHER A MAN'S PROPERTY IS TAKEN BY A THUG OR BY A FUNNY MONEY SCHEME IT'S STILL CALLED THEFT!
LET BIG BROTHER DO IT!
GOV'T LOANS
...THE ONLY DIFFERENCE BEING THAT SOME THIEVES LET THE GOVERNMENT DO THEIR DIRTY WORK FOR THEM!
BUT EVENTUALLY EVEN THOSE WHO CLAIM FAVORS FROM GOVERNMENT REALIZE THAT GOVERNMENT'S BITE IS BIGGER THAN ITS BENEVOLENCE!
IT TAKES A LOT JUST TO KEEP MY MACHINERY RUNNING!
SCHLOORP!


WHEN THE IDEA FOR A FRANKLIN RESERVE SYSTEM WAS FIRST PROPOSED TO MR. GOODBANK, HE VIGOROUSLY OPPOSED IT, AND SO THE SENATORS AGREED TO WIELD THEIR CREDIT POWER JUDICIOUSLY! BESIDES, THE GREEDY VOTERS AND POWERFUL SENATE WERE AN IRRESISTIBLE FORCE, AND THE LAW WAS PASSED!
PRESSURE FROM ABOVE and PRESSURE FROM BELOW
the SENATE
the VOTERS
FLAP!
PROMISES
FLAP!
FLAP!
FLAP!
E-Z GOV'T LOANS
BUT AFTER THE LAW WAS PASSED, IT WAS SOON AMENDED TO REMOVE RESTRICTIVE PASSAGES, AND PROMISES OF GOVERNMENT'S RESPONSIBLE USE OF CREDIT WERE SOON FORGOTTEN!
AND SO, AT THE END OF THE FIRST YEAR, A LARGE VOLUME OF FISH HAD BEEN WITHDRAWN FROM THE BANK BY MEANS OF FRANKLIN RESERVE NOTES...
TH-THIS IS DISASTROUS!
AVINGS

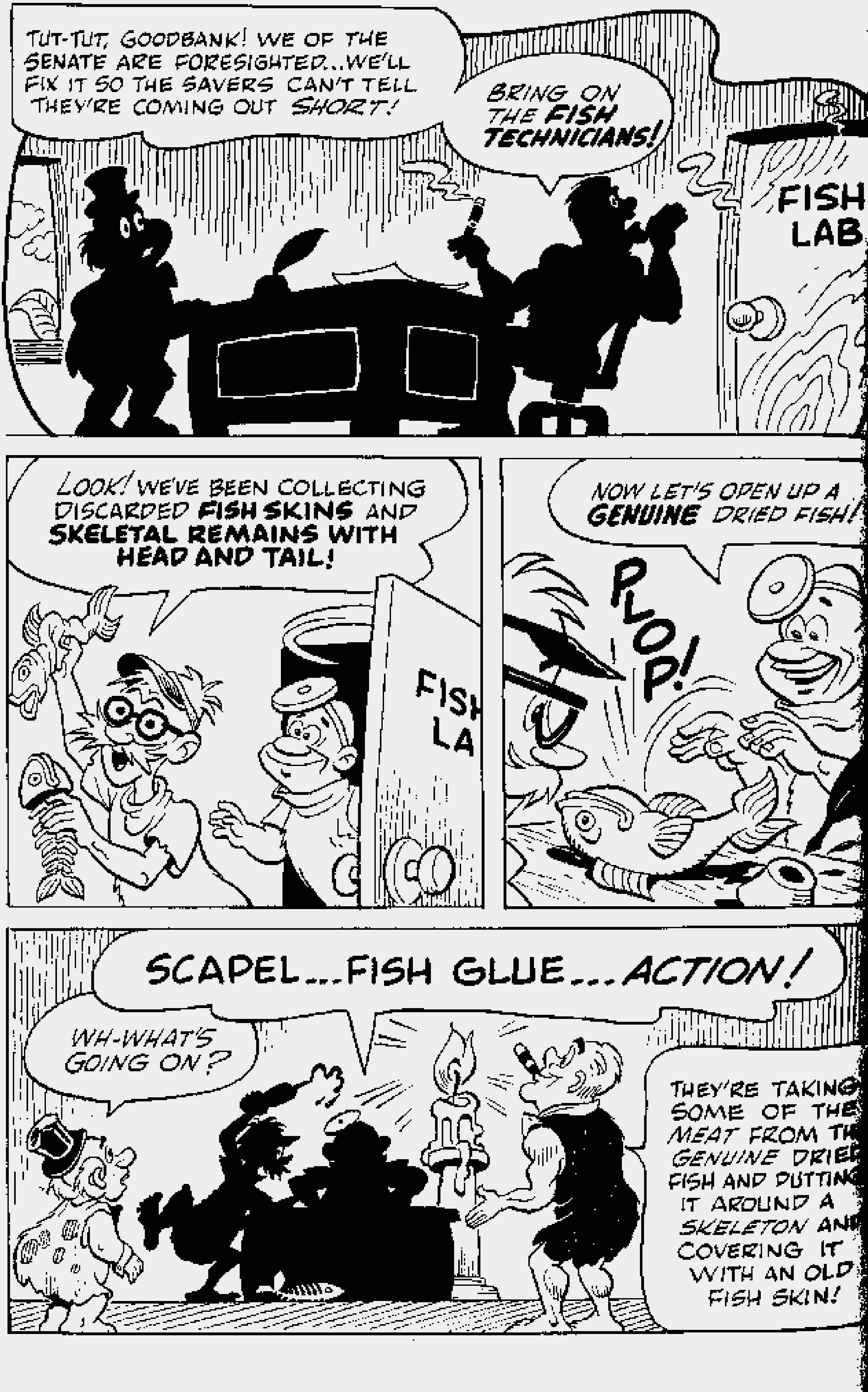

INSTEAD OF THE SAVERS HAVING A PROFIT THIS YEAR, THEY'VE SUFFERED A LOSS!
NOW I CAN RETURN ONLY 9 FISH FOR EVERY 10 PUT IN!
HUH?!
10
9
IF THE SAVERS FIND OUT THEY MAY WITH-DRAW THEIR FISH AND QUIT USING MY BANK!
ZERO
SO MONEY-BAGS IS OUT OF BUSINESS! SO WHAT? WHO CARES?
EVERYBODY SHOULD CARE, SIR! THE WHOLE ISLAND IS DEPENDANT UPON SAVINGS!


SO? PEOPLE WILL JUST SAVE THEIR FISH AT HOME, MONEYBAGS!
SEE HERE, MR. FORGETFUL... THAT WILL PUT US BACK MAN YEARS! THERE WILL BE NO POOL OF CAPITAL AVAILABL TO MAINTAIN THE CAPITAL EQUIPMENT WE NOW RELY ON, MUCH LESS CAPITAL FOR NEW PROJECTS!
BUS
BUS STOP
GOODBANK WAS THINKING OF THE WATERWORKS, NOW GREATLY EXPANDED TO FURNISH WATER TO THE REMOTEST CORNER OF THE ISLAND...
THE WATERWORKS NOW EMPLOYED 15 WORKERS TO MAINTAIN ITS SYSTEM! IT TOOK 54,750 FISH A YEAR JUST TO FEED THEM. IF SAVERS QUIT SAVING FISH AT THE BANK THERE WOULD BE NO WAY TO FEED THE WATERWORK'S WORKERS!
WATER-WORKS


THEN THERE ARE MAINTENANCE AND REPAIR COSTS...
SPLAT!
IF ALL THE WORKERS WALKED OFF THE JOB TO FISH FOR A LIVING AGAIN...
...THE WATERWORKS WOULD FINALLY QUIT WORKING!
SOAP


AND THE ISLAND'S ENTIRE ECONOMY WOULD BE IN BIG TROUBLE AS PEOPLE WOULD HAVE TO RELOCATE NEAR ACCESSIBLE WATER AGAIN...
BACK TO THE OLD BUCKET TOTING AGAIN!
UGH!
I HAVEN'T FOUND A NEW JOB YET!
ME FOR HIRE
I CAN'T LET THAT HAPPEN!
SENATOR! SENATOR!
SENATOR FRANKLIN DEE
BAM!
BAM!
GOODBANK SPILLS HIS TROUBLES TO FRANKLIN...


ONCE THE SAVERS ON THE ISLAND REALIZE THAT THEY ARE **LOSING** THEIR SAVINGS STORED AT MY BANK THEY WILL STOP SAVING! YOU WILL THEN SEE OUR WHOLE ECONOMY COLLAPSE... LIKE WATCHING AN EARTHQUAKE IN SLOW MOTION!
HIGH TOP BUILDING
DON'T GET SO EXCITED, GOODBANK! WHY SHOULD THE SAVERS HAVE TO KNOW THAT THEIR SAVINGS ARE SHRINKING AND NOT GROWING?
WHY, IT'S NOW DECEMBER! IN A FEW WEEKS I'LL BE GIVING ALL DEPOSITORS THEIR ANNUAL STATEMENTS. INSTEAD OF HAVING THE USUAL 12 TO 13 FISH PER 10 SAVED, EACH DEPOSITOR WILL ONLY HAVE 8 OR 9!


TUT-TUT, GOODBANK! WE OF THE SENATE ARE FORESIGHTED...WE'LL FIX IT SO THE SAVERS CAN'T TELL THEY'RE COMING OUT SHORT!
BRING ON THE FISH TECHNICIANS!
FISH LAB
LOOK! WE'VE BEEN COLLECTING DISCARDED FISH SKINS AND SKELETAL REMAINS WITH HEAD AND TAIL!
NOW LET'S OPEN UP A GENUINE DRIED FISH!
PLOP!
SCAPEL...FISH GLUE...ACTION!
WH-WHAT'S GOING ON?
THEY'RE TAKING SOME OF THE MEAT FROM THE GENUINE DRIED FISH AND PUTTING IT AROUND A SKELETON AND COVERING IT WITH AN OLD FISH SKIN!


...AND PRESTO! WHAT WAS ONCE GARBAGE NOW LOOKS LIKE A GENUINE FISH! NOW WE HAVE TWO FISH!
AMAZING!
WE'LL USE THESE "OFFICIAL FISH" FOR MONEY, AND THE DEPOSITORS...
THE DEPOSITORS WILL GET WISE!
SEE? YOUR "OFFICIAL FISH" LOOK SKIMPY NEXT TO A GENUINE DRIED FISH!
OFFICIAL FISH NEED NOT BE THAT SMALL. WE'LL MAKE 5 OFFICIAL ONES OUT OF EVERY 4 REAL ONES, SO THEY'LL ONLY BE 20% SMALLER. IN ADDITION, WE'LL PASS A LAW TO PREVENT ISLANDERS FROM COMPARING THEM TO REAL FISH!
YES, PASS A LAW!


WE'LL SAY OUR SCIENTISTS HAVE DISCOVERED THE DREAD "POLUTYOO DISEASE" IN FISH, AND WE'LL REQUIRE EVERYONE TO TURN IN THEIR GENUINE FISH FOR OFFICIALLY DECONTAMINATED FISH!
THE DECONTAMINATION PROCESS WILL HELP EXPLAIN WHY "OFFICIAL FISH" LOOK A LITTLE FUNNY!
FISH TECH.
FOR SOCIETY'S PROTECTION, ANY ISLANDER CAUGHT STORING, SELLING, OR EATING "CONTAMINATED" UNOFFICIAL FISH WILL BE PUNISHED, FINED, AND IMPRISONED!
ALSO... IT'LL BE AGAINST THE LAW FOR ANY-ONE BUT AN "OFFICIAL FISHER" TO CATCH FISH FROM THE SEA!
NO FISHING ALLOWED! SENATE LAW NO. 666 THIS MEANS YOU!

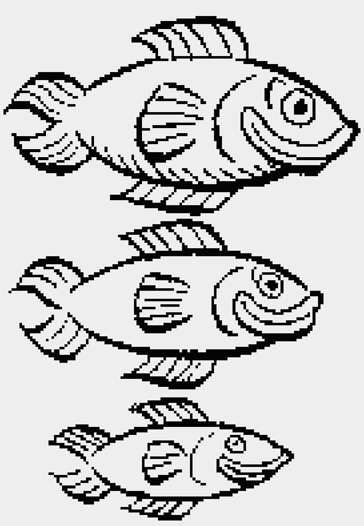

YOU'LL NEED LOTS OF UNDAMAGED FISH REMAINS TO MAKE THIS OPERATION WORK, SENATOR DEE!
WE'LL MERELY PASS ANOTHER TAX! IN ADDITION TO HIS REGULAR FISH TAX, EACH CITIZEN WILL BE REQUIRED TO PAY A TAX OF 365 FISH CARCASSES AND SKINS PER YEAR!
WHY WOULD CITIZENS TURN IN THEIR FISH CARCASSES AND SKINS IN GOOD CONDITION?
WE'LL TELL THEM THAT TO PREVENT POLLUTION ALL FISH REMAINS WILL BE PROCESSED THROUGH OUR SPECIAL DISPOSAL SYSTEM...
...AND THAT ONLY REMAINS IN GOOD CONDITION CAN PASS THROUGH OUR EQUIPMENT. NO ONE WILL GET TAX CREDIT FOR REMAINS TURNED IN IN POOR CARCASS CONDITION!
BUT WAIT...IN THE LONG RUN THIS WON'T WORK! EVENTUALLY THE REAL FISH SUPPLY NEEDED TO SUPPORT CONSUMPTION REQUIREMENTS FOR CAPITAL REPLACEMENT AND GROWTH WILL DISAPPEAR!
SENATE CHAMBER
"THE WHOLE ECONOMIC STRUCTURE OF THE ISLAND WILL COLLAPSE," POINTED OUT GOODBANK!


WE KNOW! BUT IT WILL WORK TILL AFTER THE NEXT ELECTION! WE CAN WORRY ABOUT IT THEN!
MEANWHILE, GOODBANK... THIS WILL GIVE YOU ENOUGH "OFFICIAL FISH" TO PAY THIS YEAR'S INTEREST... ONE FISH EARNED FOR EVERY TEN FISH SAVED!
SEN. RICHARD TRICKSON
SEN. LYNDON B. SWANSON
THIS SCHEME WILL ENABLE US TO ESTABLISH A "GREAT SOCIETY"!
SEN. HUBERT HUMPTY
WELL, SEYMOUR GOODBANK, YOU WILL GO ALONG WITH THIS, WON'T YOU?
ABSOLUTELY NO! IT'S FRAUD... DECEPTION...
I WAS AFRAID OF THIS!

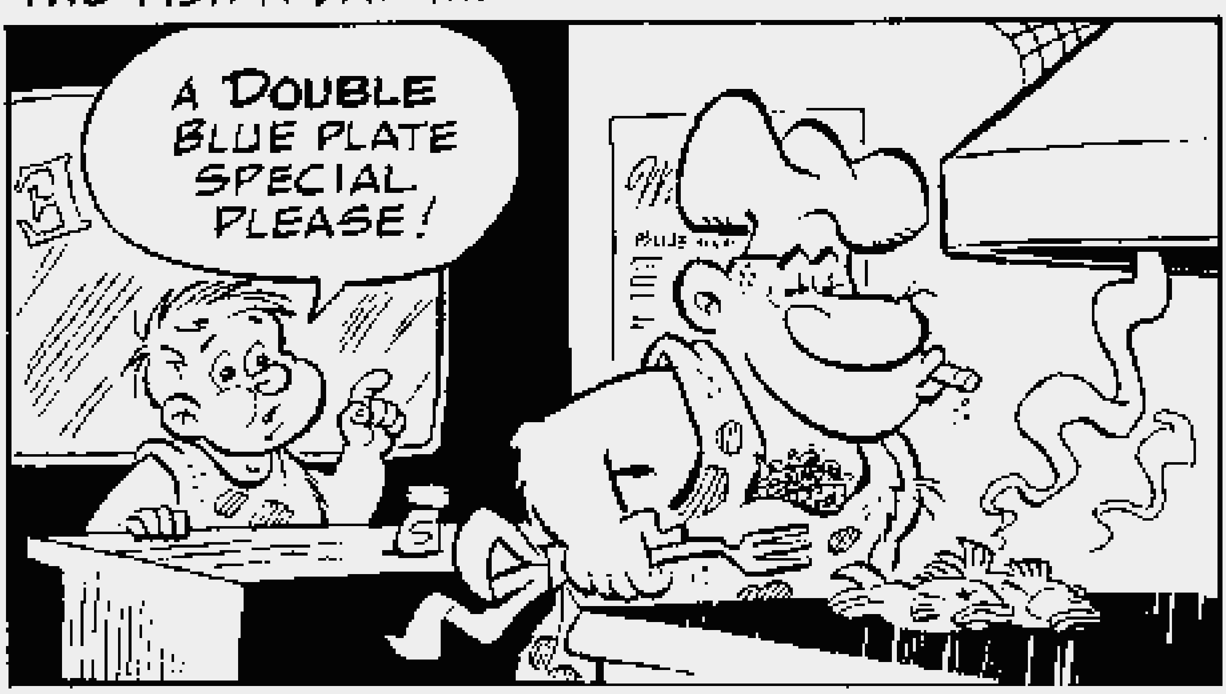

"GREAT SOCIETY," INDEED! IT WOULD BE A GREAT SWINDLE! IF THERE'S ONE TRAIT YOU SENATORS HAVE IN COMMON IT'S DISHONESTY! I'LL CLOSE THE BANK AND TELL THE PEOPLE TO SAVE THEIR FISH AT HOME BEFORE I GO ALONG WITH...
WE'VE HEARD ENOUGH!
GUARDS!
GOODBANK'S PARTING WORDS FALL ON DEAF EARS...
GET CHESLEY BARTIN IN HERE!
THIEVES! MURDERERS!
CHESLEY, YOU'RE THE NEW DIRECTOR OF FISHBANK...ER, UNDER OUR SUPERVISION!
WHERE'S MY RUBBER STAMP, SENATORS?


THE NEXT MORNING...
WHY, IT...IT'S SEYMOUR GOOD-BANK'S BODY!
YES, AND IT'S PLAIN TO SEE THAT HE DIED OF NATURAL CAUSES!
EULOGIES WASHED WITH CROCODILE TEARS ARE OFFERED...
WE'LL HAVE A SPECTACULAR FUNERAL!
BUT HOW COULD THE ISLANDERS HAVE KNOWN THAT NOT ONLY HAD THEY BURIED GOODBANK, BUT THE ISLAND'S TRADITION FOR HONEST BANKING— AS WELL!
SEYMOUR GOODBANK

BUT AS TIME PASSED MANY MORE FRANKLIN RESERVE NOTES WERE ISSUED SO MANY MORE "OFFICIAL FISH" HAD TO BE MADE FROM REAL ONES. OFFICIAL FISH BECAME SMALLER AND SMALLER...

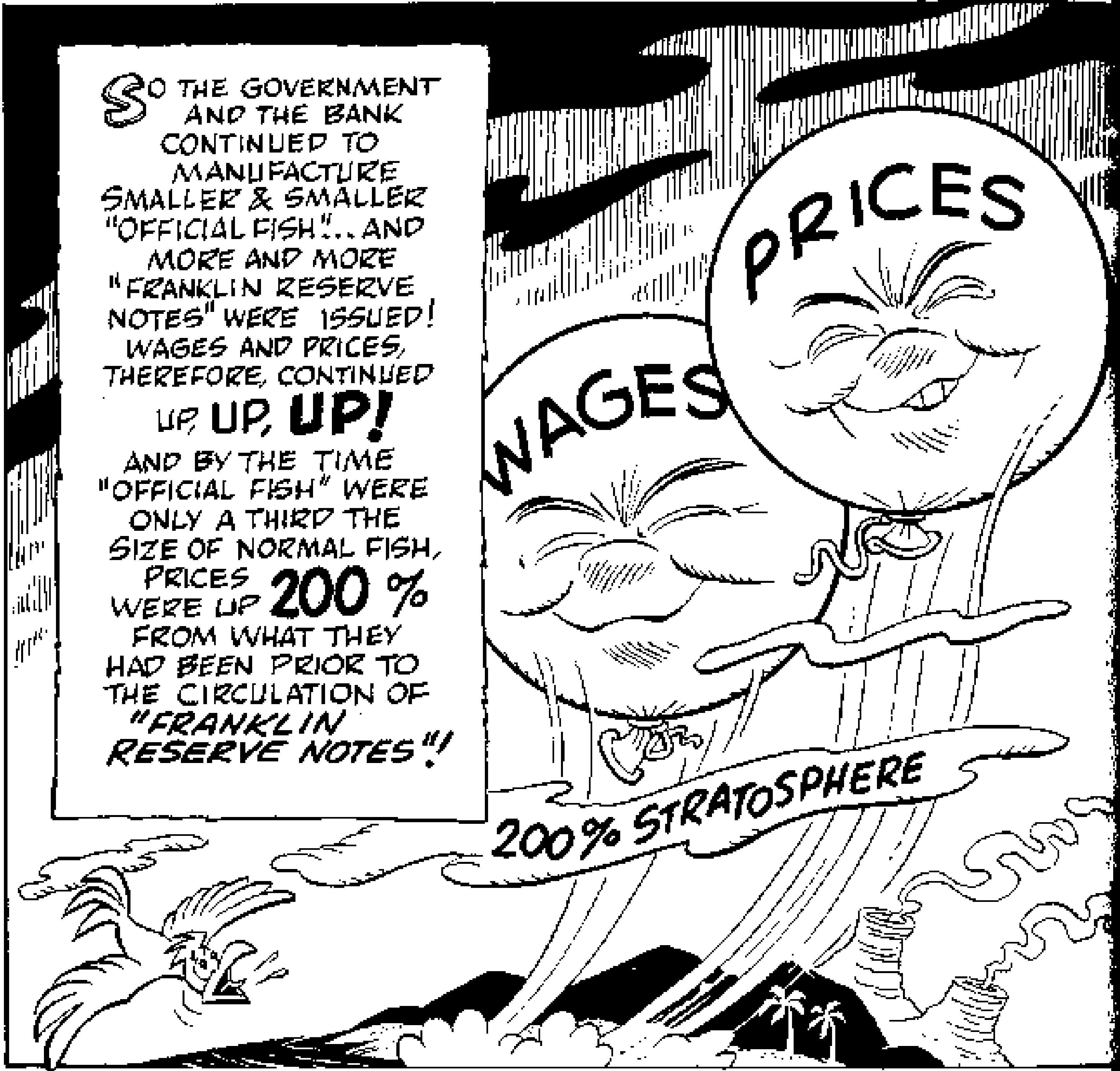


EVENTUALLY "OFFICIAL FISH" WERE *HALF THE SIZE* OF REAL FISH. AS A RESULT, THE ISLANDERS NOW CONSUMED TWO FISH A DAY INSTEAD OF ONE...



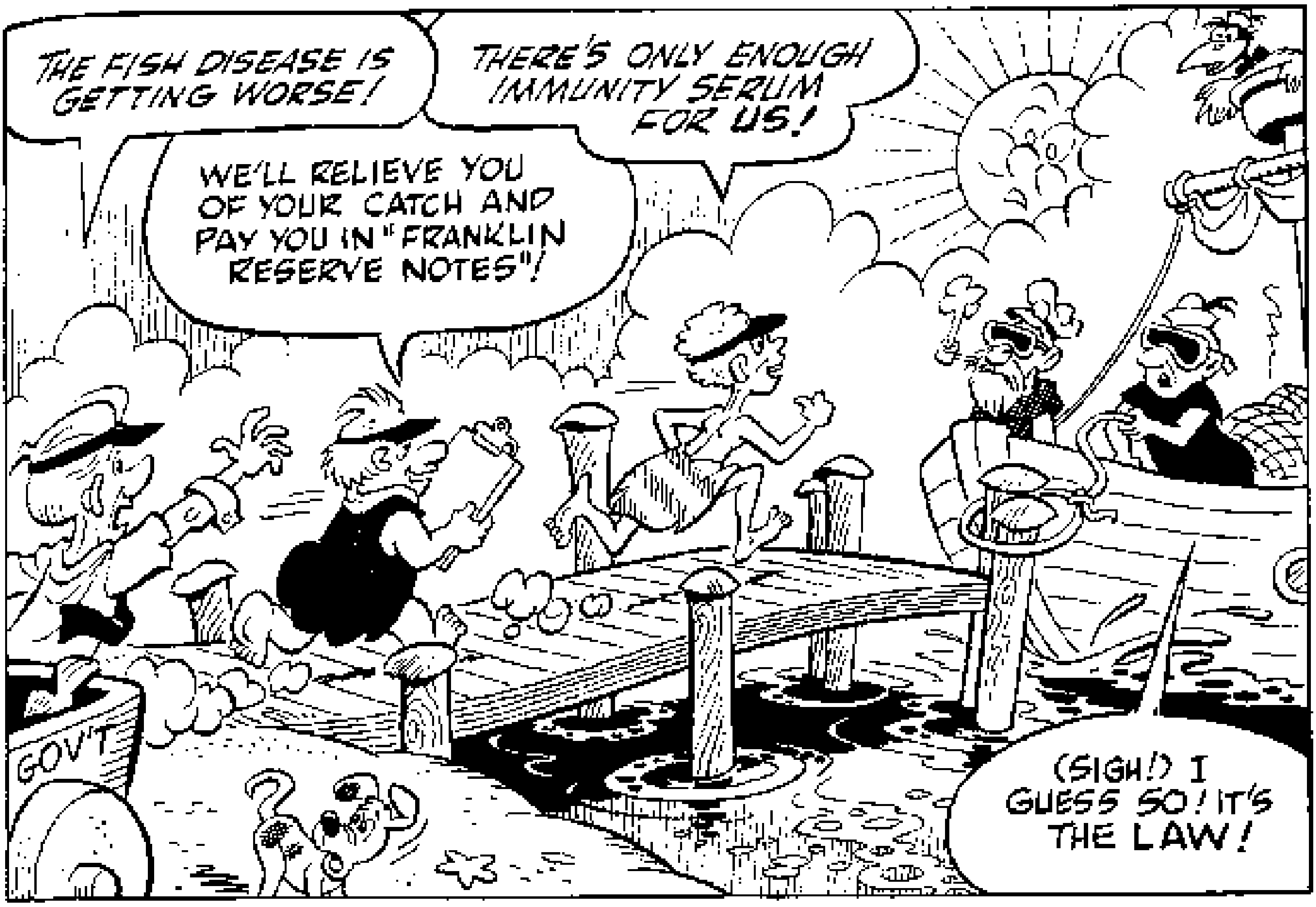
INFLATIONS' CAUSE


SINCE OFFICIAL FISH WERE NOW SO MUCH SMALLER THAN NORMAL FISH, THE GOVERNMENT WAS FORCED TO PASS YET ANOTHER LAW.
WE HAD BETTER DO SOMETHING TO PREVENT FISHERMEN FROM NOTICING HOW LARGE REAL FISH ARE!
I'M ONE STEP AHEAD OF YOU ON THAT ONE! WE'LL SAY THAT OUR SCIENTISTS DISCOVERED THAT FISH TAKEN DIRECTLY FROM THE SEA EMIT HARMFUL RADIATION! TO PROTECT THEIR EYES, "OFFICIAL FISHERMEN" WILL BE REQUIRED TO WEAR THESE SPECIAL "FISH GLASSES!"
THIS WAY WE CAN KEEP OUR SCAM GOING INDEFINITELY!
IN ADDITION, TO ASSURE THE ISLANDERS THAT THEIR FISH WERE SAFE IN THE BANK, THE GOVERNMENT CREATED THE FDIC... FISH DEPOSIT INSURANCE CORPORATION
THIS LAW WILL SHOW THE PUBLIC HOW CONCERNED WE ARE ABOUT THEIR SAVINGS!
YEAH, AND IF THEY THINK THEIR SAVINGS ARE INSURED, THEY WON'T NOTICE HOW THEY ARE SHRINKING!
Member FDIC


SO THE GOVERNMENT AND THE BANK CONTINUED TO MANUFACTURE SMALLER & SMALLER "OFFICIAL FISH"!.. AND MORE AND MORE "FRANKLIN RESERVE NOTES" WERE ISSUED! WAGES AND PRICES, THEREFORE, CONTINUED UP, UP, UP!
AND BY THE TIME "OFFICIAL FISH" WERE ONLY A THIRD THE SIZE OF NORMAL FISH, PRICES WERE UP 200 % FROM WHAT THEY HAD BEEN PRIOR TO THE CIRCULATION OF "FRANKLIN RESERVE NOTES"!
PRICES
WAGES
200% STRATOSPHERE

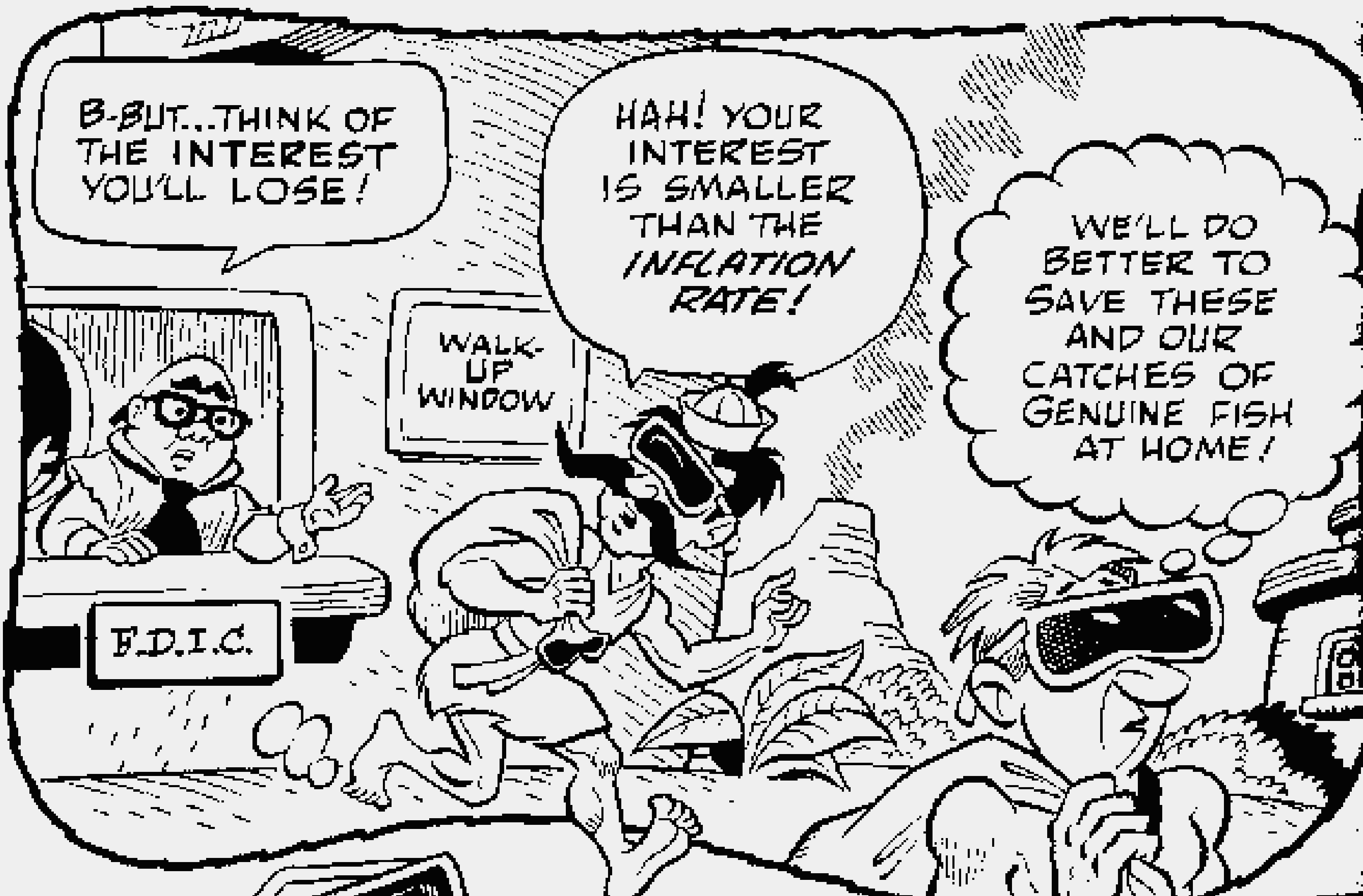

NOW YET ANOTHER LAW CONTROLLING "OFFICIAL FISHERMEN" WAS PASSED...
THEY MUSTN'T EVEN TOUCH REAL FISH!
STAMP

THE NEW "FISHING REGULATIONS" PROHIBITED FISHERMEN FROM EMPTYING THEIR NETS...*ONLY GOVERNMENT "FISHING COORDINATORS"* COULD DO THAT...TO *PROMOTE THE GENERAL WELFARE...*



BUT YOU CAN'T FOOL **ALL** OF THE FISHERMEN **ALL** OF THE TIME! SOME DARING FISHERMEN DETECTED THE FRAUD...

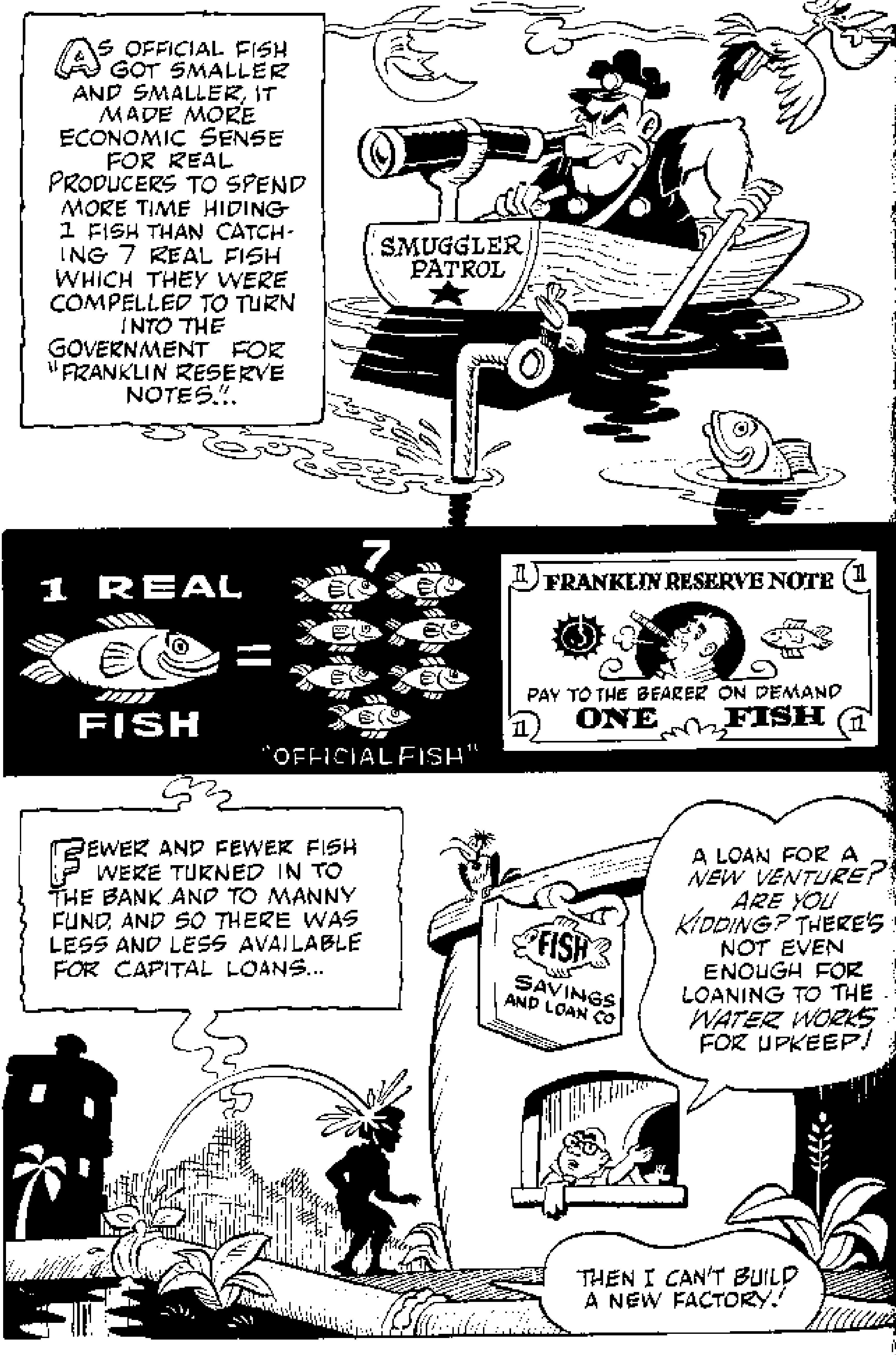
THESE "LAWBREAKERS" WITHDREW THEIR "OFFICIAL FISH" SAVINGS FROM THE BANK...




FEWER REAL FISH FOUND THEIR WAY INTO OFFICIAL CHANNELS AND A LIVELY BLACK MARKET IN REAL FISH DEVELOPED...
THE FISHERMEN AREN'T BRINGING FISH INTO PORT ANY MORE!
BUT THERE'S A LOT OF FISHY BUSINESS GOING ON SENATOR!
THIS HAS GOT TO STOP! WE'LL SEND OUT SWARMS OF SEARCH PARTIES!
THOSE "LAWBREAKERS" FOUND IN POSSESSION OF REAL FISH WERE PROSECUTED...
CAUGHT YOU RED SNAPPER-HANDED, BONY AND CLOD!
CRASH!
EEK!
CRIME DOESN'T PAY!
BUT THERE WERE OTHER "LEGAL" WAYS AROUND THE ANTI-FISH LAWS...

"OFFSHORE BANKING" OF REAL FISH BECAME POPULAR AMONG FISH-WISE CITIZENS.

THE SENATE PASSED STILL MORE LEGISLATION, SUPPOSEDLY TO APPREHEND CRIMINALS, AND NOW ISLANDERS LEAVING THE LAND TO TRAVEL ABROAD ARE TARGETED...


AS OFFICIAL FISH GOT SMALLER AND SMALLER, IT MADE MORE ECONOMIC SENSE FOR REAL PRODUCERS TO SPEND MORE TIME HIDING 1 FISH THAN CATCHING 7 REAL FISH WHICH THEY WERE COMPELLED TO TURN INTO THE GOVERNMENT FOR "FRANKLIN RESERVE NOTES."..
SMUGGLER PATROL
1 REAL FISH
=
7
"OFFICIAL FISH"
FRANKLIN RESERVE NOTE
1
PAY TO THE BEARER ON DEMAND
ONE FISH
FEWER AND FEWER FISH WERE TURNED IN TO THE BANK AND TO MANNY FUND, AND SO THERE WAS LESS AND LESS AVAILABLE FOR CAPITAL LOANS...
FISH SAVINGS AND LOAN CO
A LOAN FOR A NEW VENTURE? ARE YOU KIDDING? THERE'S NOT EVEN ENOUGH FOR LOANING TO THE WATER WORKS FOR UPKEEP!
THEN I CAN'T BUILD A NEW FACTORY!


WAGES AND PRICES ARE NOW 600% HIGHER THAN THEY WERE BEFORE "FRANKLIN RESERVE NOTES" CAME INTO USE!
UP 600% WAGES and PRICES
SINCE "OFFICIAL FISH" WERE SO SMALL IT TOOK 7 OF THEM TO PROVIDE EACH ISLANDER WITH THE SAME NUTRITION AS ONE NATURAL OR REAL FISH!
Blue Plate Special
SINCE FISH DEPOSITED IN THE BANK WERE LOSING VALUE SO QUICKLY, ISLANDERS WERE ENCOURAGED TO SAVE LESS, WHILE MANY SIMPLY DISCONTINUED SAVING COMPLETELY. FISH HAD TO BE SPENT QUICKLY TO AVOID LOSSES DUE TO INCREASING PRICES...
10 FISH
15 FISH

UNEMPLOYMENT GREW IN ALL SECTORS OF THE ECONOMY, SINCE THERE WAS NOW LESS SAVINGS AVAILABLE TO INDUSTRY TO FINANCE ITS CAPITAL NEEDS.


BINGO!
I'VE GOT ANOTHER BRAINSTORM!
"UNEMPLOYMENT INSURANCE" WILL SAVE THE DAY!
CHESLEY! PRINT UP A PILE OF "FRANKLIN DEE NOTES"!
THINK TANK
1 FOR YOU AND 2 FOR ME!
YES, THAT'S IT! WE'LL PAY THE UNEMPLOYED VOTERS WITH NEW NOTES! ALL WE NEED IS PAPER AND INK!
UNE
INS

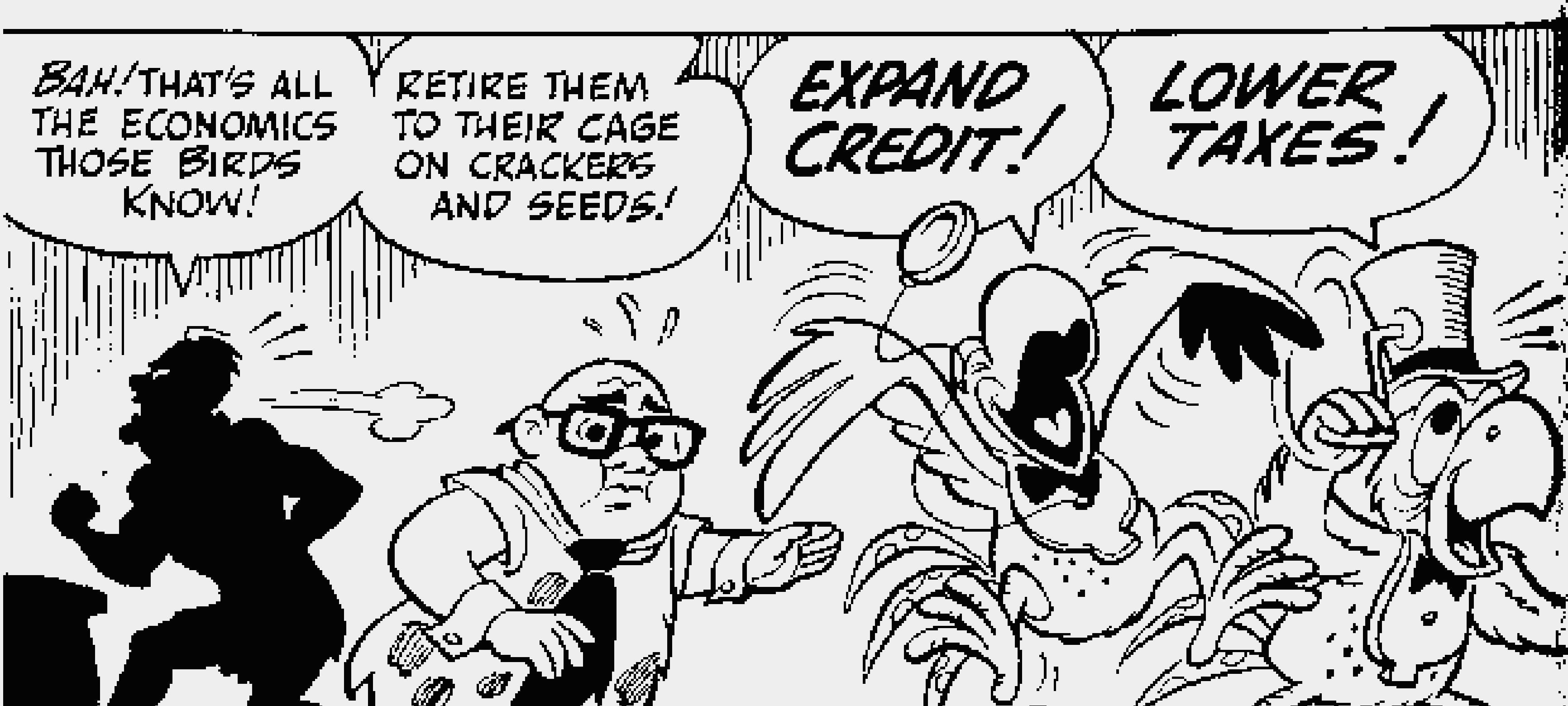

AND THE UNEMPLOYED ("BOUGHT VOTERS") RUSH DOWN TO THE BANK TO REDEEM THEIR "FRANKLIN DEE NOTES" FOR WHAT LITTLE IS LEFT OF THE DWINDLING DEPOSITS OF OFFICIAL FISH...
UNEMPLOYMENT INSURANCE
FISH
LOAN
EEK! IT'S A RUN ON THE BANK!
THE VAULT WAS SOON PICKED BARE...
WE'VE GOT PLENTY OF SKELETONS...
...AND EMPTY FISH SKINS, SIR!


HERE! SEE WHAT YOU CAN PICK OFF THESE BONES!
B-BUT THIS IS A TEN FISH NOTE!
WHAT ABOUT ME?
HEY!
PLOP!
SHALL I WARM UP YOUR THINK TANK, MR. BARTIN?
NO, NO... THERE'S NO TIME FOR THAT NOW!
TANK
ALL I NEED IS ONE MORE PIECE OF PAPER AND SOME INK!
AND SO...
SOME HOLIDAY!
NO WORK!
AND NO MONEY!
CLOSED! BANK HOLIDAY


CHESLEY BARTIN MADE AN END RUN OVER TO THE SENATE BUILDING...
THE BANK'S OUT OF BOTH GENUINE AND "OFFICIAL FISH"! AND
THE DUMB SLOBS...I MEAN, "VOTERS," ARE ALL OUT OF JOINT!
!
OOOH! MY THINK TANK ONLY GIVES ME A HEADACHE NOW!
LET'S CALL IN OUR ECONOMIC ADVISERS!
HERE THEY ARE... WALTER HICKEL AND PAUL SIBLING!
GOOD!
QUICK...WHAT'S YOUR ADVICE IN THE PRESENT ECONOMIC CRISIS?

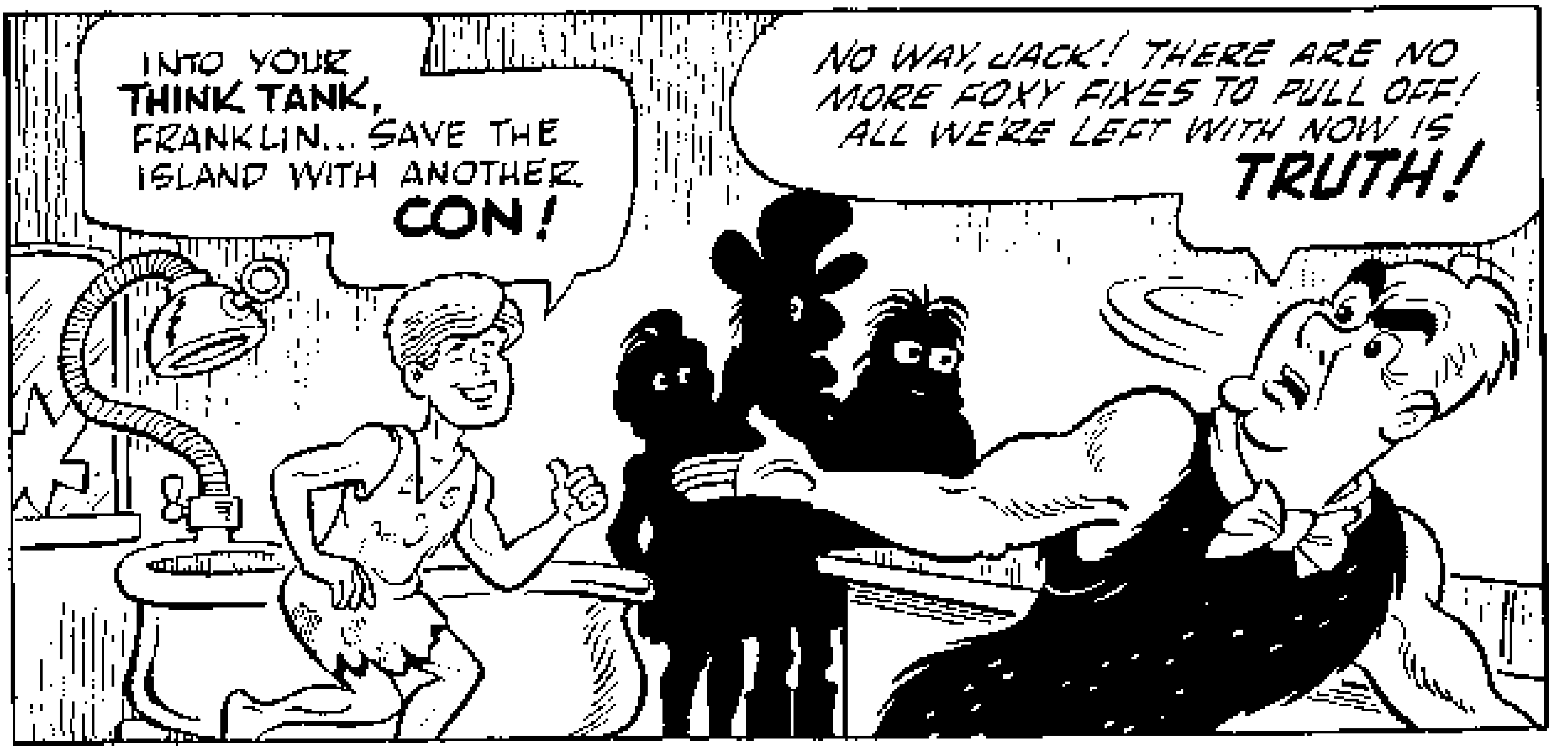

EXPAND CREDIT!
LOWER TAXES!
WHAT!?!
BUT CREDIT'S BEEN EXPANDED UNTIL THERE'S NOTHING LEFT TO EXPAND!
AND THERE'S NOTHING LEFT TO PAY TAXES WITH!
CAN'T YOU BIRDS DO ANY BETTER THAN THAT?
EH? A CHORUS OF DISCONTENT RISING FROM THE STREETS...
RUMBLE!
CRASH!
WE WANT JOBS!
WE NEED MONEY!


ER...OUR ECONOMISTS ARE WORKING ON A NEW PLAN NOW, FOLKS...
EXPAND CREDIT!
LOWER TAXES!
WHAT'S NEW ABOUT THAT !?!

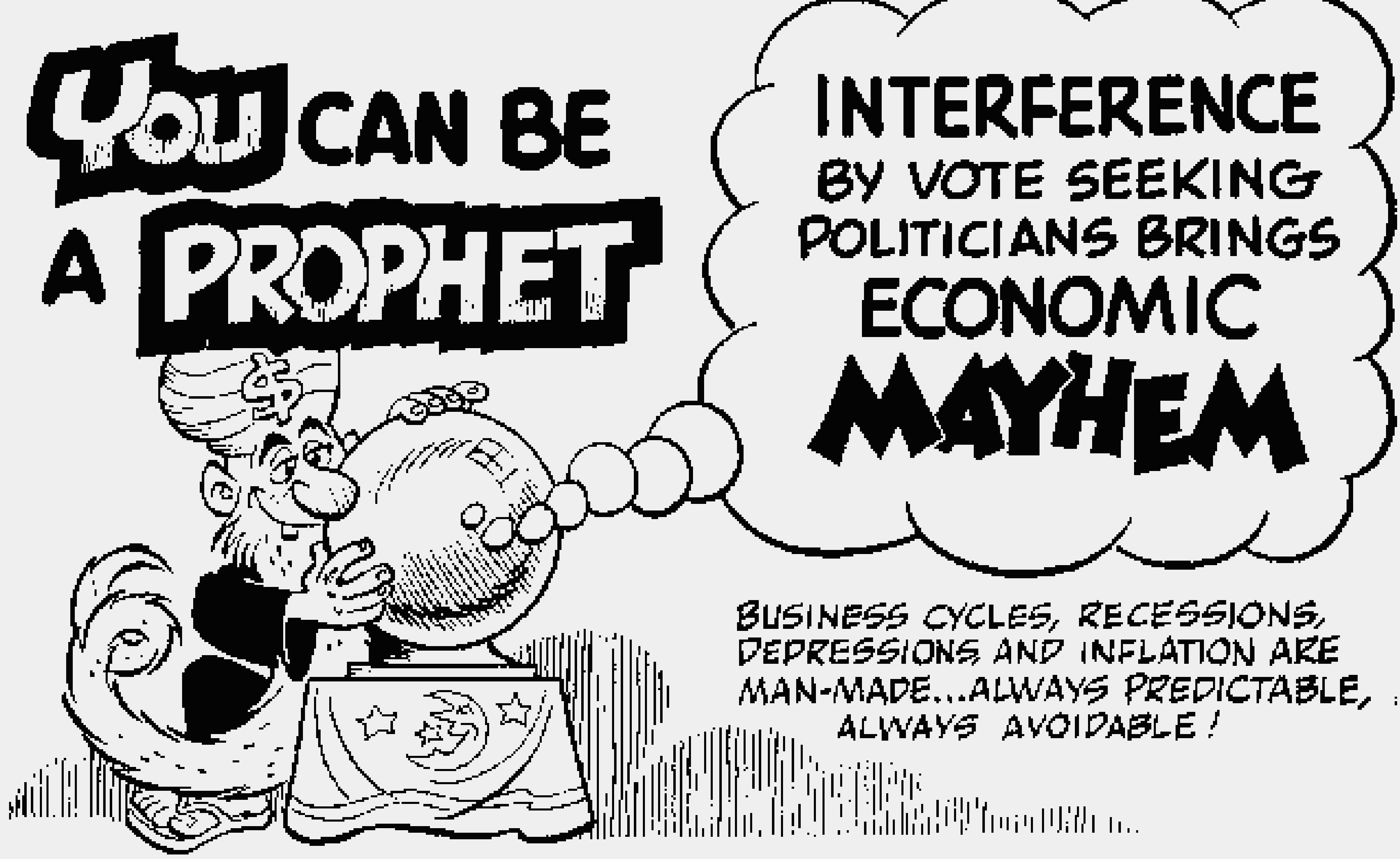

BAH! THAT'S ALL THE ECONOMICS THOSE BIRDS KNOW!
RETIRE THEM TO THEIR CAGE ON CRACKERS AND SEEDS!
EXPAND CREDIT!
LOWER TAXES!

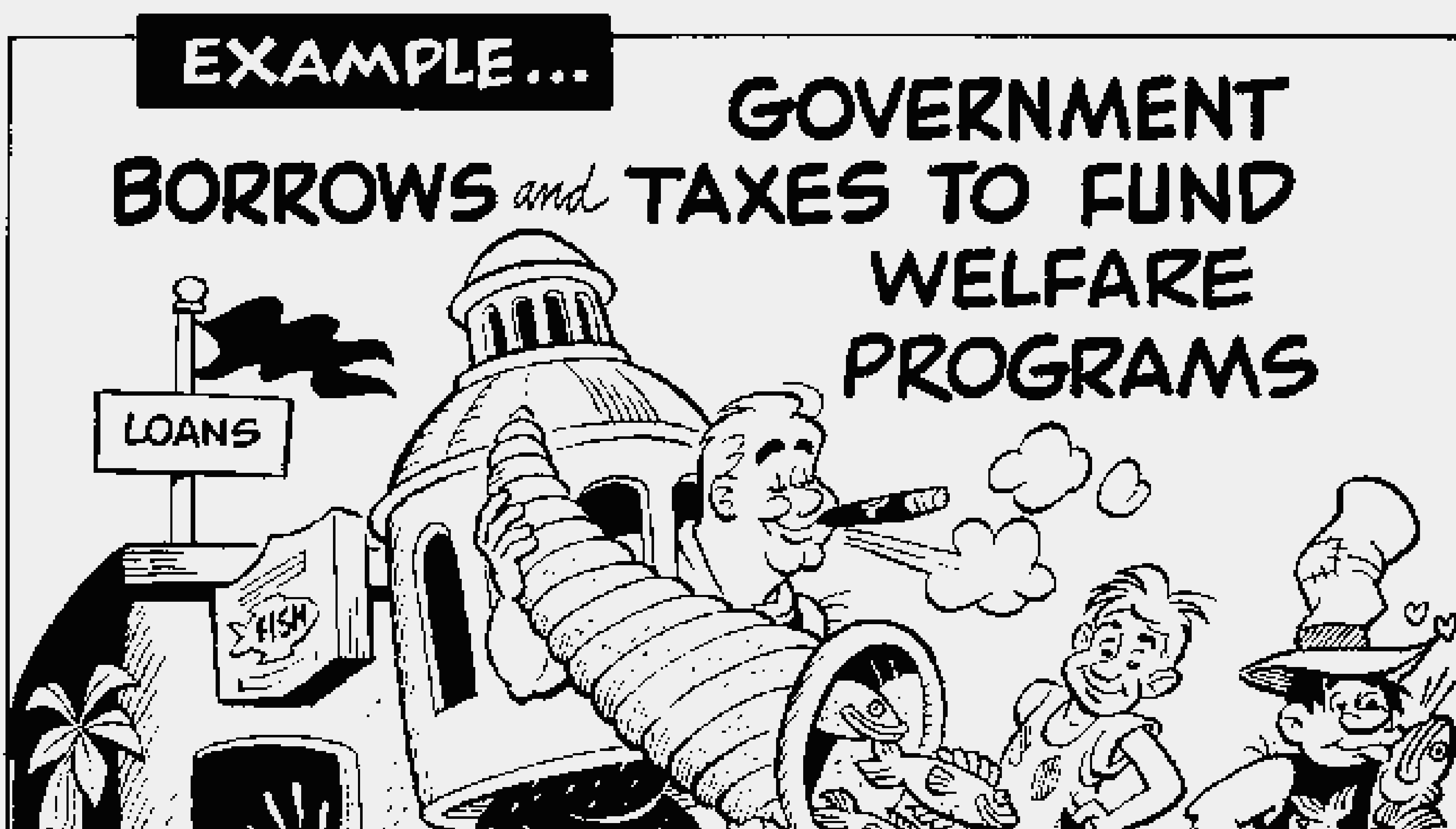
THE MORALLY AND MONETARILY BANKRUPT SENATORS ENTERED INTO A FUTILE DEBATE...


LET'S SIMPLY CREATE JOBS AGAIN!
HOW DENSE CAN YOU GET, KASSIDY... GOVERNMENT CREATES NOTHING!
ALL WE EVER DID WAS STEAL THE COMMUNITY STORE OF SAVINGS WITH TAXES AND "FRANKLIN RESERVE NOTES," AND DIVIDE UP THE LOOT AMONG THE VOTERS!
AFTER TAKING OUR OWN BIG CHUNK!
THEN HOW ARE WE GOING TO PAY OFF ALL THOSE BONDS THAT WE SOLD TO THE PEOPLE, TELLING THEM TO "INVEST IN THE ISLAND"?
WE CAN'T!
JACK KASSIDY
AND THE BONDS WE GAVE TO THE BANK IN EXCHANGE FOR THE "FRANKLIN RESERVE NOTES" WE DISTRIBUTED?
WE CAN'T PAY FOR ANYTHING!
GIVE US JOBS!
GIVE US MONEY!
CRASH!
(GROAN!) BUT THOSE STUPID VOTERS STILL BELIEVE IN US!
THIS IS AWFUL!


INTO YOUR THINK TANK, FRANKLIN... SAVE THE ISLAND WITH ANOTHER CON!
NO WAY, JACK! THERE ARE NO MORE FOXY FIXES TO PULL OFF! ALL WE'RE LEFT WITH NOW IS TRUTH!


AND THEN FRANKLIN DEE UTTERED THE ONLY HONEST WORDS OF HIS ENTIRE POLITICAL CAREER...
FRIENDS, ISLANDERS, COUNTRYMEN...I THINK THE TIME HAS NOW COME FOR ALL OF US TO START FISHING ...AND QUICKLY!



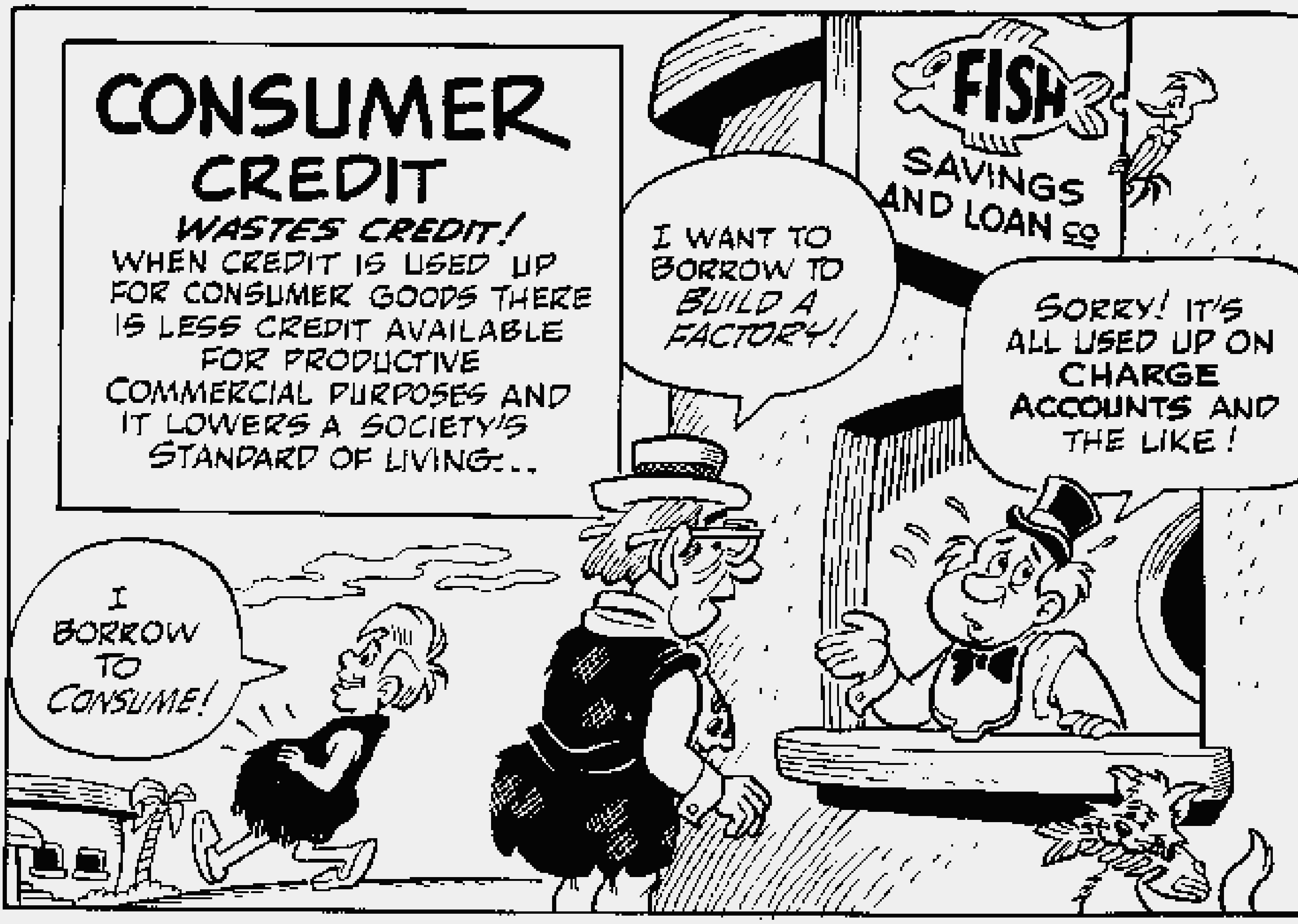


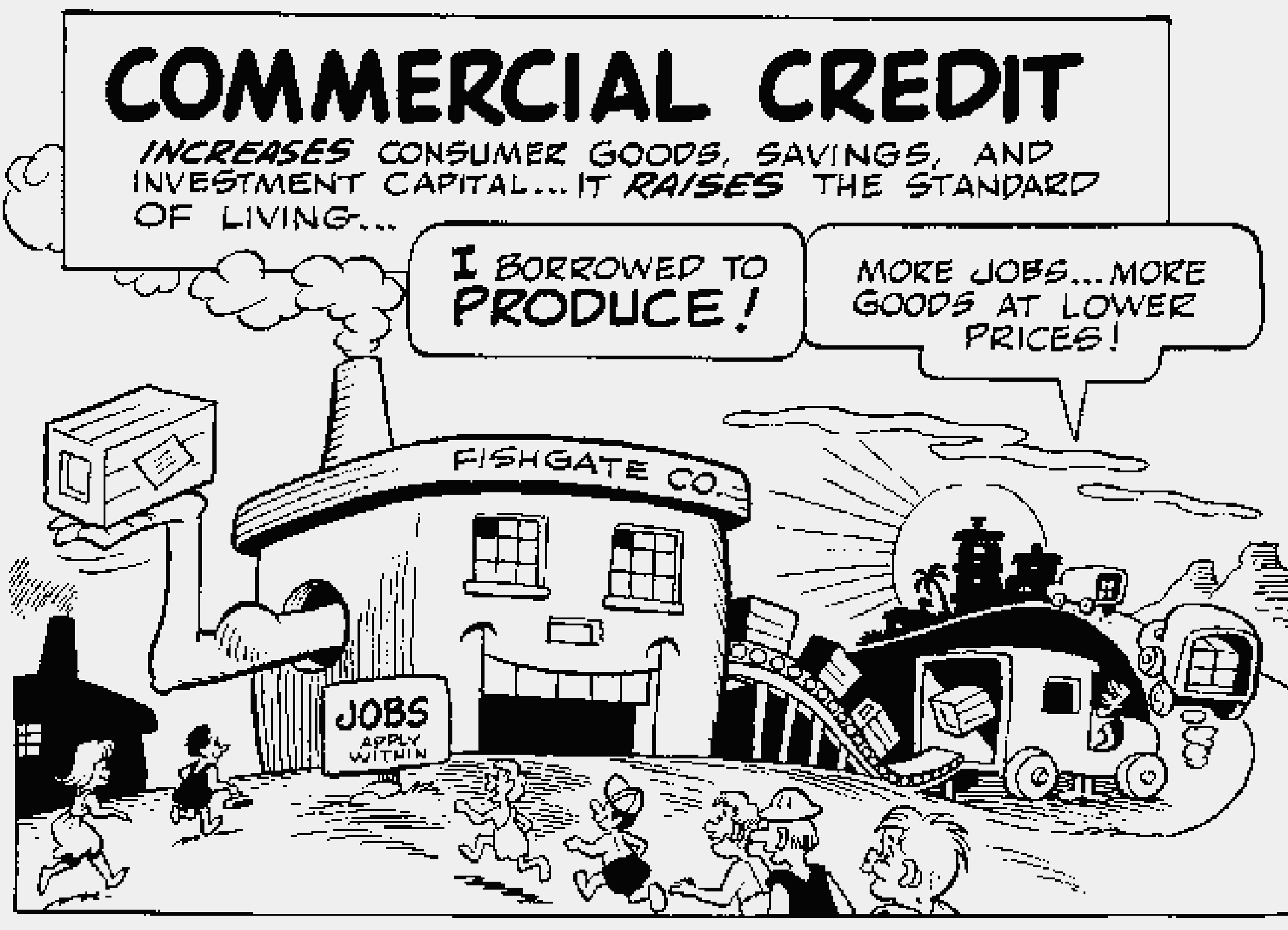
PRODUCTIVE WORKERS ARE PENALIZED BY HIGHER TAXES, WHILE UNPRODUCTIVE INDIVIDUALS ARE REWARDED WITH GOVERNMENT AID. NOT ONLY DO SUCH PROGRAMS REDUCE INCENTIVES FOR ALL, BUT THEY DRAW UPON SOCIETY'S LIMITED STORE OF SAVINGS NEEDED TO CREATE CAPITAL AND PROVIDE JOBS!

EXAMPLE... MINIMUM WAGE LAW

THUS THE NATION'S YOUTH IS ***NOT*** HELPED! THERE IS MORE *UNEMPLOYMENT* AND PRODUCTION COSTS ARE LIKELY *HIGHER*!

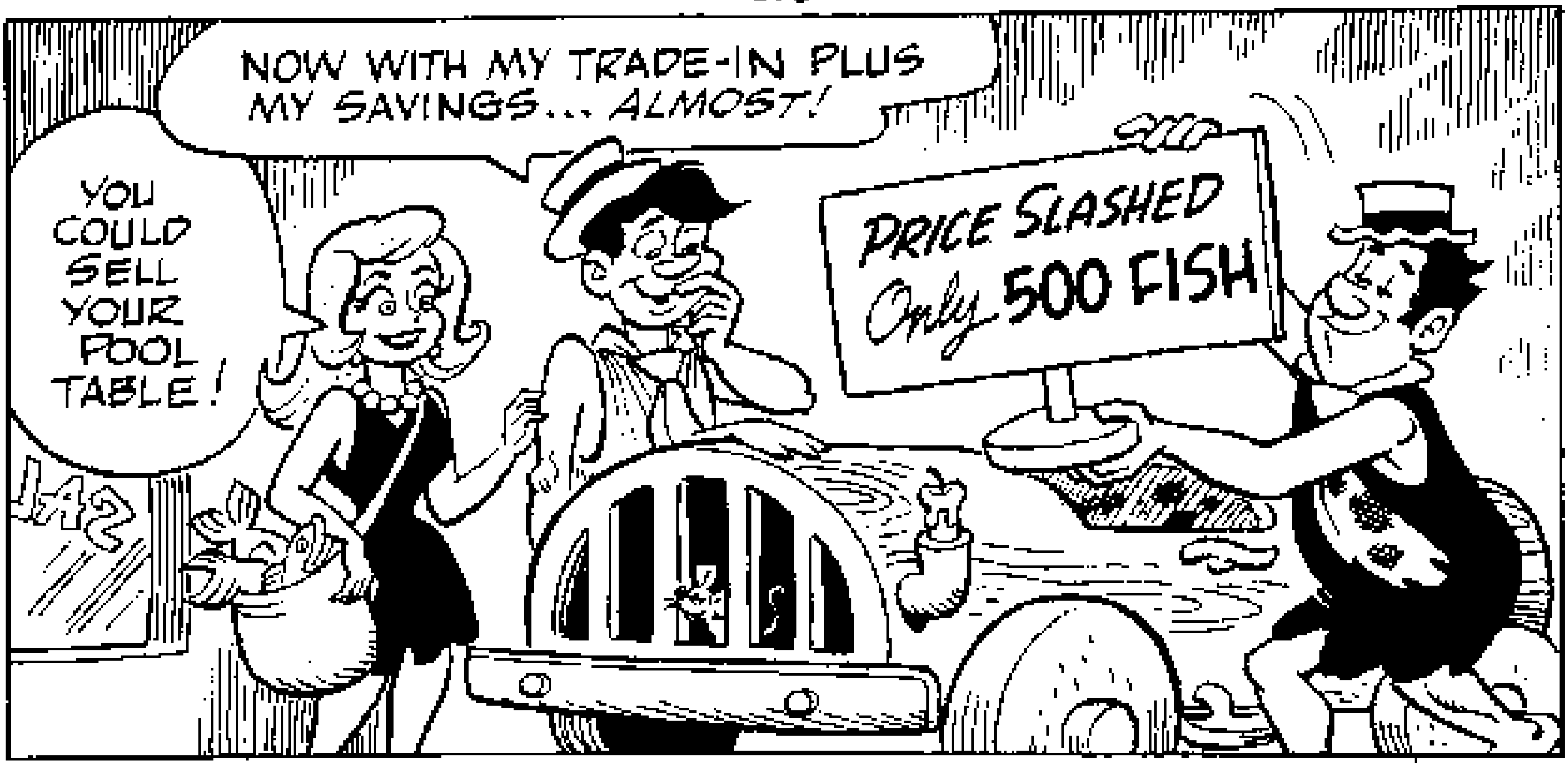
CONSUMER CREDIT VS. COMMERCIAL CREDIT



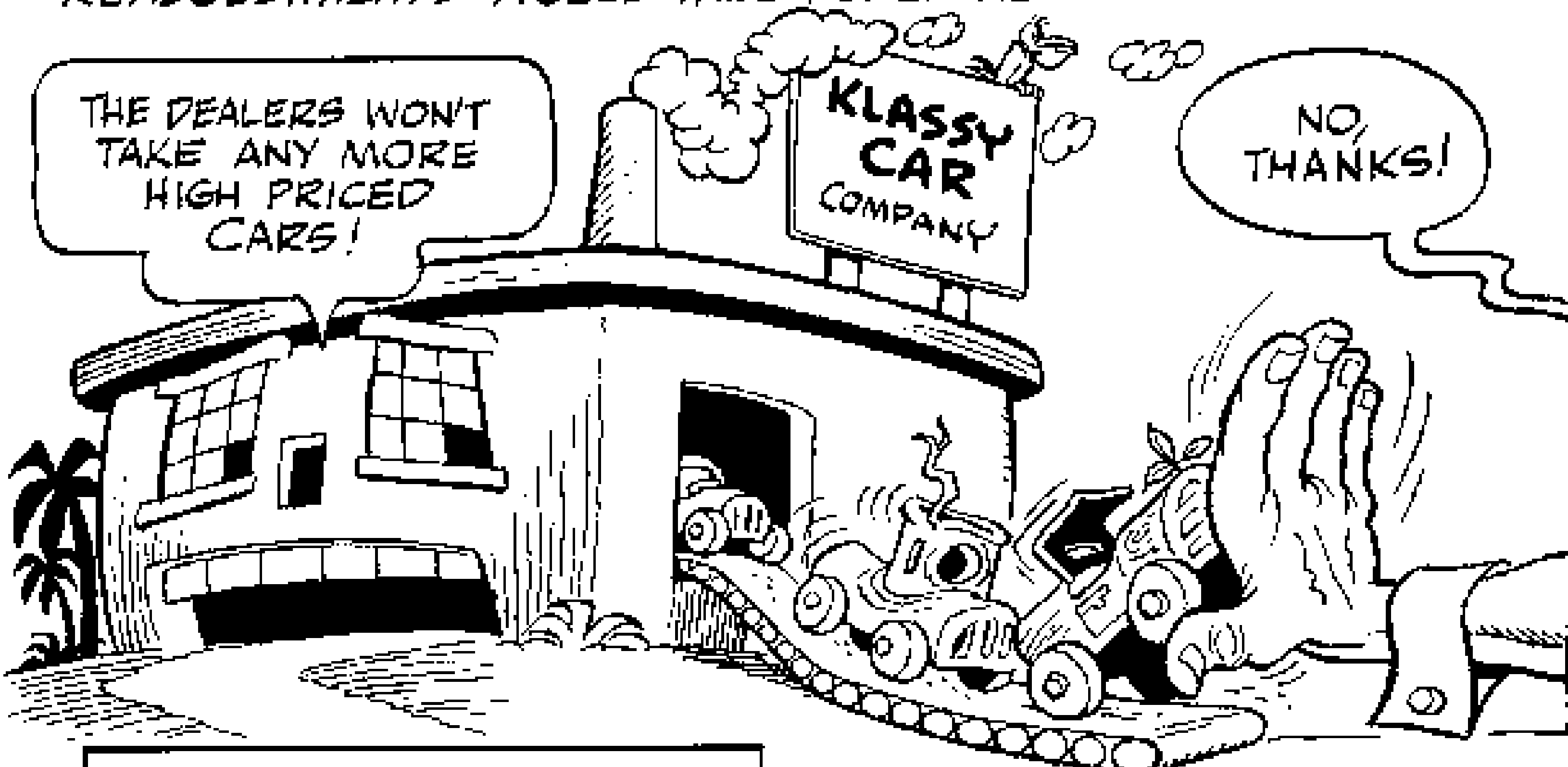


TO LOAN OR NOT TO LOAN


EXAMPLE...
SUPPOSE THE GOVERNMENT OUTLAWED BANK CREDIT TO FINANCE AUTOMOBILE PURCHASES (CONSUMER CREDIT)...
YIKES! I DON'T HAVE ENOUGH CASH TO BUY IT!
NO CREDIT! 1000 FISH
VERY FEW PEOPLE DO!
EVERYBODY AT THE AUTO AGENCY IS STARVING FOR LACK OF SALES...
NOTHING'S MOVING!
WHAT'RE YOU GOING TO DO, BOSS?
THERE'S ONLY ONE THING TO DO...
SLASH PRICES DRASTICALLY...OR WE'LL GO UNDER!

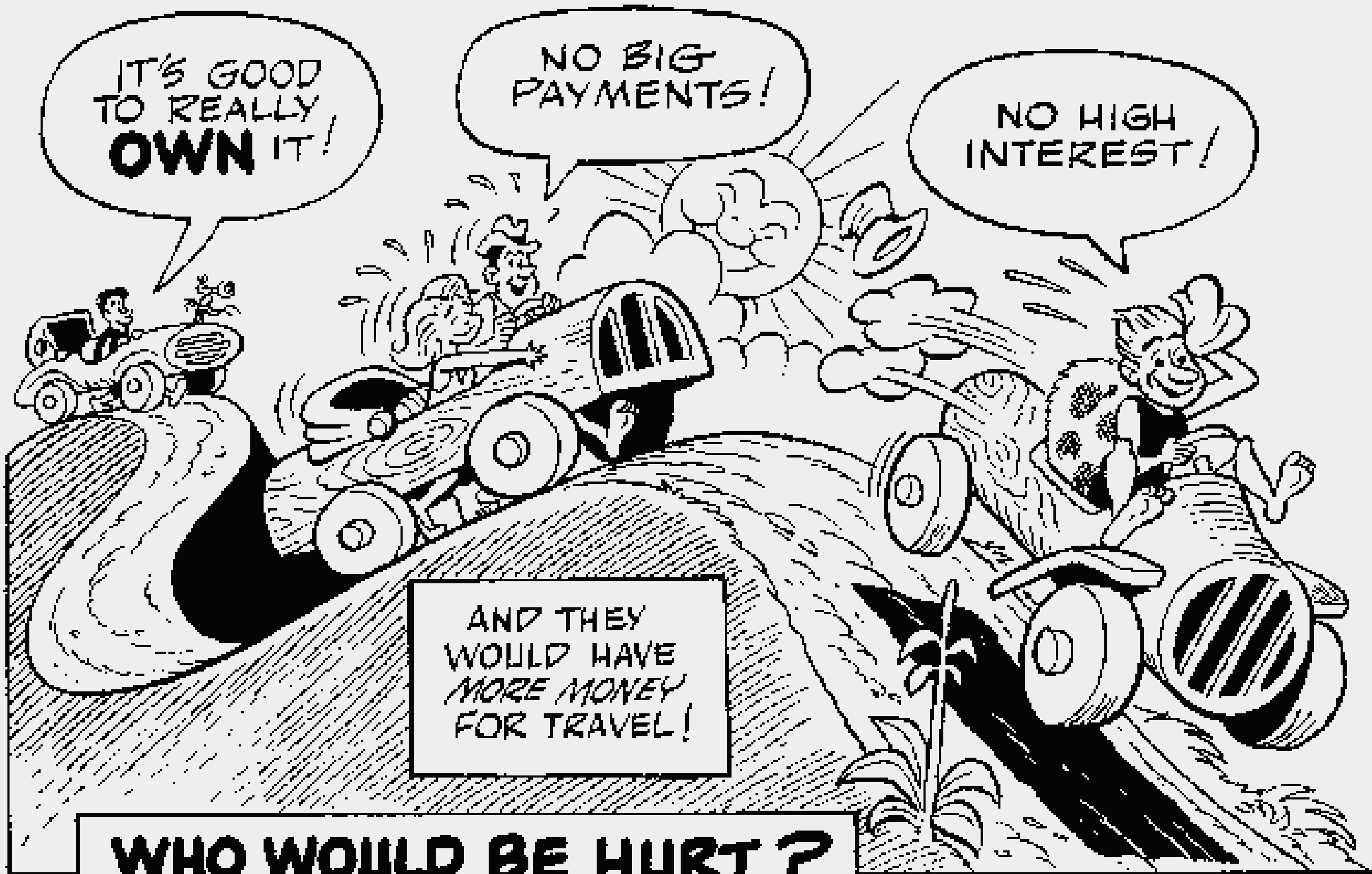


READJUSTMENTS WOULD TAKE PLACE ALL ALONG THE LINE...




THE WHOLE ECONOMY WOULD BE EFFECTED...
EVERYTHING WOULD ADJUST DOWNWARD...
ROLL BACK PRICES...
SALE!
LOWER WAGES!
ROLL BACK PRICES...
SALE
LOWER WAGES!
WORKERS WOULD FIND THEMSELVES IN LOWER TAX BRACKETS!
TAX MAN
AND THEY WOULD HAVE MORE OF THEIR PAYCHECK LEFT TO BUY LOWER PRICED CONSUMER GOODS...
OUTBOARD DUCKS 1/2 OFF!
OLDER AND RETIRED CITIZENS ON FIXED INCOMES AND SAVINGS WOULD BE HELPED BY THE DOWNWARD SHIFT IN THE PRICE STRUCTURE...
WE CAN AFFORD TO LIVE LIKE HUMANS AGAIN!
LOOK! WE CAN EVEN AFFORD A NEW CAR NOW!
A-1

EVENTUALLY, JUST AS MANY, IF NOT *MORE* CARS WOULD BE SOLD FOR CASH...



WHO WOULD BE HURT?

NOT LENDERS...

NOW YOU SEE WHY GOVERNMENT ENCOURAGES CONSUMER CREDIT...NOT TO BENEFIT THE CONSUMER, BUT TO **BENEFIT ITSELF!**

IN "HOW AN ECONOMY GROWS (AND WHY IT DOESN'T)" IRWIN SCHIFF, AMERICA'S LEADING EXPERT ON THE FEDERAL INCOME TAX, PRESENTS ECONOMICS IN HIS THOROUGHLY INFORMATIVE, YET ALWAYS ENTERTAINING MANNER; PROVING THAT THE ONLY THING *DISMAL* ABOUT THE "DISMAL SCIENCE" MUST BE THOSE WHO NORMALLY TEACH AND WRITE ABOUT IT. WITHOUT A DOUBT, ANYONE READING SCHIFF'S HILARIOUS ALLEGORY WILL HAVE A FAR BETTER UNDERSTANDING OF ECONOMICS THAN MANY WHO HAVE PURSUED THE SUBJECT FULL TIME AT OUR NATION'S UNIVERSITIES.

(CONTINUED INSIDE FRONT COVER.)