

HOW AN ECONOMY GROWS *and* WHY IT DOESN'T

by IRWIN A. SCHIFF



Vic Lockman

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!**

HOW AN ECONOMY GROWS *and* WHY IT DOESN'T



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

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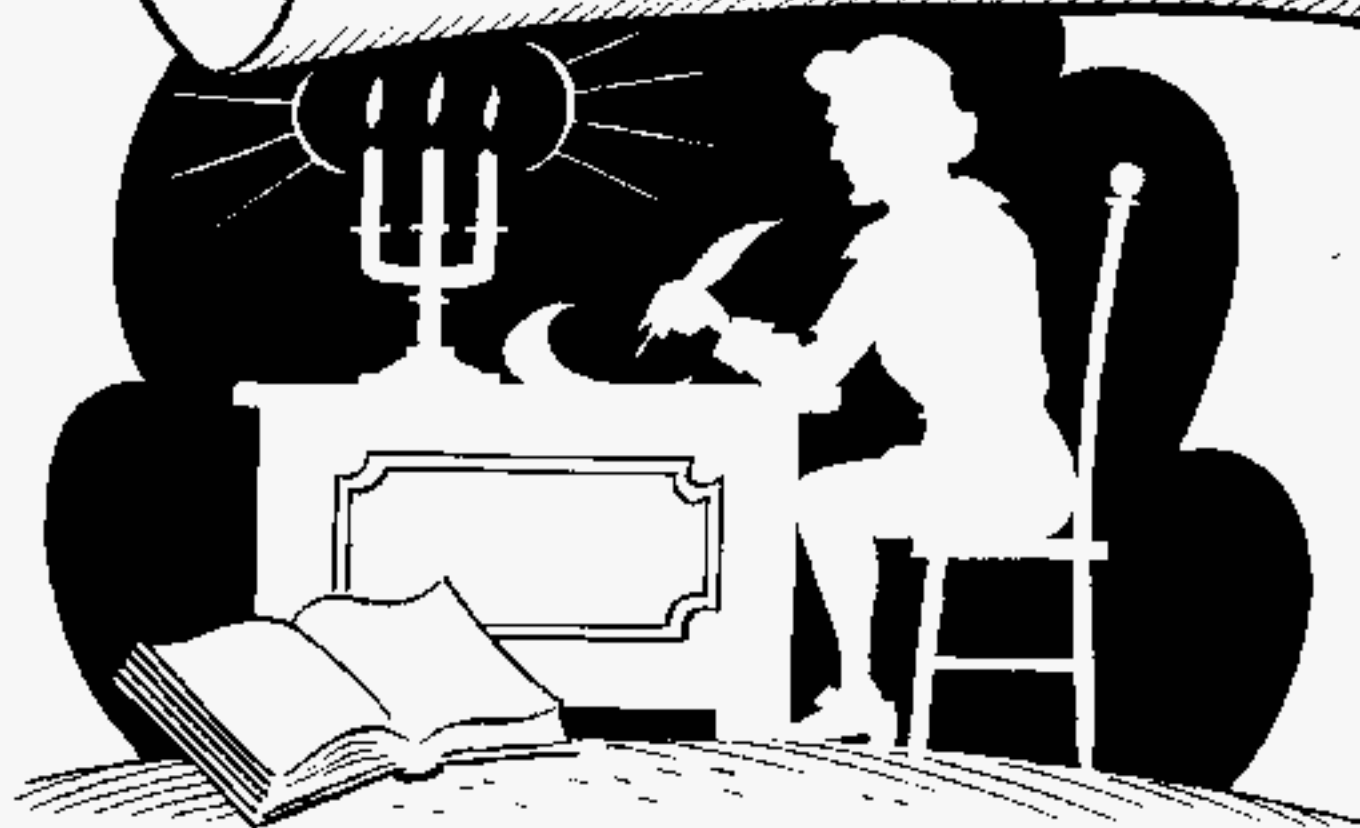
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*Dedicated to
Adam Smith,
who in his book
"Wealth of Nations" 1776,
laid a foundation for the
science of economics
which is in sharp contrast
to the voodoo economics
now being preached in
this nation's capitol.*



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

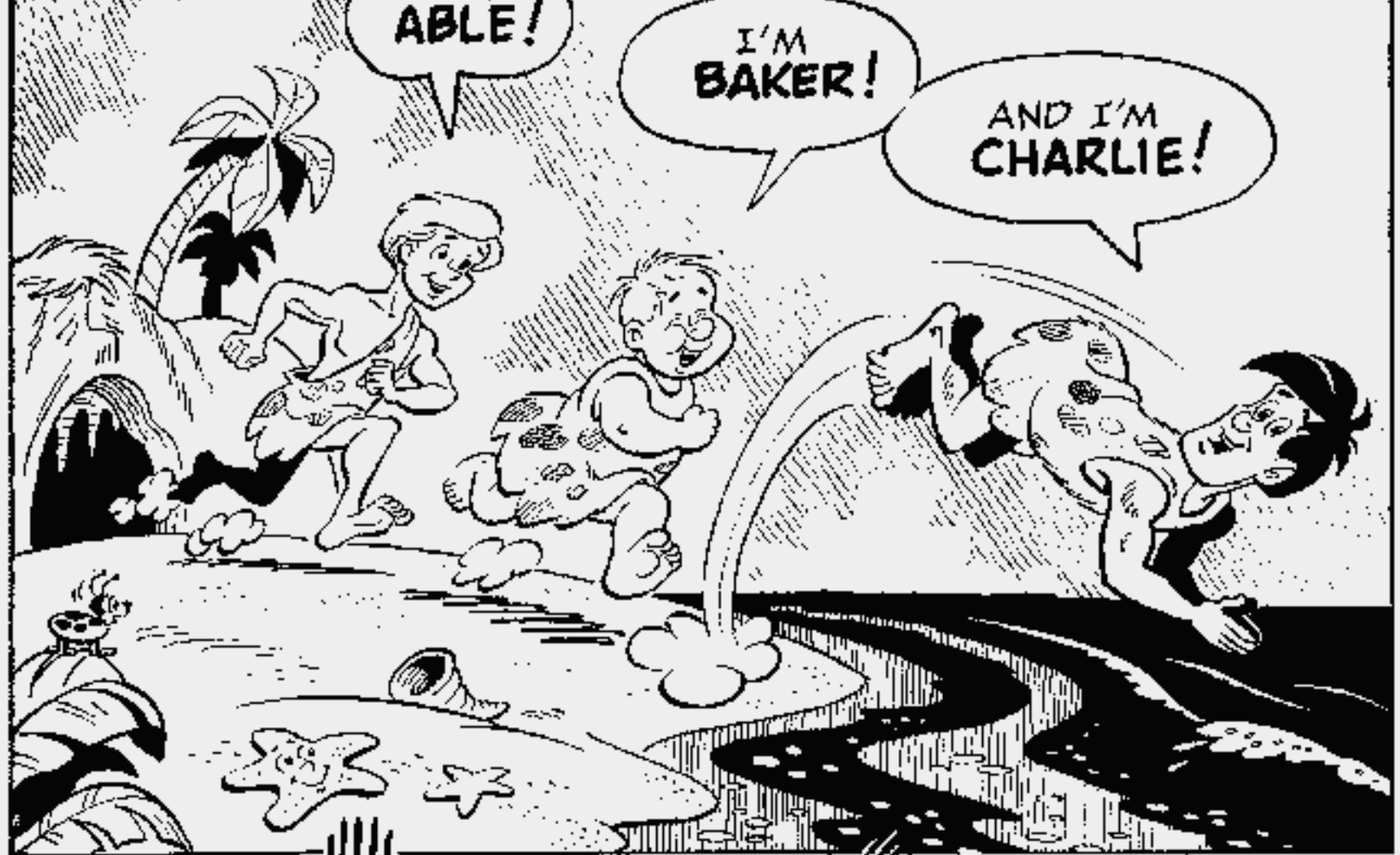
ONCE UPON AN ISLAND LIVED THREE MEN WHO FISHED FOR FOOD EVERY DAY...

A FISH STORY

I'M ABLE!

I'M BAKER!

AND I'M CHARLIE!



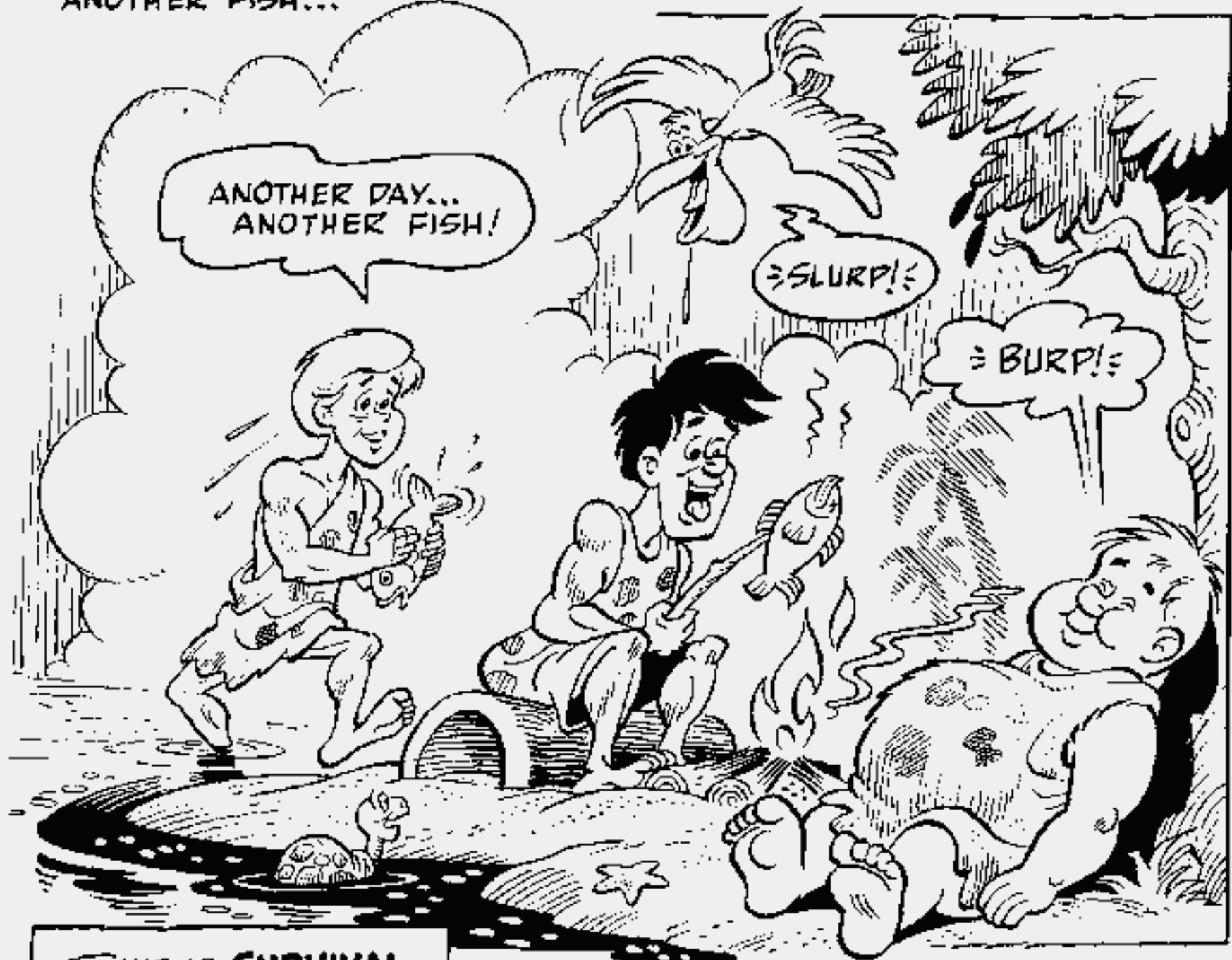
UGH! FISHING BY HAND IS NO BUCKET OF BASS!

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...



THIS IS SURVIVAL, AND THAT'S ABOUT ALL...

AND SO, IN THIS SUPER SIMPLE ISLAND SOCIETY THERE ARE...



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...

WHAT?! YOU'RE NOT GOING FISHING TODAY, ABLE!

YOU'LL GO HUNGRY!

I NEED NET MATERIALS!



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!



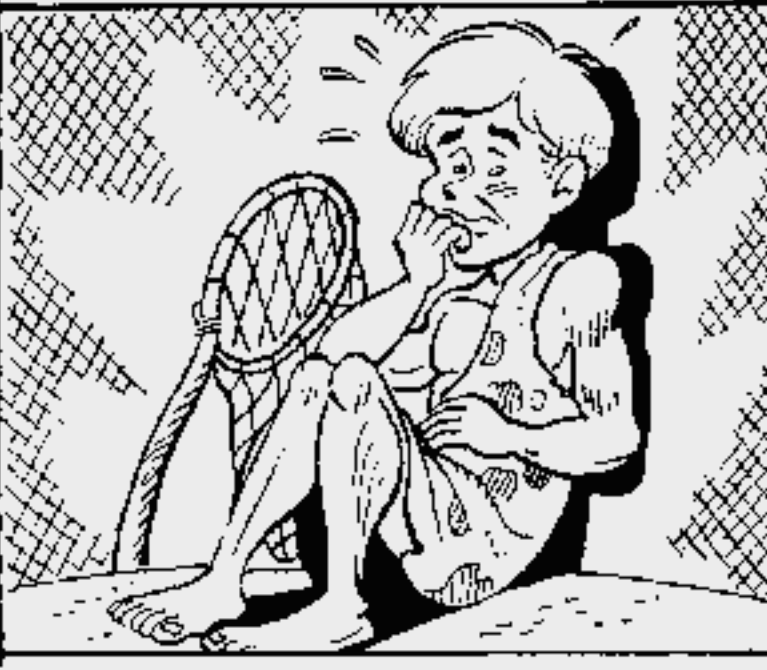
AT DAY'S END ABLE HAS COMPLETED HIS NET! HE HAS **CREATED CAPITAL** THROUGH HIS **SELF SACRIFICE!**

HIS FRIENDS SNOOZE CONTENTEDLY TOWARD A NEW DAY OF HAND FISHING...

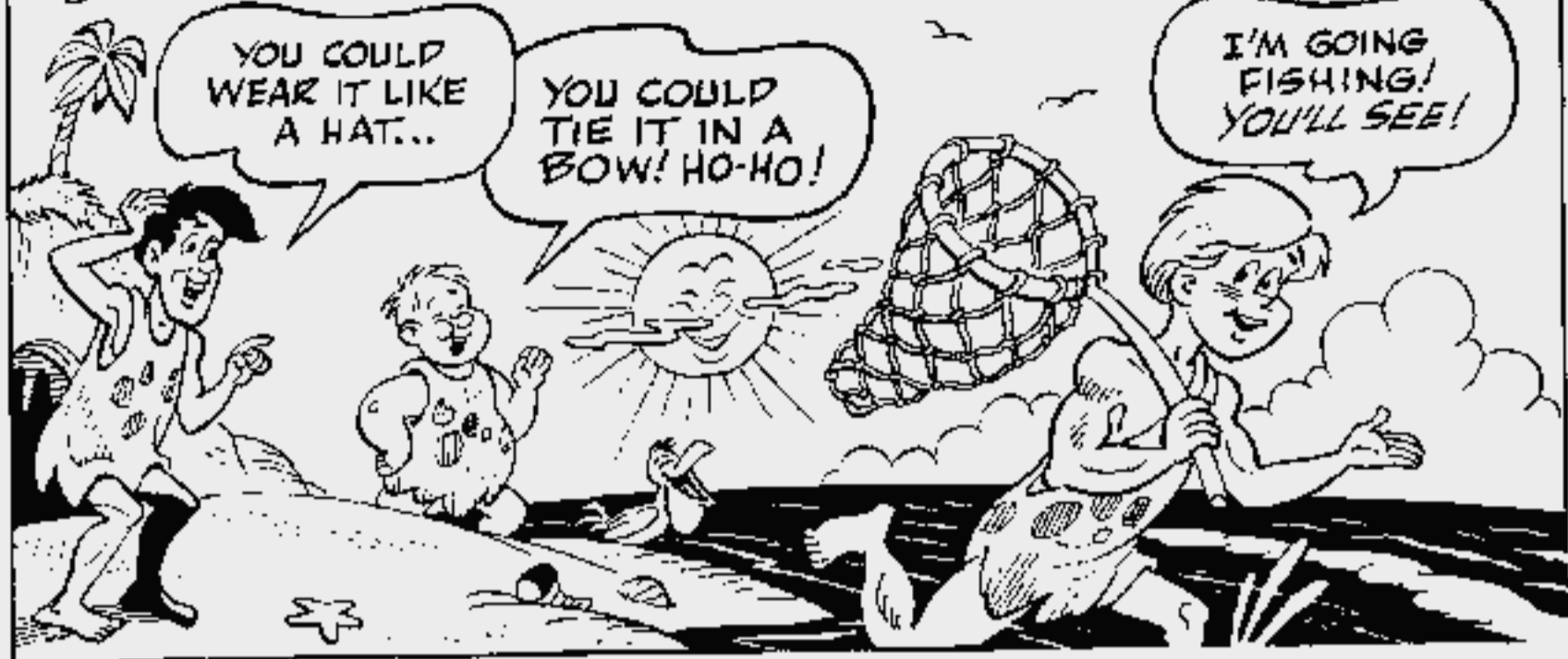


WHEW!

WHILE ABLE CANT SLEEP FOR HUNGER AND WORRY ABOUT HIS **RISK TAKING EXPERIMENT...**



THE NEXT DAY BAKER AND CHARLIE MAKE MUCH SPORT OF ABLE'S INVENTION



THE LAUGHS SOON FADE TO GASPS...



AND BY DAY'S END ABLE HAS CAUGHT 2 FISH ...BAKER AND CHARLIE EACH THE USUAL



-6-
ABLE'S SAVINGS CREATE CAPITAL

SINCE THE ISLAND SOCIETY HAD NO STORE OF SAVINGS THE ISLAND'S FIRST PIECE OF **CAPITAL EQUIPMENT** WAS DERIVED SOLELY FROM ABLE'S WILLINGNESS TO DENY HIMSELF FOOD FOR **1 DAY!**

NOW I DON'T HAVE TO SPEND EVERY DAY **FISHING!**

NOW I HAVE TIME TO BUILD A BETTER SHELTER, MAKE TOOLS AND TILL THE SOIL!

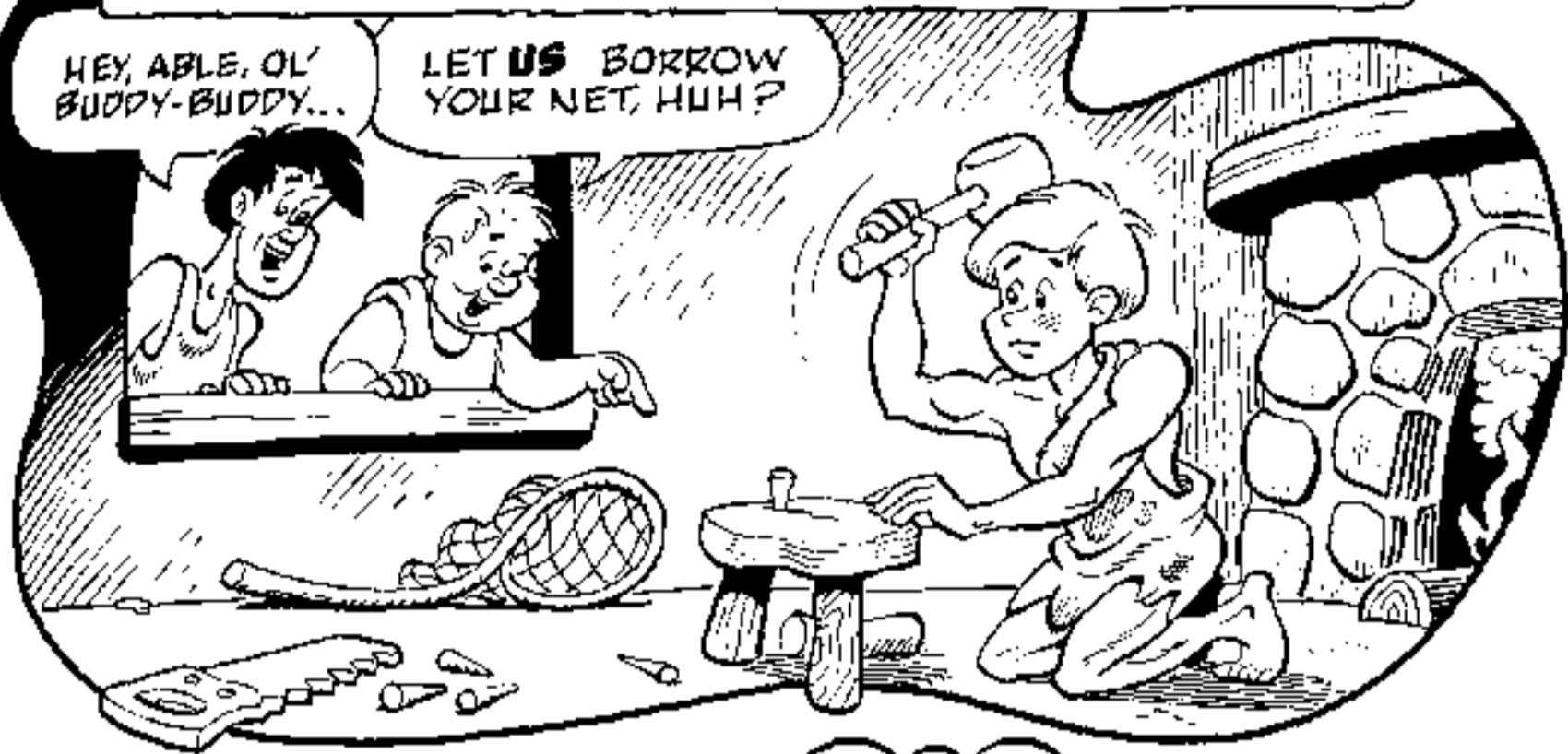


WITHOUT A SUPPLY OF SAVINGS (CAPITAL) AN ECONOMY CANNOT GROW!

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 EVERYBODY IS CUT-OUT FOR SELF DEPRIVATION!





BESIDES,
WE'RE
ALL
THUMBS
WHEN
IT
COMES
TO
HAND-
CRAFT!

WE
MIGHT
STARVE
TO
DEATH
BEFORE
WE
CAN
MAKE
A
DECENT
NET!

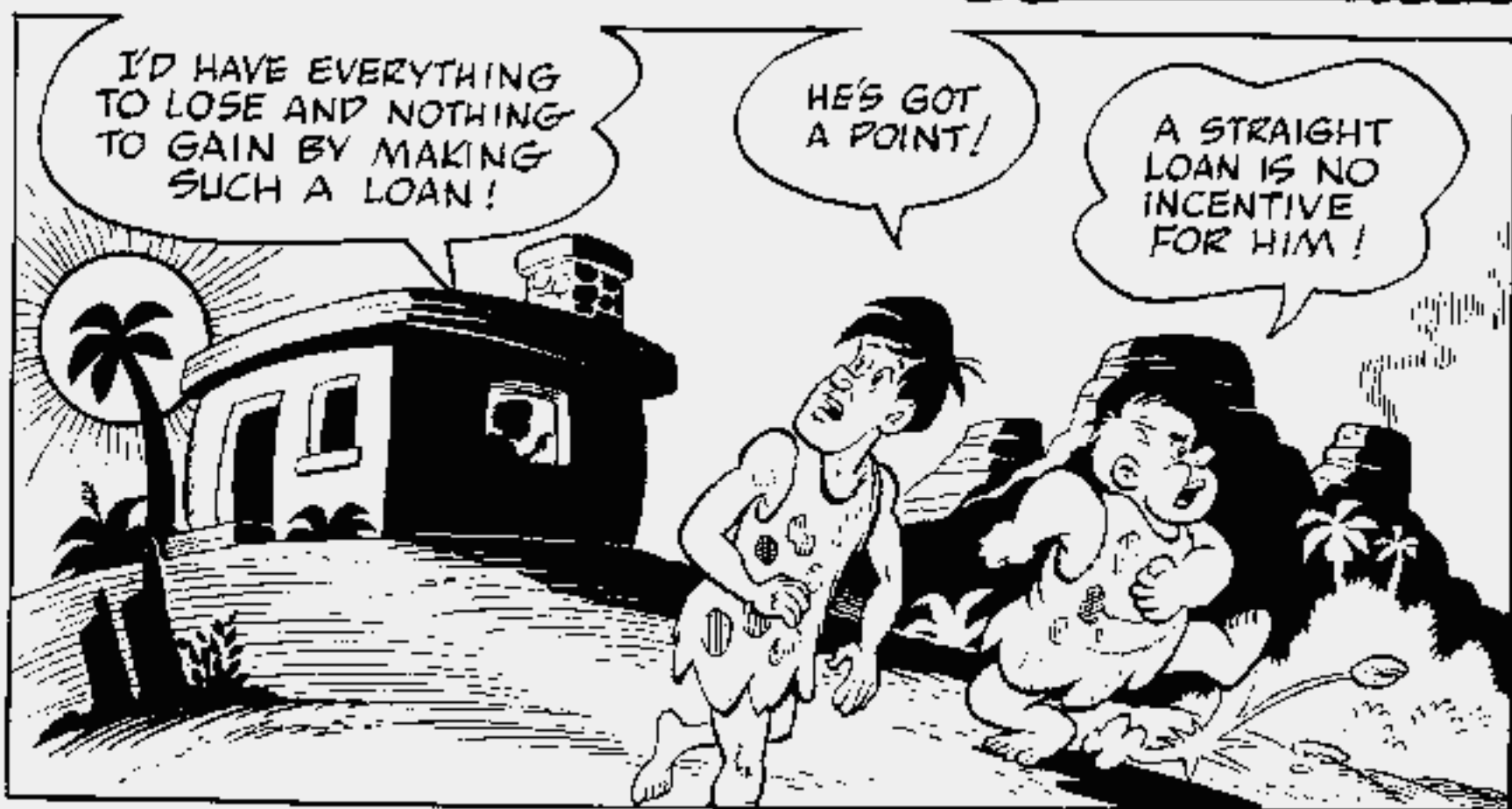


SO HOW ABOUT THIS...
LOAN US SOME OF YOUR
SURPLUS FISH
TO EAT WHILE
WE MAKE A
NET?

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!

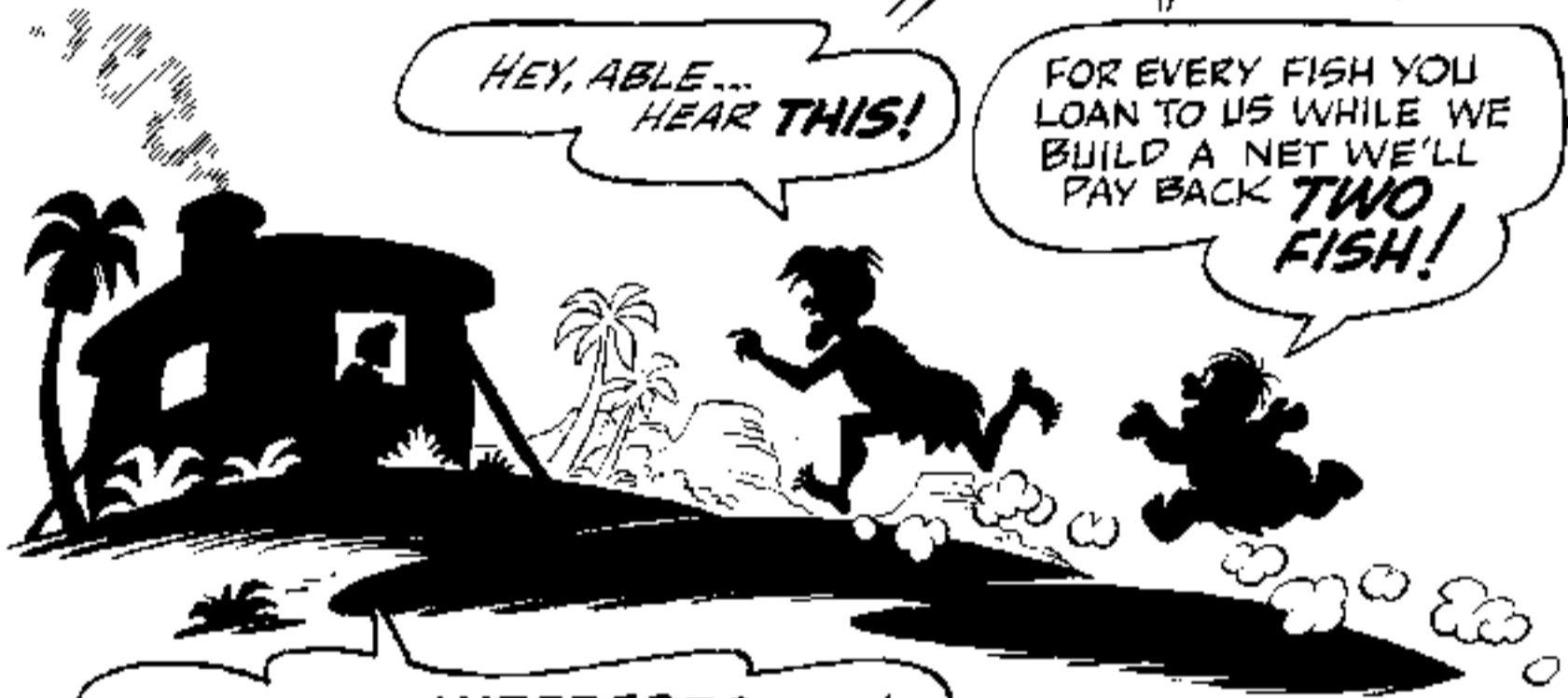
BAKER AND CHARLIE'S THINK-BOXES MESH GEARS...

... AND A **FINANCIAL IDEA** IS BORN!

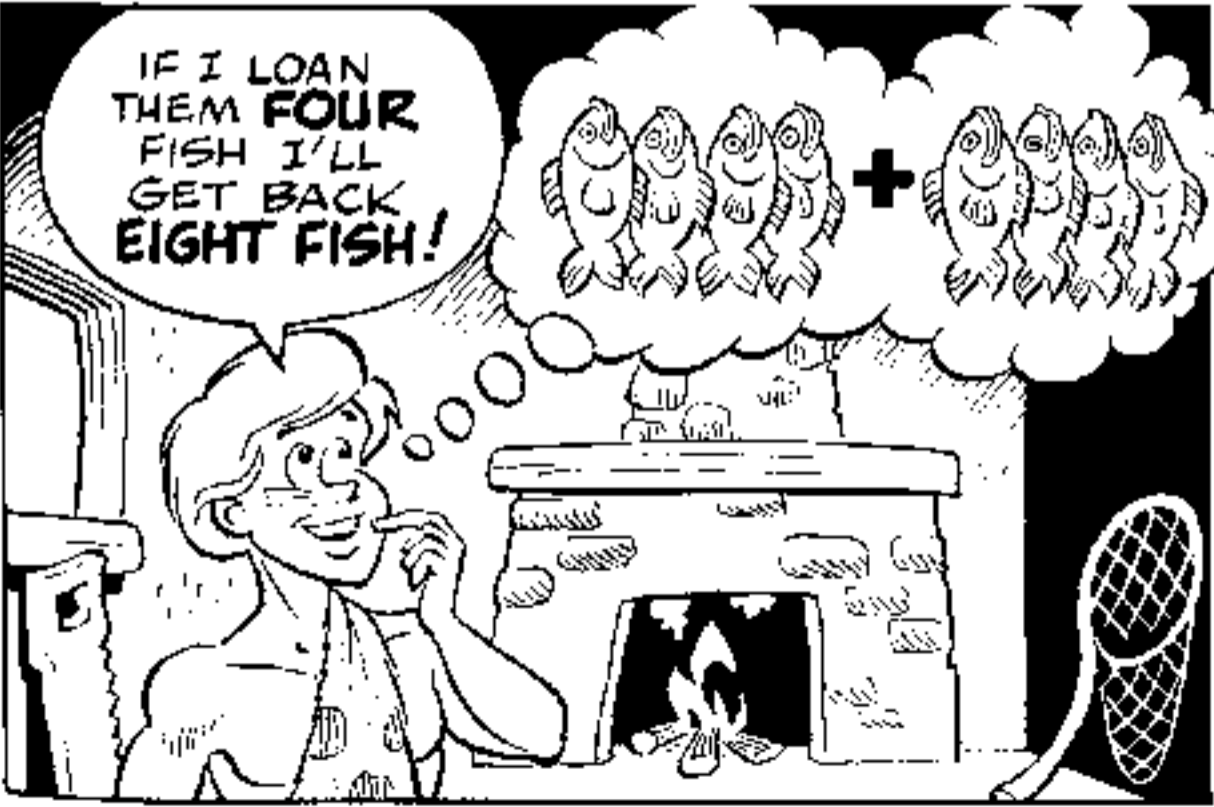


HEY, ABLE...
HEAR **THIS!**

FOR EVERY FISH YOU
LOAN TO US WHILE WE
BUILD A NET WE'LL
PAY BACK **TWO**
FISH!



NOW THAT **INTERESTS** ME!



TWO-WAY BENEFITS



BUT IT'S NOT ONLY ABLE THE "CAPITALIST" WHO GAINS...

THIS DEAL REALLY WON'T COST US ANYTHING, CHARLIE!

YES, WE CAN USE ABLE'S CAPITAL WITHOUT ANY PERSONAL SACRIFICE... LIKE GOING HUNGRY!



WITH THE FOUR FISH WE BORROW WE CAN EAT WHILE BUILDING OUR NETS!

AND WITH OUR DAILY CATCH DOUBLED WE CAN SOON REPAY THE 4 FISH LOAN PLUS 4 FISH INTEREST TO ABLE!



IT'LL REALLY COST US **NOTHING** BECAUSE WE'LL PAY OFF ABLE OUT OF OUR INCREASED PRODUCTIVITY, THANKS TO HIS SAVINGS!



WE'LL BE MUCH BETTER OFF AND SOON WE'LL HAVE CAPITAL SAVINGS TO LOAN OUT, TOO!



ABLE'S SAVINGS OPTIONS

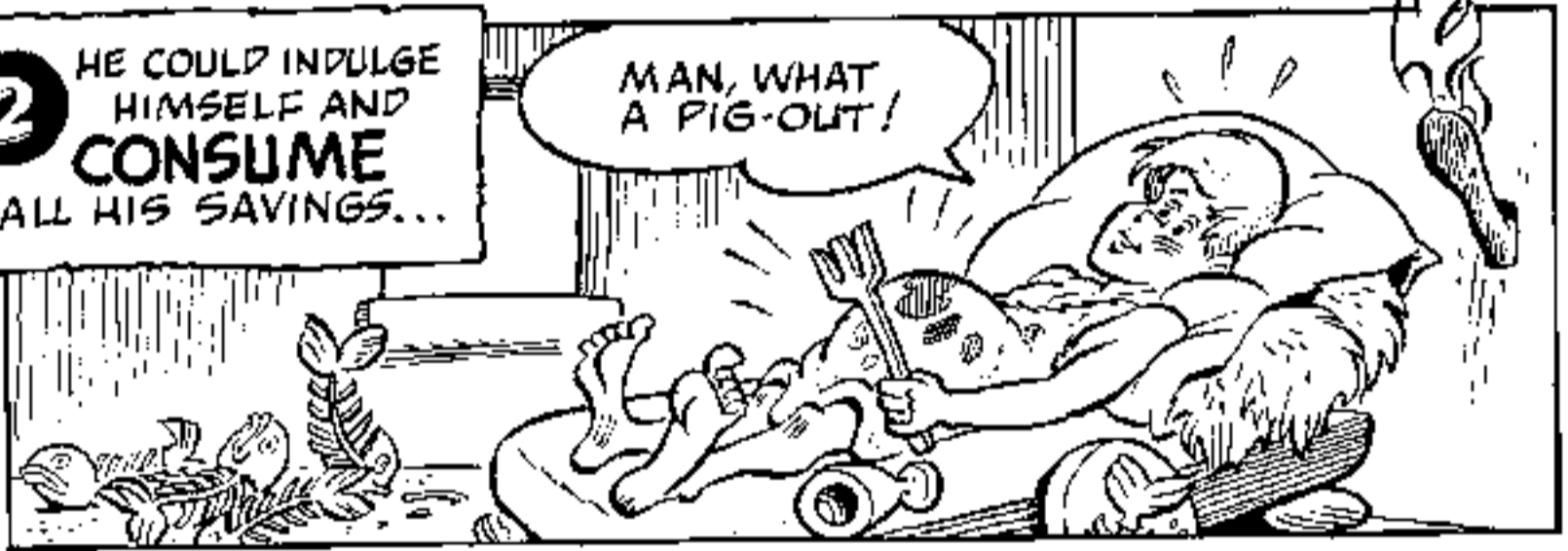
1 HE SIMPLY MIGHT HOLD ONTO HIS SAVINGS FOR POSSIBLE FUTURE EMERGENCY USE, BUT OF COURSE, THEN THEY WOULDN'T GROW...

ONCE SMOKED THEY DON'T SPOIL! I MIGHT WANT TO EAT THEM IF I'M EVER SICK OR SOMETHING HAPPENS!



2 HE COULD INDULGE HIMSELF AND CONSUME ALL HIS SAVINGS...

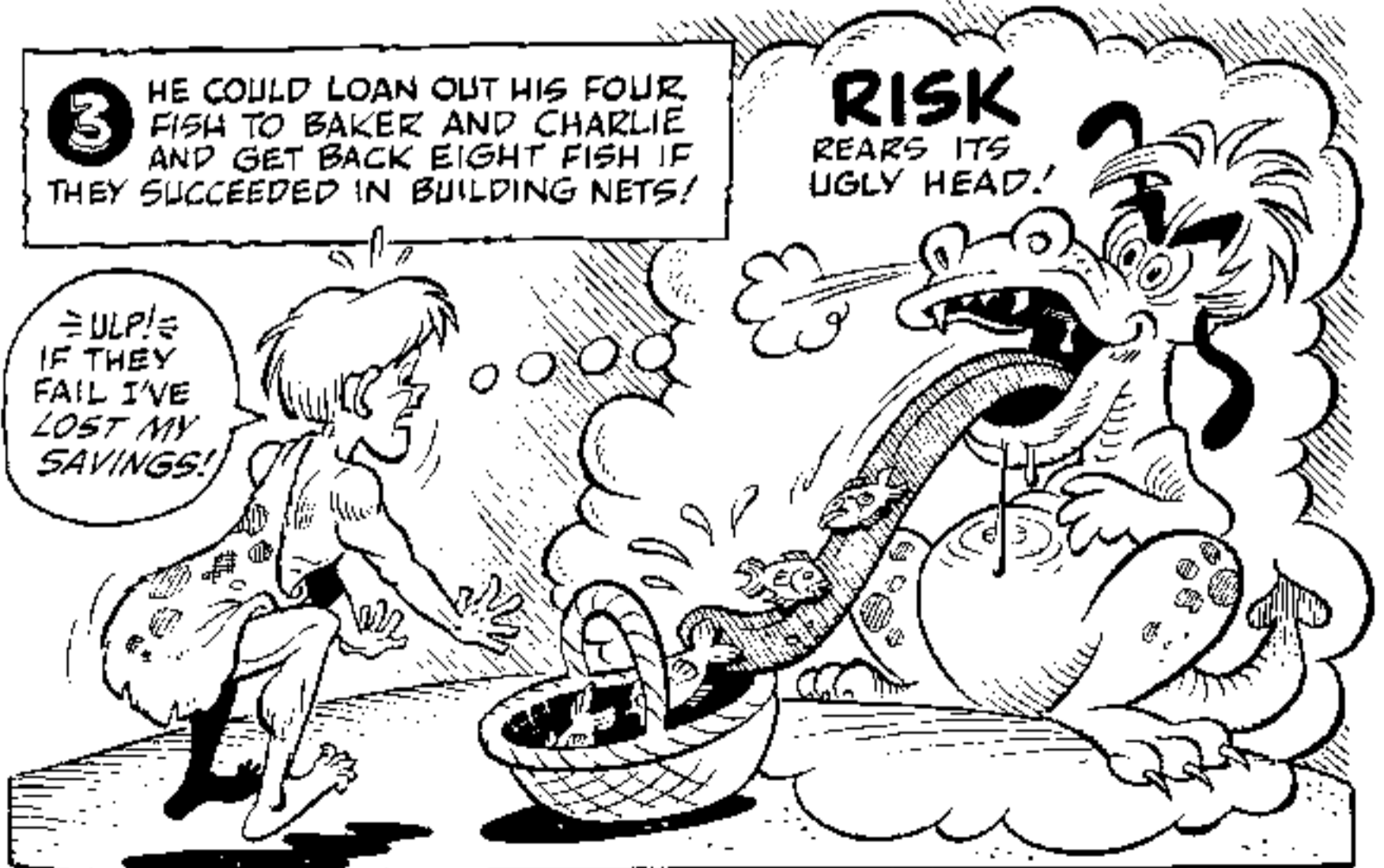
MAN, WHAT A PIG-OUT!



3 HE COULD LOAN OUT HIS FOUR FISH TO BAKER AND CHARLIE AND GET BACK EIGHT FISH IF THEY SUCCEEDED IN BUILDING NETS!

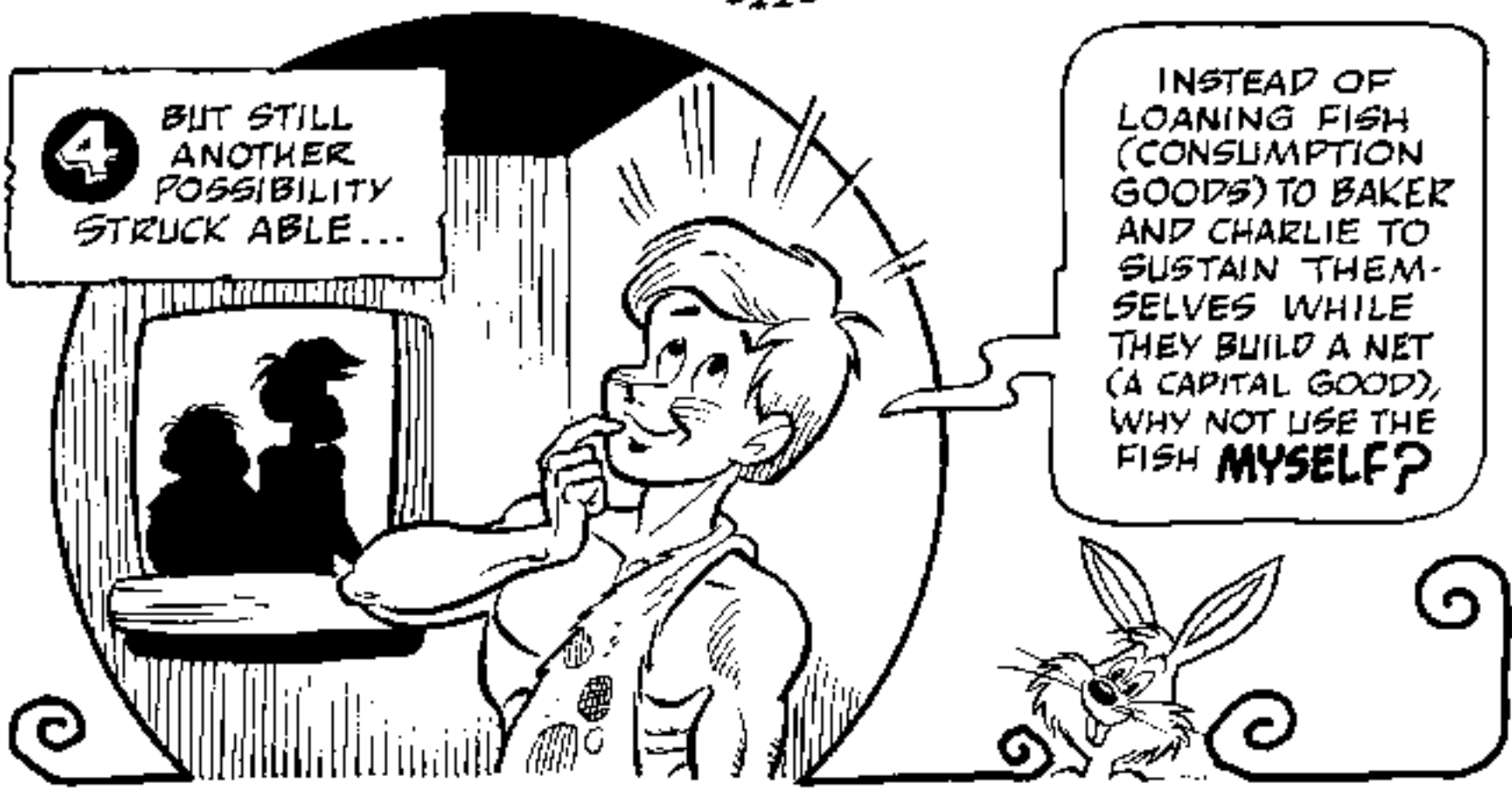
RISK
REARS ITS UGLY HEAD!

UHP!
IF THEY FAIL I'VE LOST MY SAVINGS!

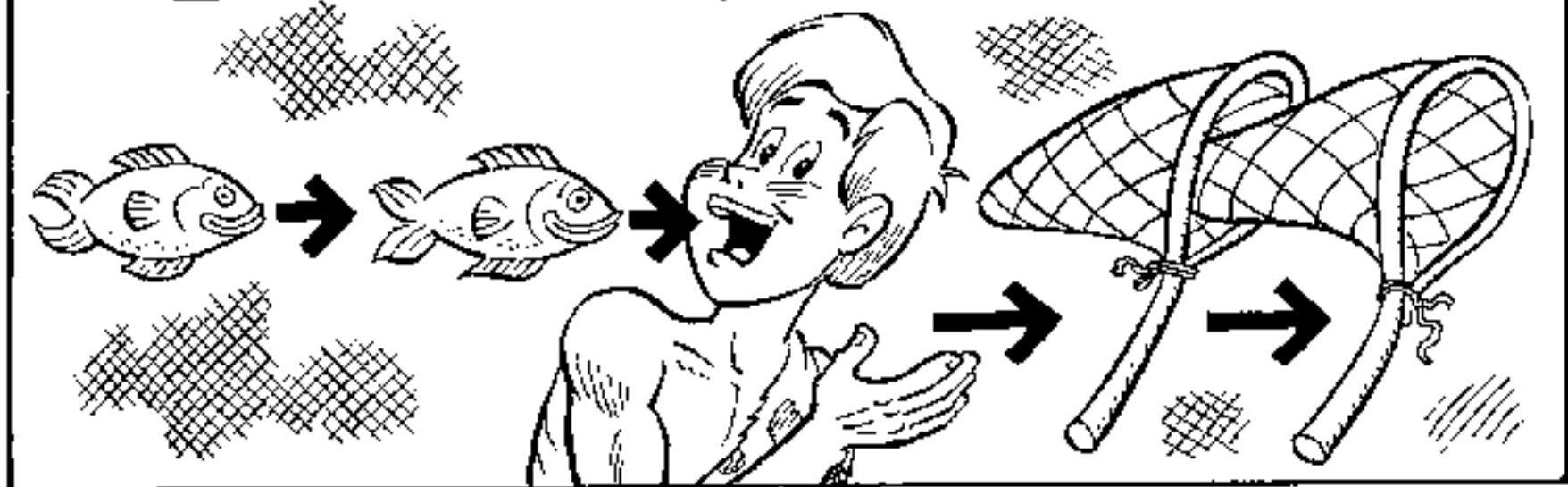


4 BUT STILL ANOTHER POSSIBILITY STRUCK ABLE...

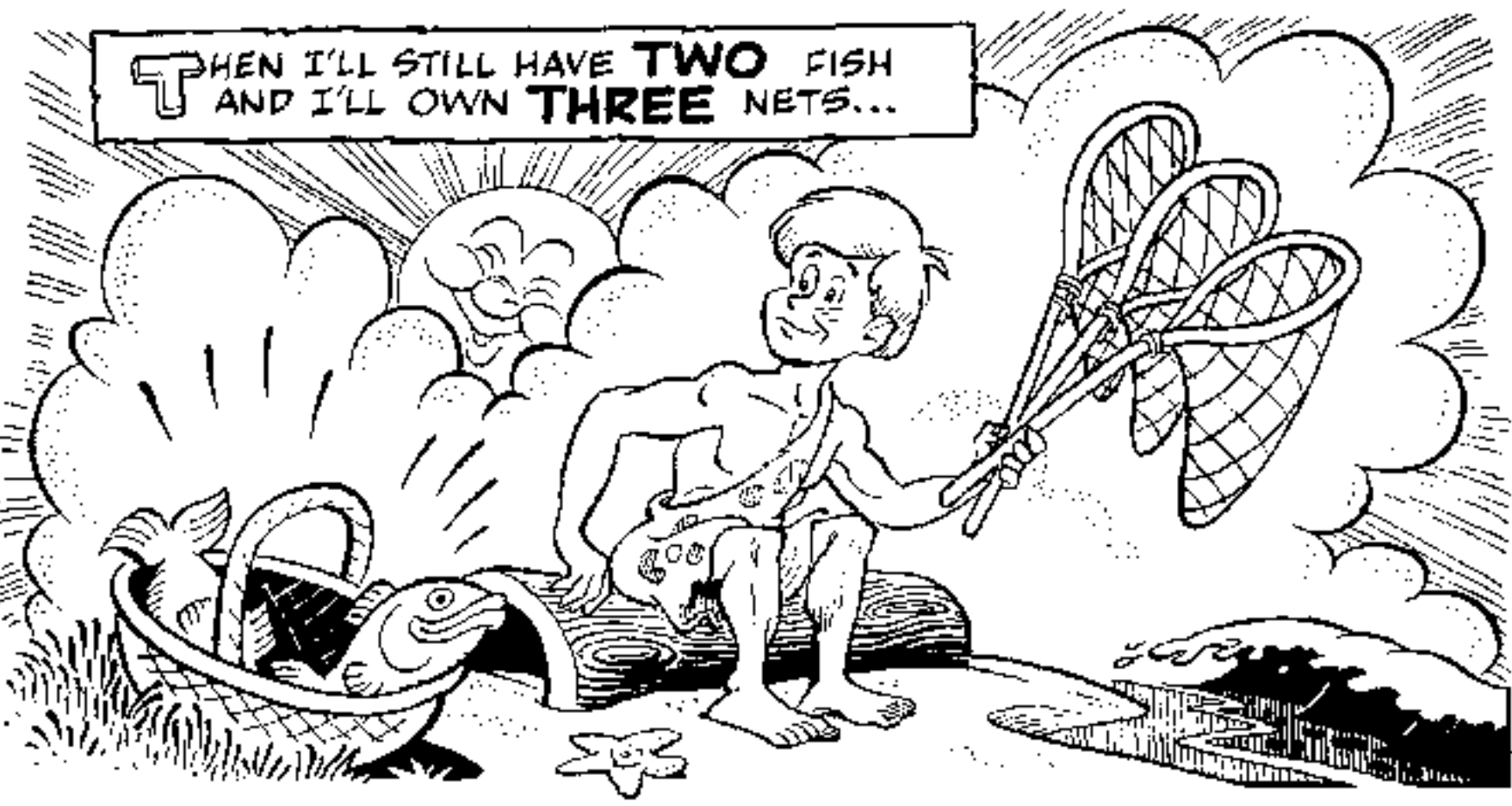
INSTEAD OF LOANING FISH (CONSUMPTION GOODS) TO BAKER AND CHARLIE TO SUSTAIN THEMSELVES WHILE THEY BUILD A NET (A CAPITAL GOOD), WHY NOT USE THE FISH **MYSELF?**



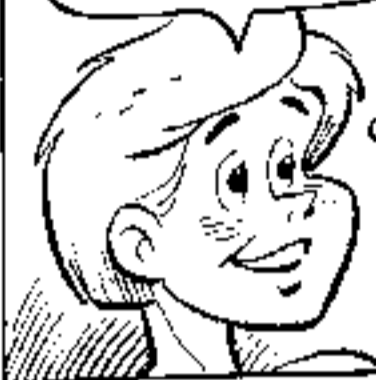
I'LL CONSUME **ONE** FISH PER DAY FOR **TWO** DAYS WHILE I BUILD **TWO** MORE NETS...



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...



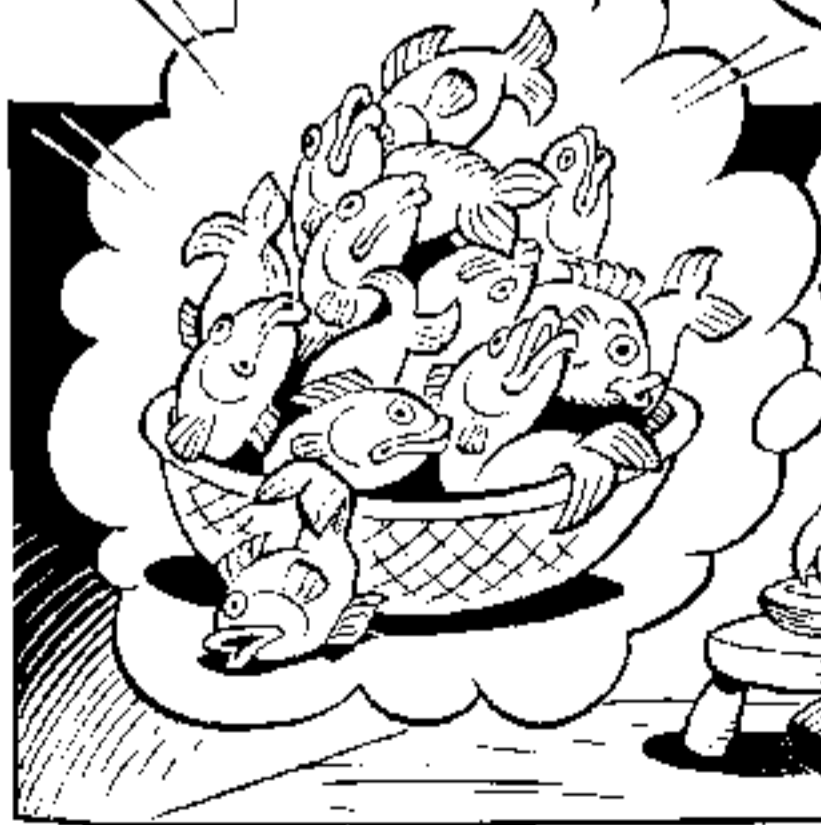
BAKER AND CHARLIE WILL EACH BE ABLE TO CATCH **TWO FISH** PER DAY WITH THE NETS!

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 THEM-
SELVES...I'D
BE ONLY
**2 FISH
AHEAD!**

WHAT TO DO P.... 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?



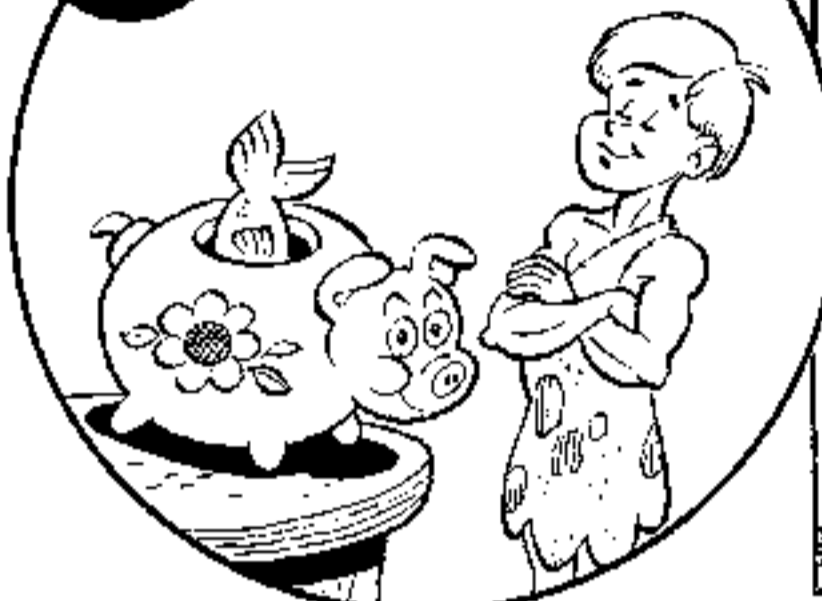
DECISIONS...DECISIONS! BUT
NO MATTER WHICH WAY HE GOES,
IF BAKER AND CHARLIE ARE
SUCCESSFUL, ABLE WILL HAVE
INCREASED HIS AND
SOCIETY'S CAPITAL!

Review

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

1

HE CAN **SAVE** WHAT HE HAS SAVED



2

HE CAN **CONSUME** WHAT HE HAS SAVED



3

HE CAN **LOAN OUT** WHAT HE HAS SAVED...



WE'VE GOT FOOD...LET'S TAKE A DAY TO BUILD NETS!



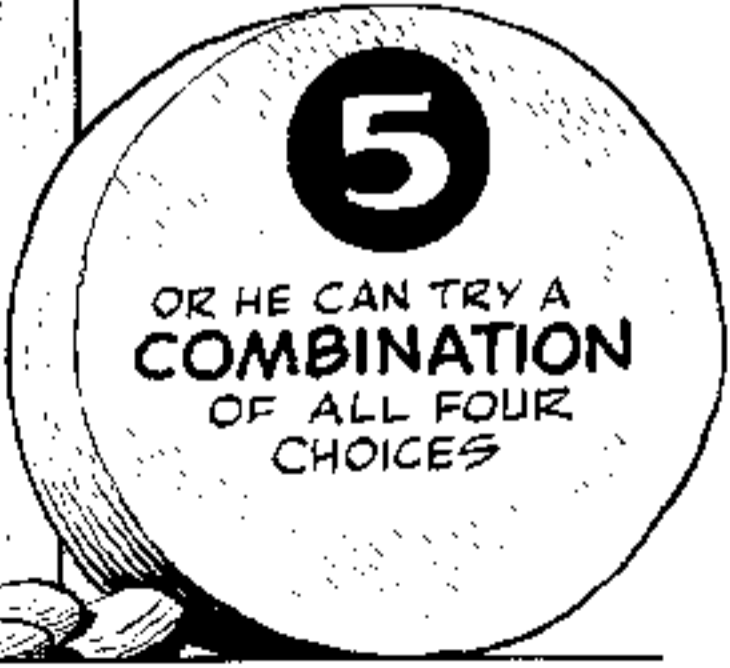
4

HE CAN **INVEST** WHAT HE HAS SAVED...



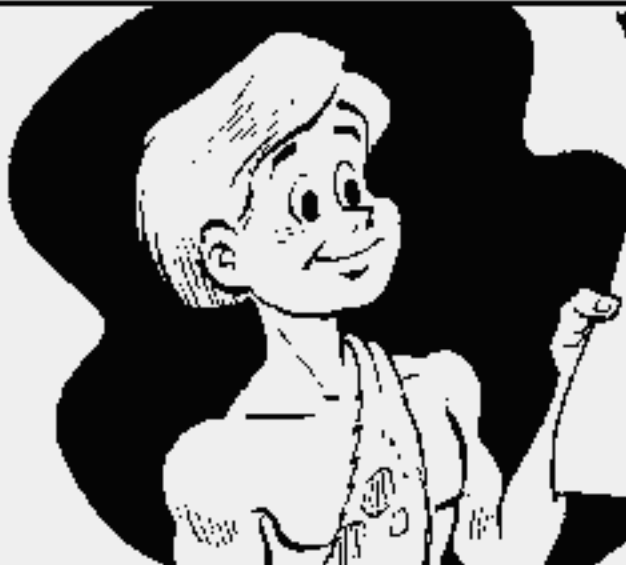
5

OR HE CAN TRY A **COMBINATION** OF ALL FOUR CHOICES



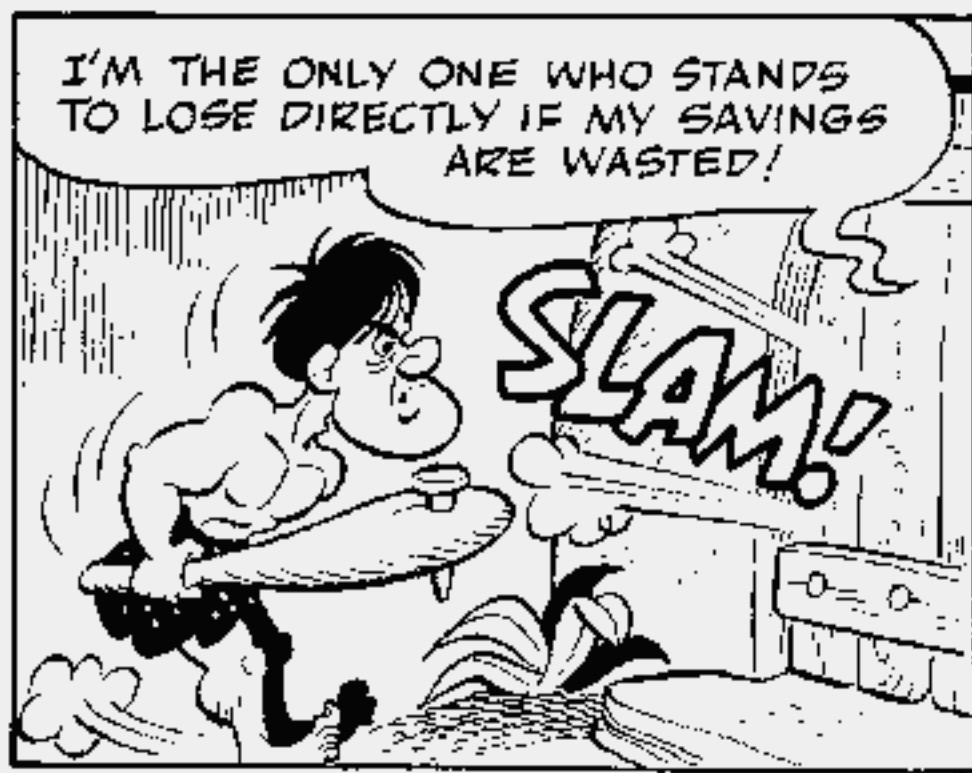
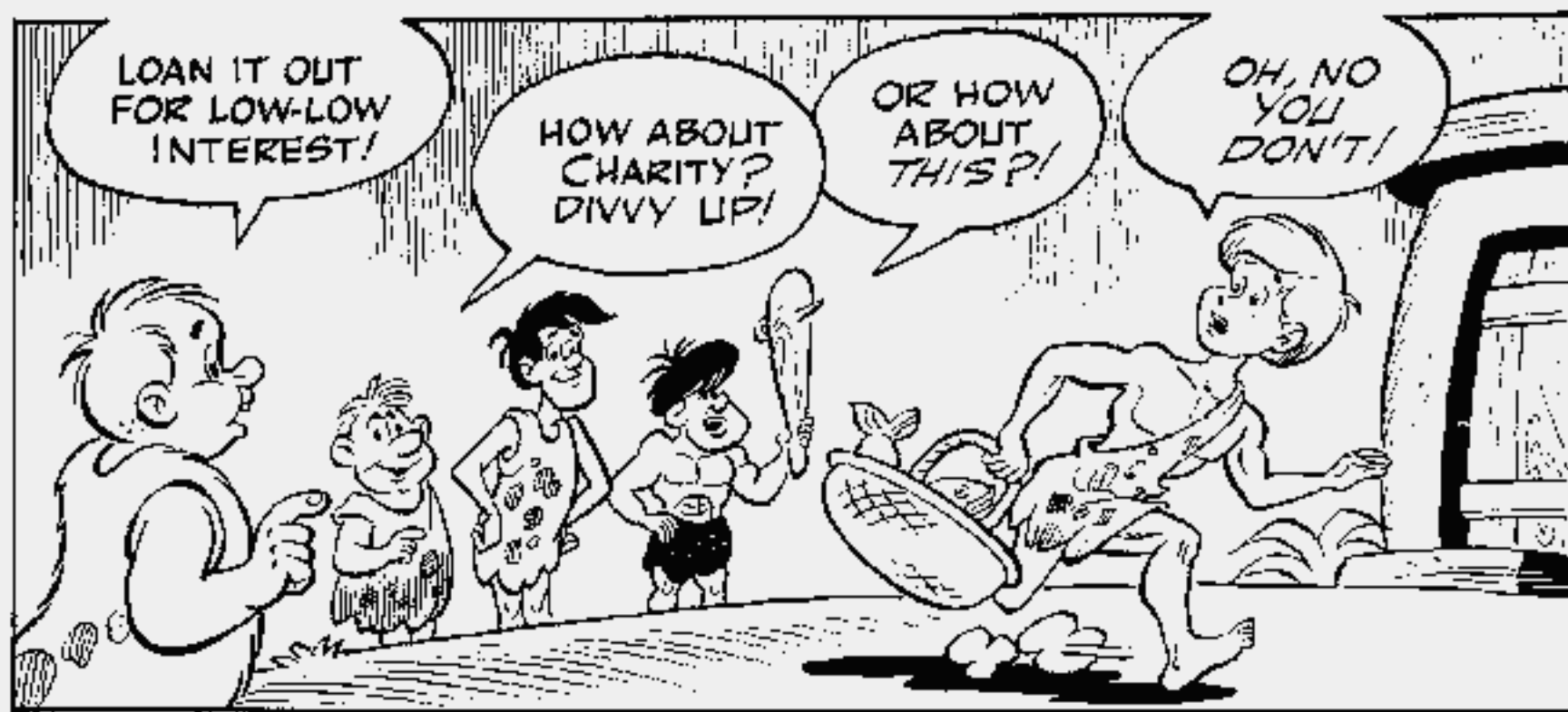
WHATEVER ABLE DOES IT WILL BE BASED UPON THE RELATIVE RISK AND PROFIT REWARDS & HIS PERSONAL ECONOMIC NEEDS!

WE'LL TELL YOU WHAT TO DO WITH YOUR CAPITAL, ABLE...



SAVINGS OPTIONS

1. SAVE SAVINGS
2. CONSUME
3. LOAN OUT
4. INVEST
5. COMBINATION



MORAL RIGHT

SO ONLY ABLE HAS THE MORAL AND EQUITABLE RIGHT TO DECIDE HOW TO USE HIS PROPERTY!



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!

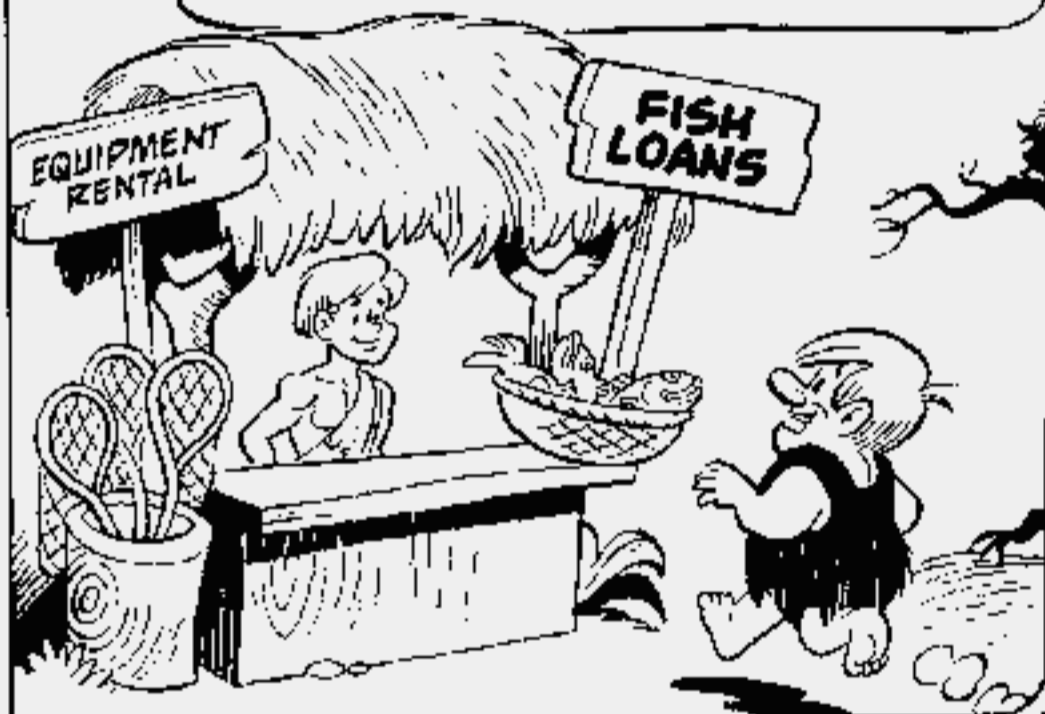
WHAT ABOUT GREED?



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!



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!



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...



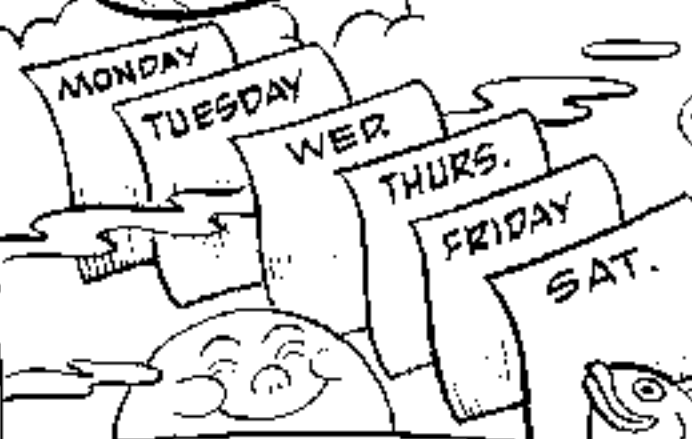
NOW ABLE HAS PROFITED FROM HIS LOAN, AND SO HAVE BAKER AND CHARLIE...

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...**



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!**



-20-

the BETTER FISH TRAP



NATURAL DISASTERS... ACTS OF GOD

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



THE FLOOD HAS DESTROYED OUR TRAP!

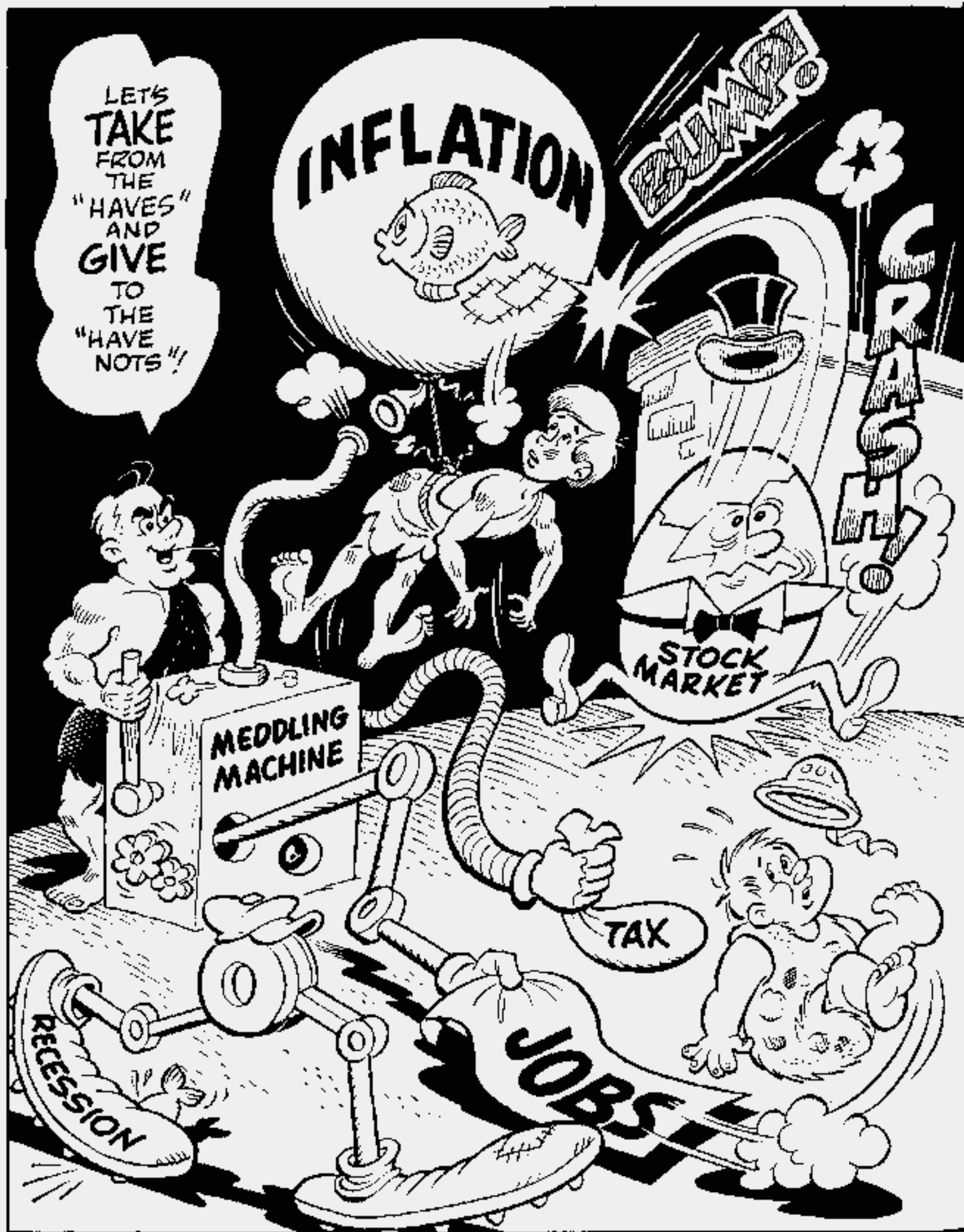
THERE GO MY SAVINGS!

BUT WHEN WE FIND "HARD TIMES" (SUCH AS RECESSION AND DEPRESSION) IN THE ABSENCE OF NATURAL DISASTERS, THEIR CAUSE IS MAN-MADE!



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.





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!



CAN

ABLE

EXPAND



?

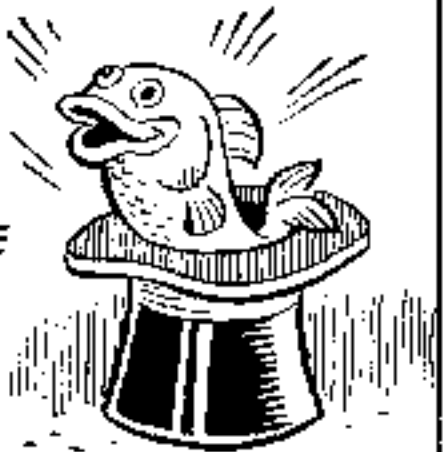
HOCUS
POCUS!



POLITICIANS AND BANKERS
FREQUENTLY REFER TO
"EXPANDING" OR "EASING" OF
CREDIT! BUT CAN ANYBODY
DO THIS AT COMMAND?

CAN A STATIST
MAGICIAN
REALLY MAKE
MORE WEALTH
AVAILABLE TO
LOAN BY A MERE
WAVE OF HIS

MAGIC
WAND?



THE OBVIOUS
ANSWER IS **NO!**

NOBODY CAN LOAN OUT SOME-
THING THEY DON'T HAVE! ANY
ATTEMPT TO DO SO IS
TRICKERY and **FRAUD!**

TAKE THIS!
I'LL MAKE
GOOD ON IT!

WHO
ARE
YOU
KIDDIN'
!P!

YOU HAVE
ONLY 4
FISH IN
YOUR
BASKET!

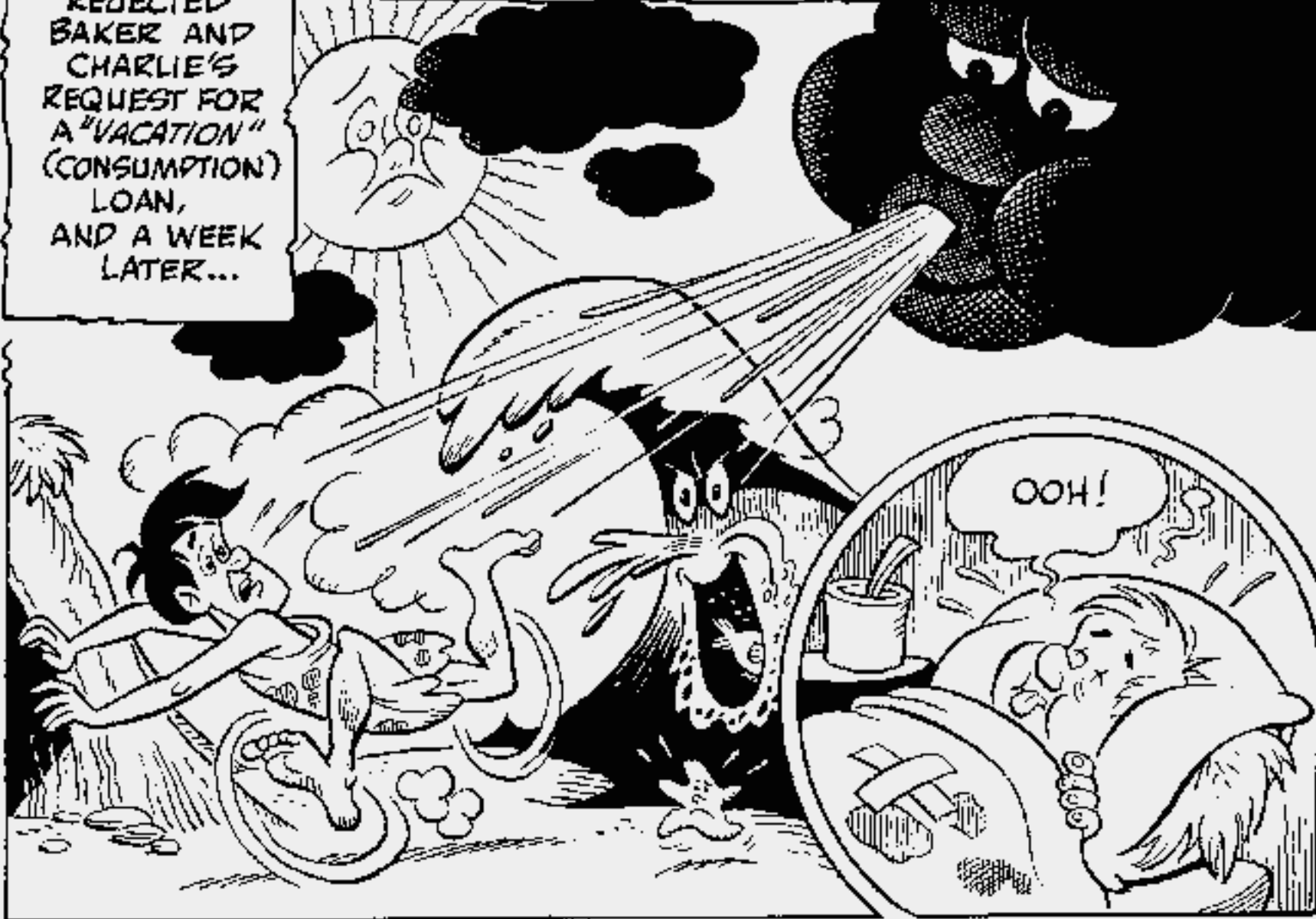


THE ISLAND'S TOTAL SUPPLY OF CREDIT
IS LIMITED BY ITS TOTAL SUPPLY OF FISH!

THE EMERGENCY LOAN for CONSUMPTION

ABLE HAS WISELY REJECTED BAKER AND CHARLIE'S REQUEST FOR A "VACATION" (CONSUMPTION) LOAN, AND A WEEK LATER...

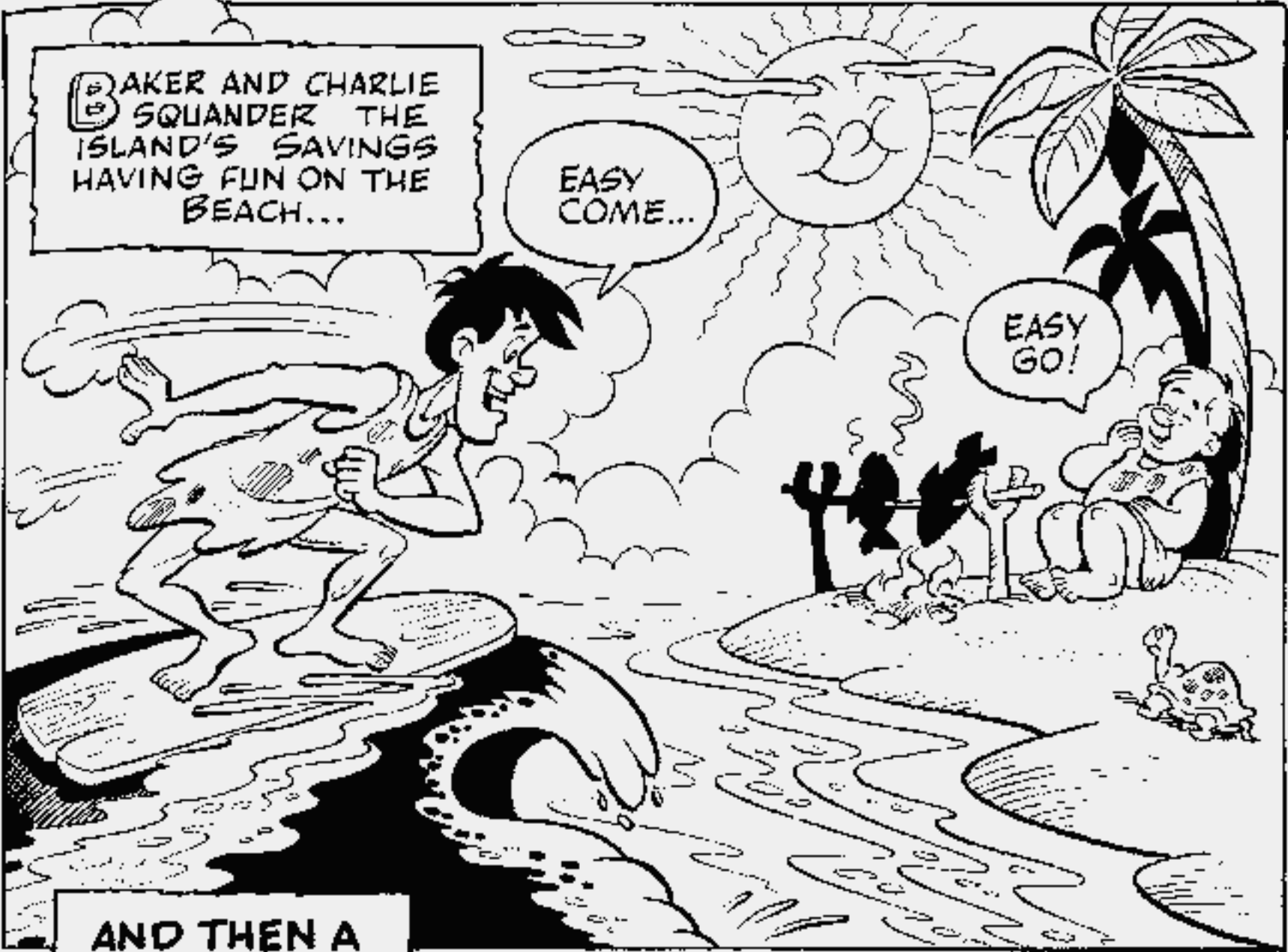
BAKER AND CHARLIE CANNOT FISH BECAUSE OF A STORM OR SICKNESS...



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



BAKER AND CHARLIE SQUANDER THE ISLAND'S SAVINGS HAVING FUN ON THE BEACH...

EASY COME...

EASY GO!

AND THEN A STORM STRIKES



WHO TURNED OUT THE SUN?



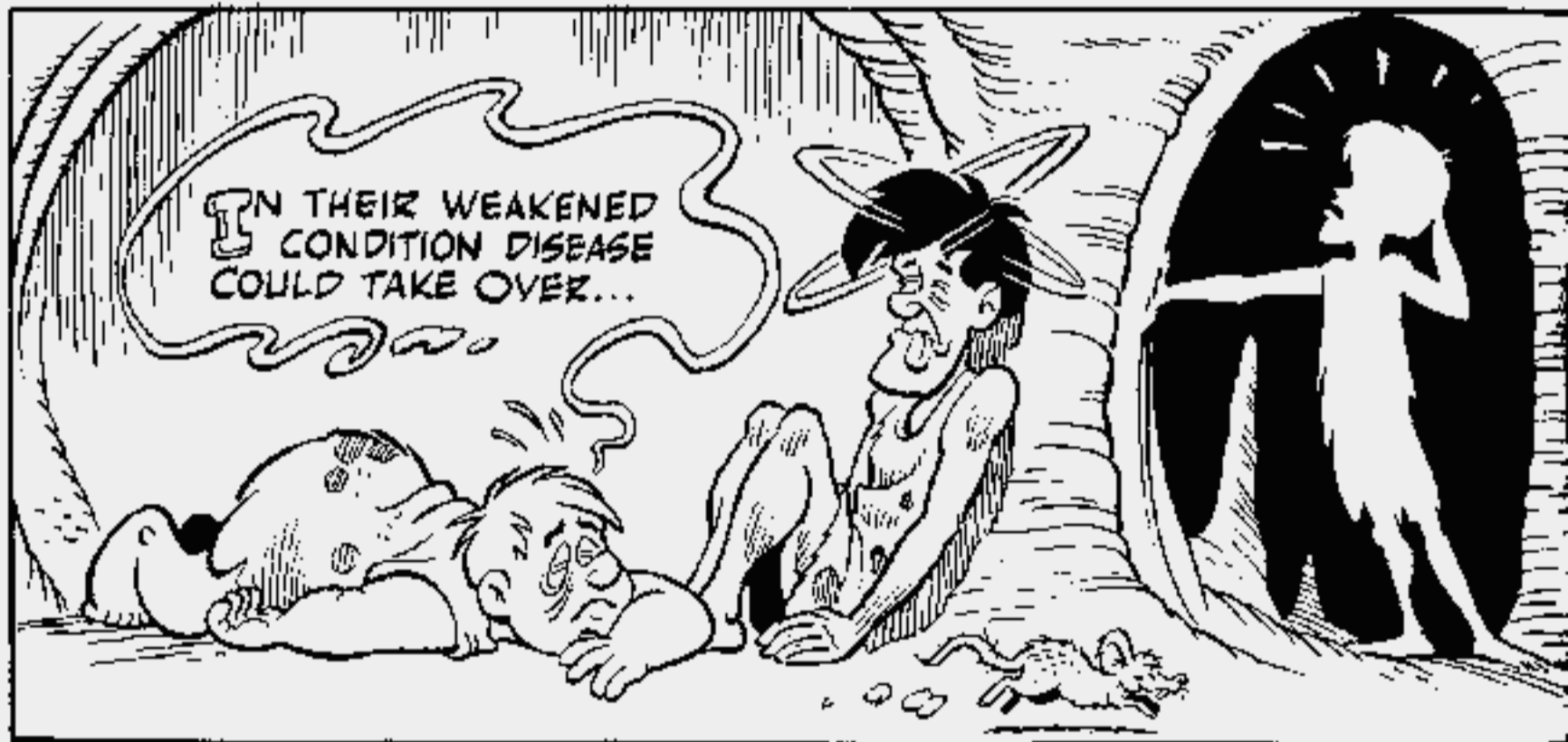
YIKES! HEAD FOR A CAVE!

HURRY! IT'S A HURRICANE!

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!



**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...



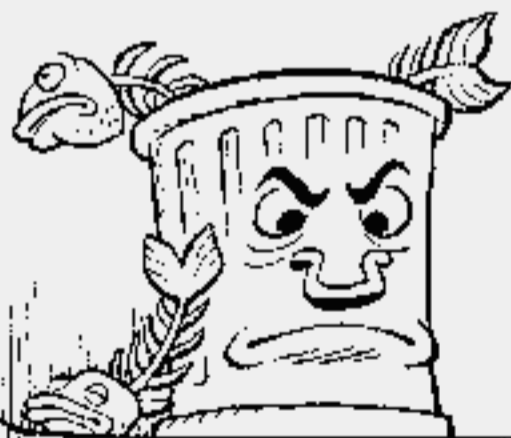
A DEPRESSION OR A RECESSION HAS SET IN!

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

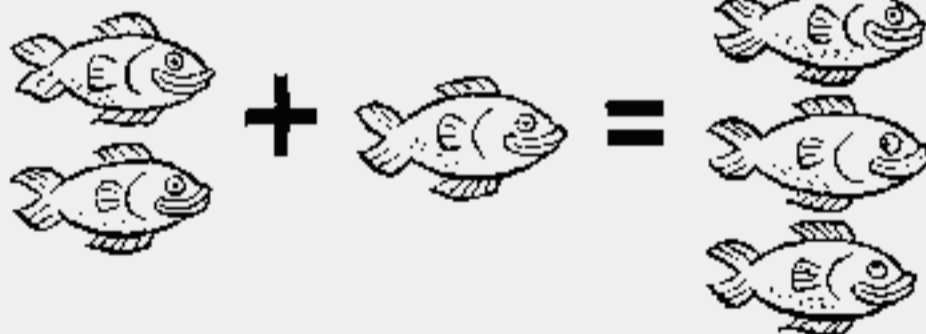
LESSON:

CONSUMPTION LOANS
WASTE
SAVINGS

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



Loan Interest Increase



LIFE

IT MAKES A **BIG** DIFFERENCE

DEATH

SAVINGS

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...



I'M A FOOR NET-MAKER!

WHERE ARE ALL THE FISH TODAY?

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



I CAN'T FIND ENOUGH SUPPLIES! UGH!

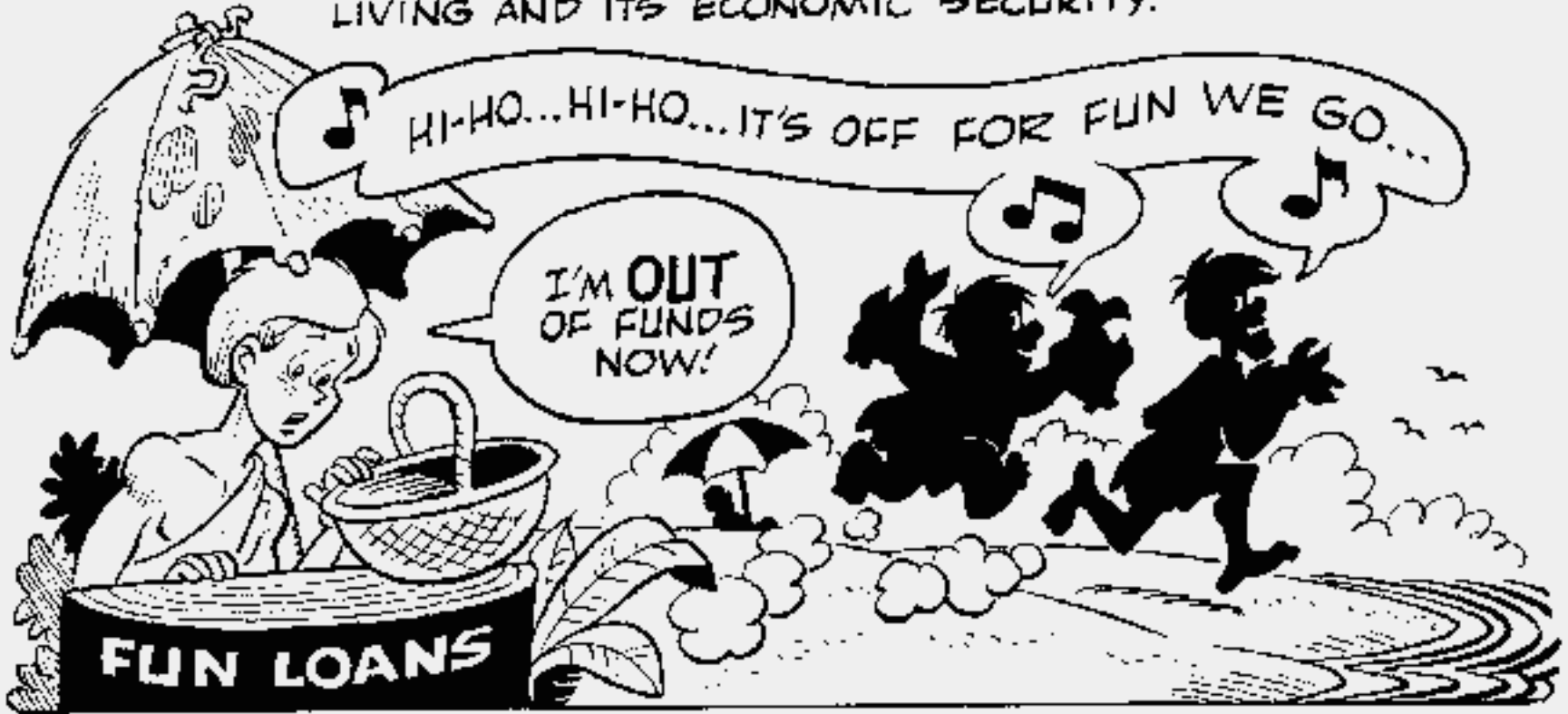
I NEED THIS FOR MY NEST!



BAKER AND CHARLIE IRRATIONALLY REFUSE TO RENT MY NETS!

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.



FOOLS!

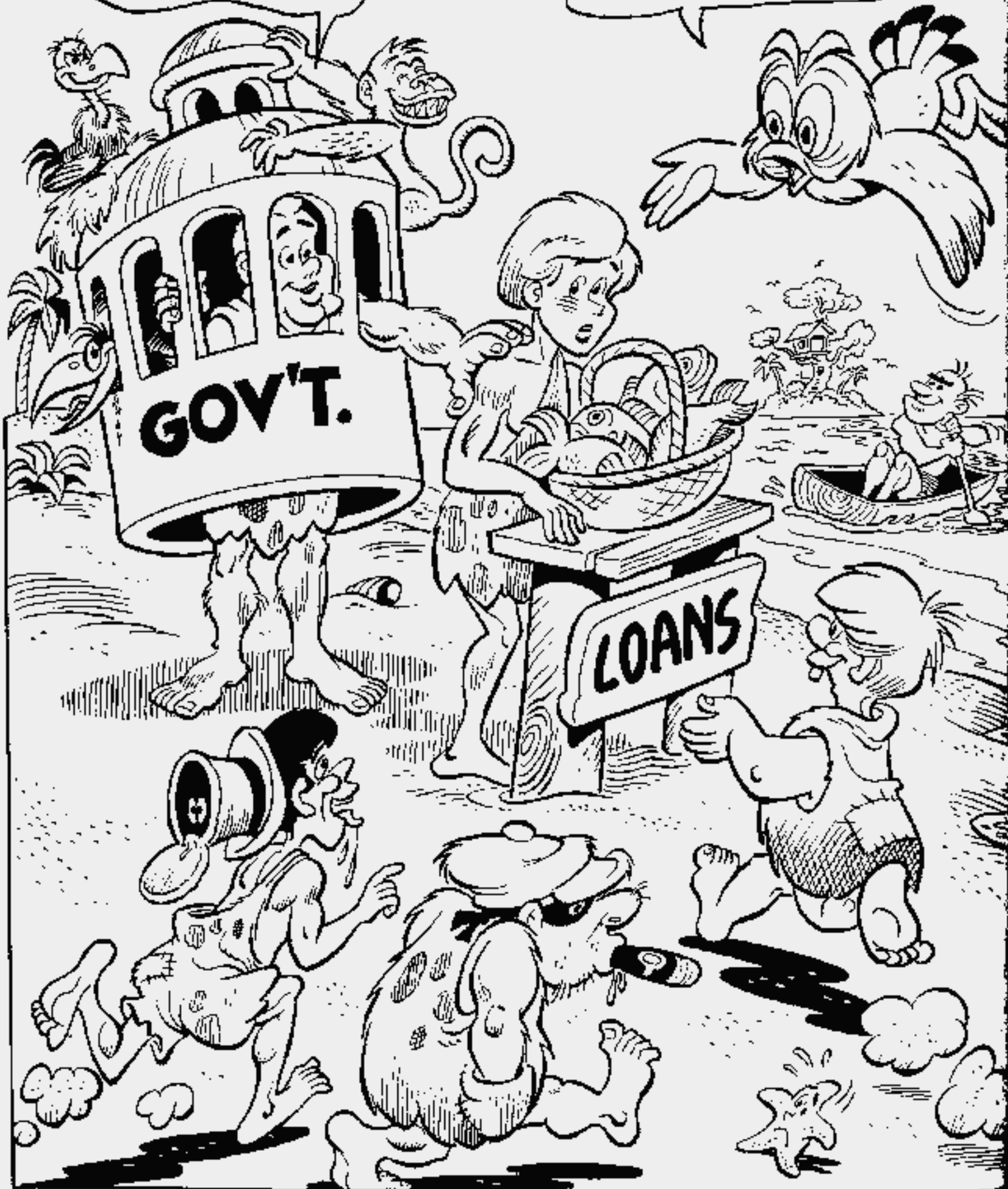
YOUR CONSUMPTION LOANS TOOK ALL OF THE ISLAND'S SAVINGS SO THAT NO LOANS WERE AVAILABLE FOR MANUFACTURING SURFBOARDS, SUN-GLASSES, OR ANY THING ELSE!



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!

GO AHEAD... LOAN TO THOSE POOR RISKS! I'LL GUARANTEE THE LOANS!

BUT GOVERNMENT HAS NO SAVINGS! IT CAN ONLY RAID THE SAVINGS OF THOSE WHO HAVE SACRIFICIALLY UNDER-CONSUMED TO CREATE SAVINGS!



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...





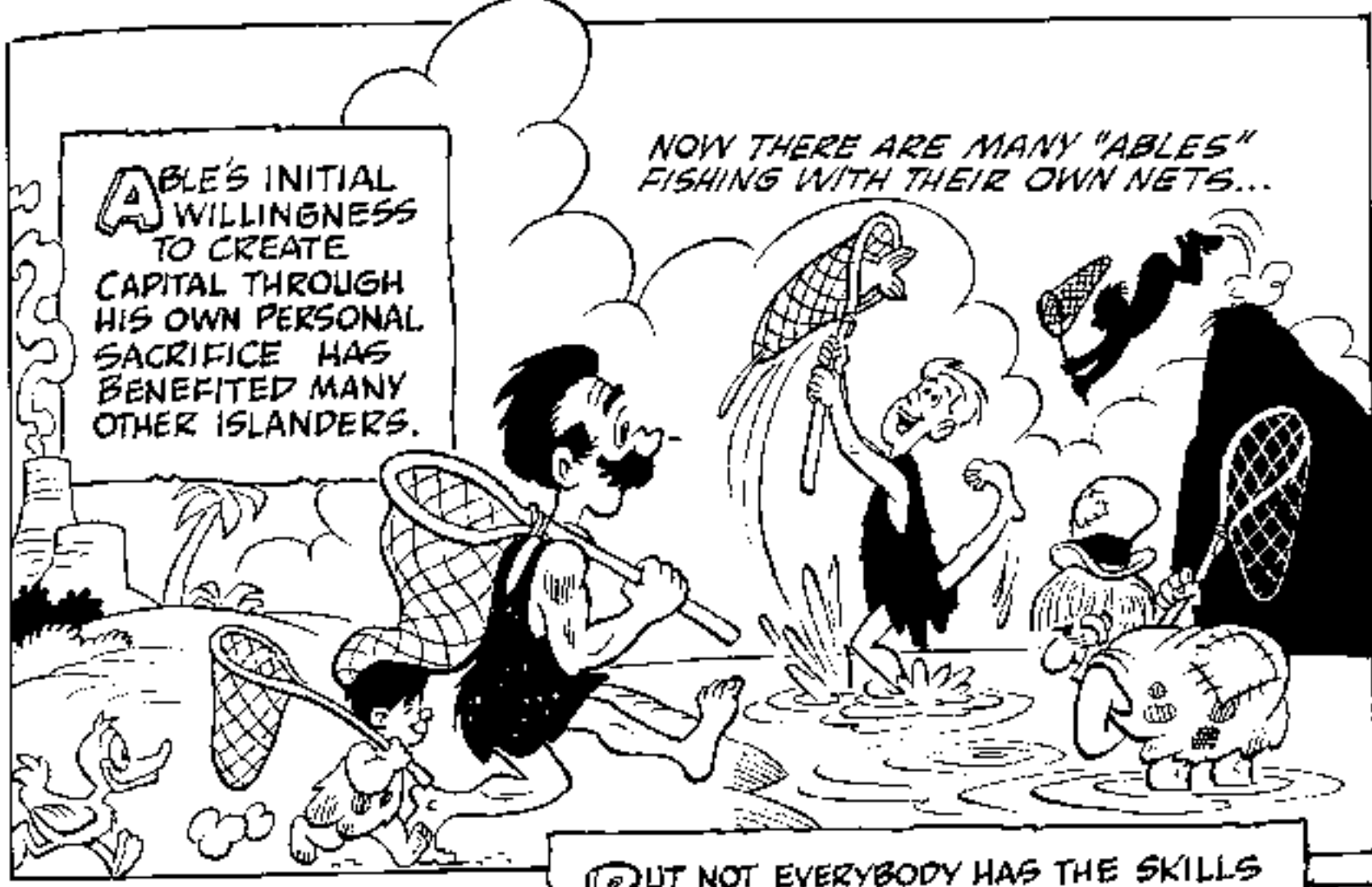
TODAY, IN AMERICA, THE INFLUENCE OF POLITICIANS ON LOANING INSTITUTIONS OPERATES IN MUCH THE SAME WAY AS FRANKLIN DEE, TO:

- 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

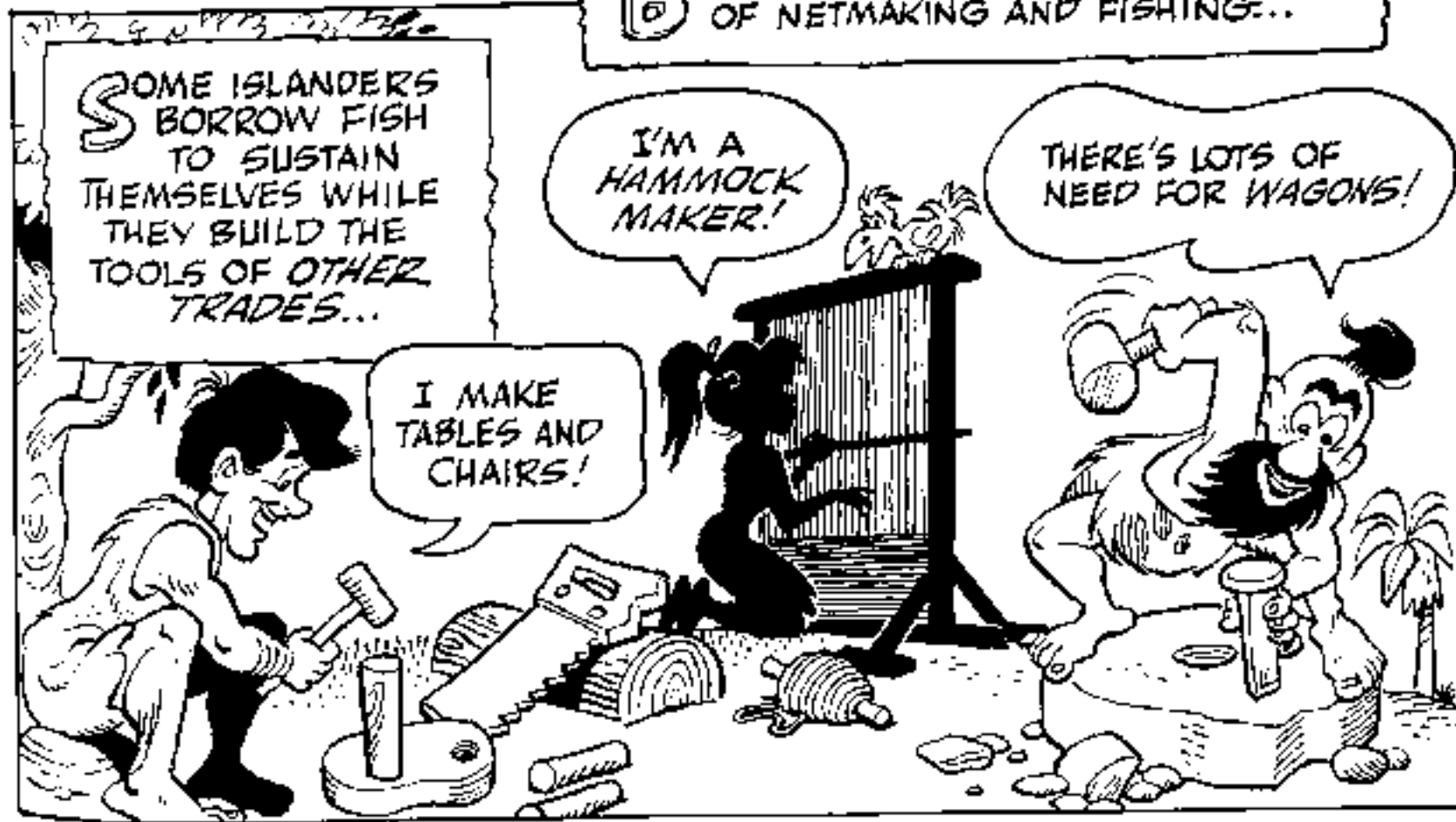
NOW LET'S SEE HOW THE **SAME ECONOMIC RULES** THAT OPERATE IN A **SIMPLE** ECONOMIC SOCIETY ALSO APPLY TO A MORE **COMPLICATED** ONE...



ABLE'S INITIAL WILLINGNESS TO CREATE CAPITAL THROUGH HIS OWN PERSONAL SACRIFICE HAS BENEFITED MANY OTHER ISLANDERS.

NOW THERE ARE MANY "ABLES" FISHING WITH THEIR OWN NETS...

BUT NOT EVERYBODY HAS THE SKILLS OF NETMAKING AND FISHING...



SOME ISLANDERS BORROW FISH TO SUSTAIN THEMSELVES WHILE THEY BUILD THE TOOLS OF OTHER TRADES...

I'M A HAMMOCK MAKER!

THERE'S LOTS OF NEED FOR WAGONS!

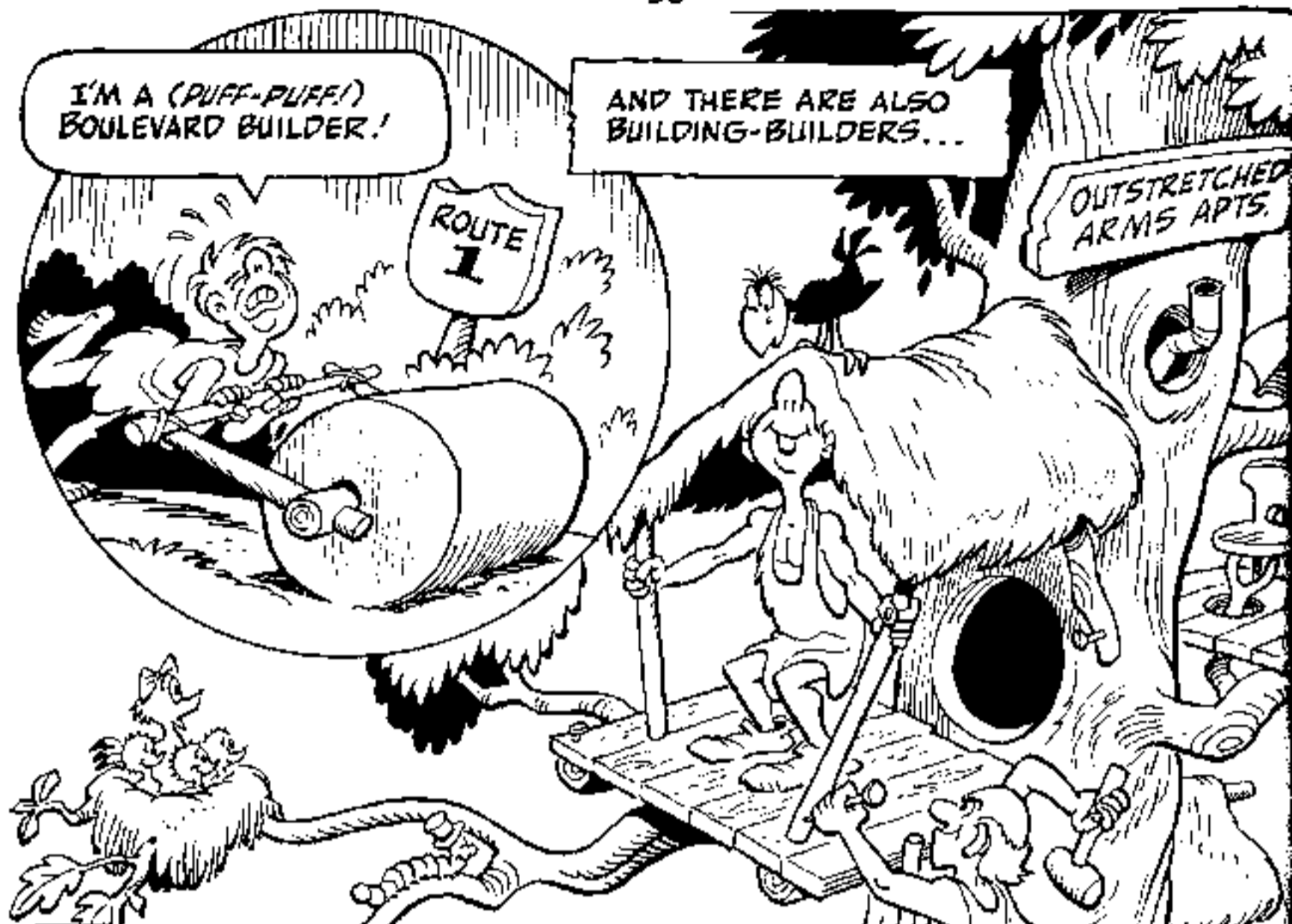
I MAKE TABLES AND CHAIRS!

I'M A (PUFF-PUFF!) BOULEVARD BUILDER!

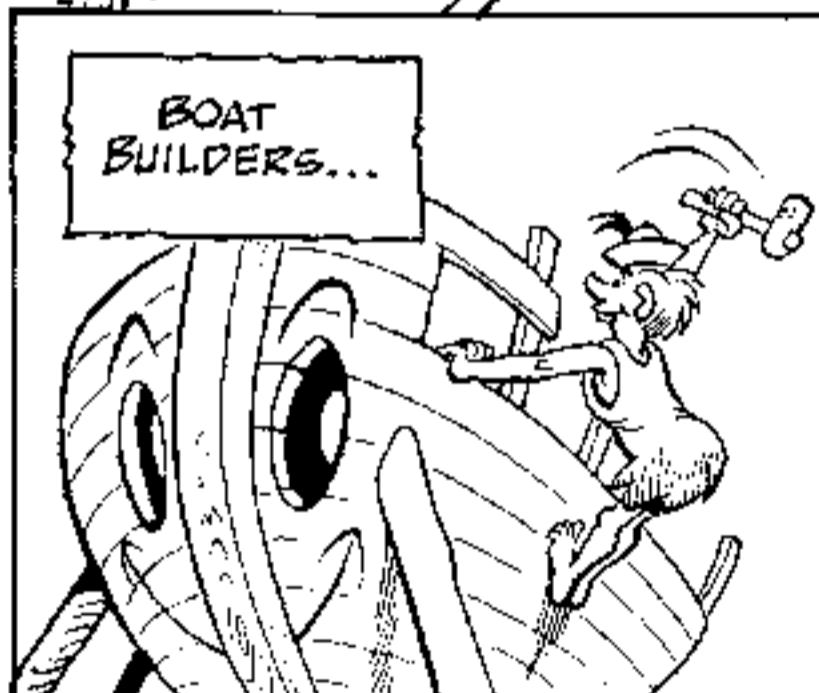
AND THERE ARE ALSO BUILDING-BUILDERS...

OUTSTRETCHED ARMS APTS.

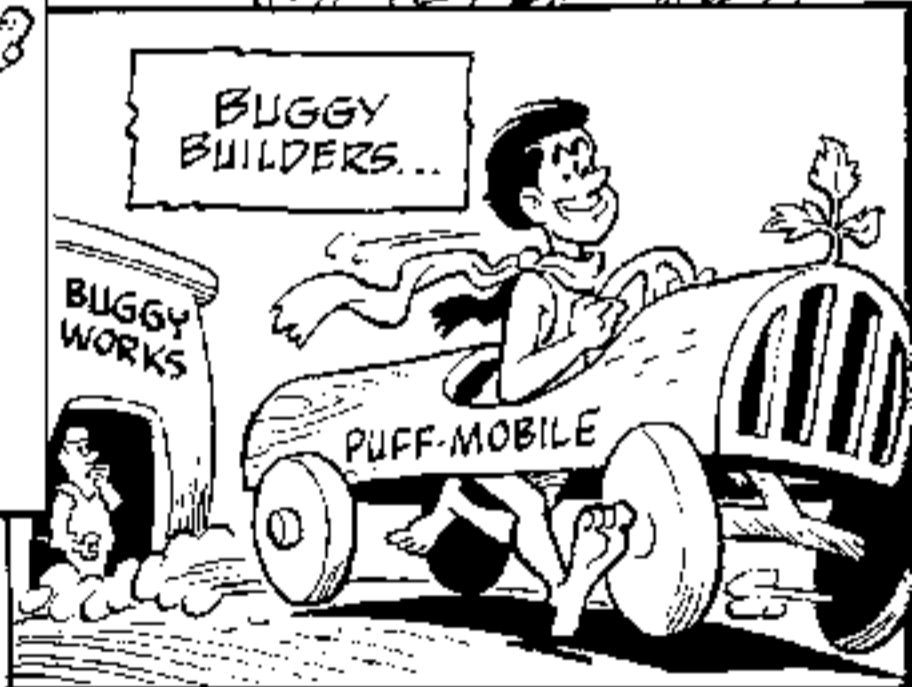
ROUTE 1



BOAT BUILDERS...

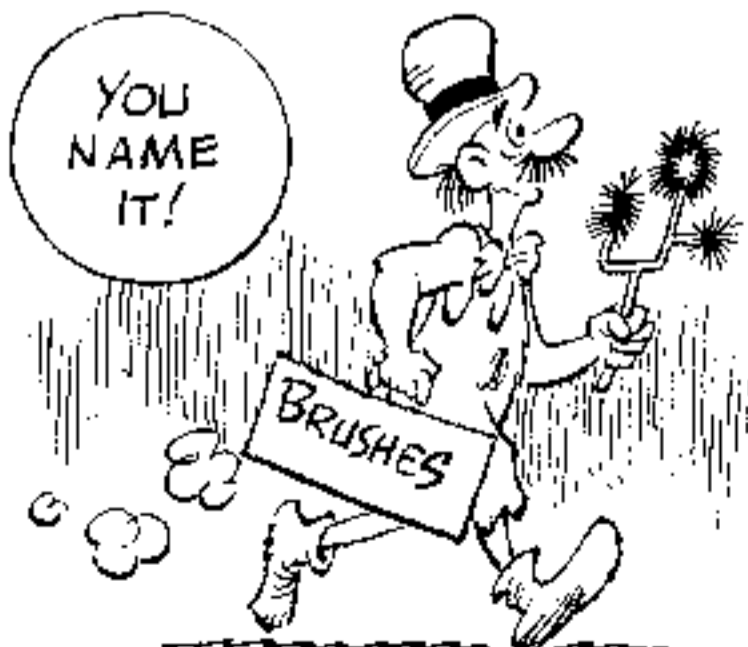


BUGGY BUILDERS...



YOU NAME IT!

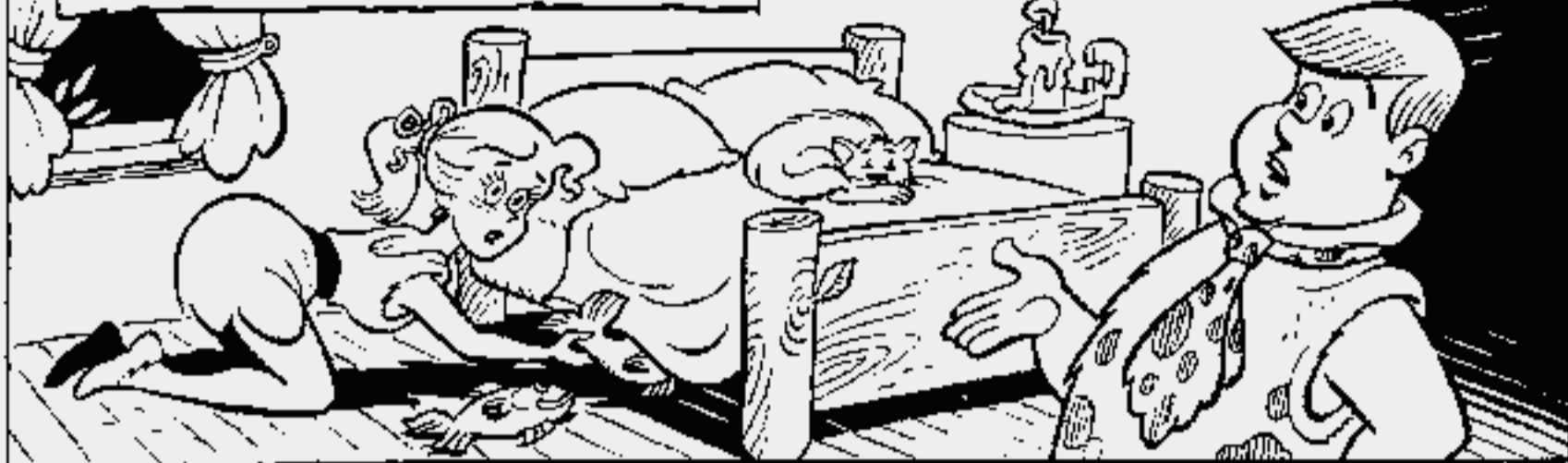
BRUSHES



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!

HOWEVER, AS THE ISLANDER'S FISH-SAVINGS INCREASED, THEY SIMPLY DID NOT HAVE THE NECESSARY STORAGE FACILITIES...

ARE YOU KIDDING? BURGLARS ALWAYS LOOK **THERE** FIRST!



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...

MARTHA, HE'S SELLING SHARES IN THE COD LIVER OIL SWEEPSTAKES!



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

I'LL BUILD A LARGE STORAGE FACILITY FOR THE ISLAND'S FISH SAVINGS!

JUST WHAT WE NEED!

ER...BUT JUST HOW WILL IT WORK?



HOW "FISH SAVINGS & LOAN CO" WORKS

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



FISH SAVINGS ACCOUNT
of Mr. J. M. Able
NO. 001,356

DATE DEP	AMOUNT	INT.	BAL.
	2 -		
	1 -		
7-15	2 -		2 -
	3 -	1 -	3 -
			100.00



SO THE ABLES DELEGATE INVESTMENT RESPONSIBILITY TO MR. GOODBANK

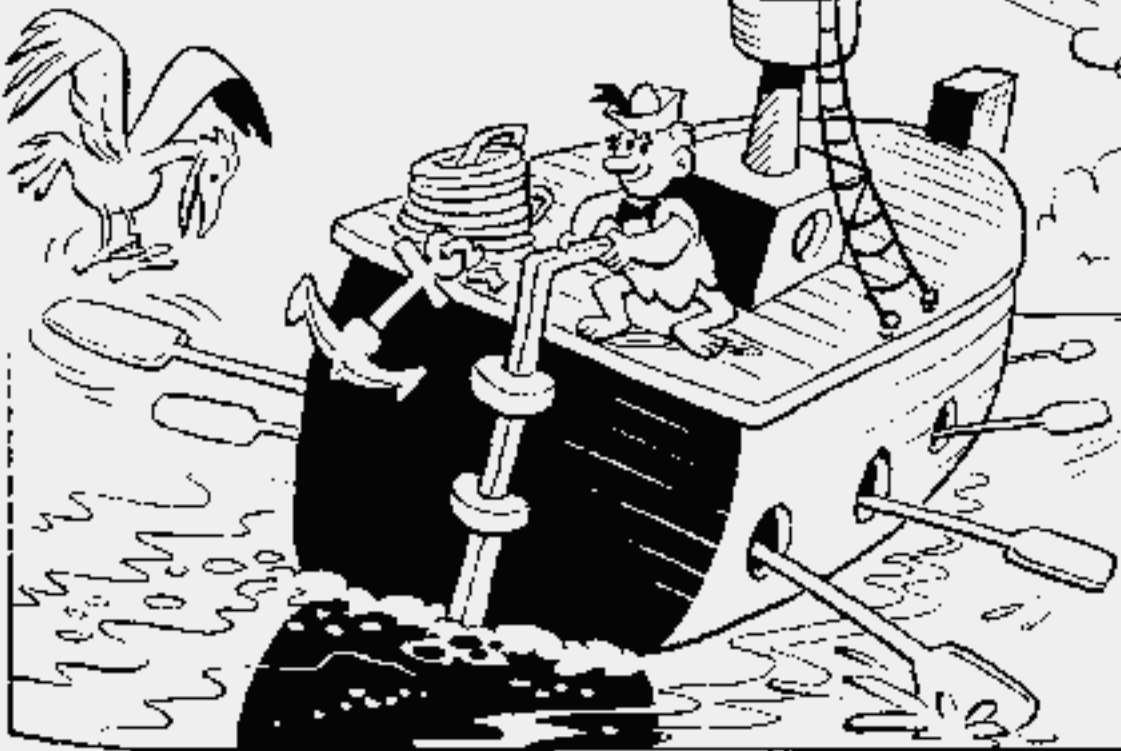
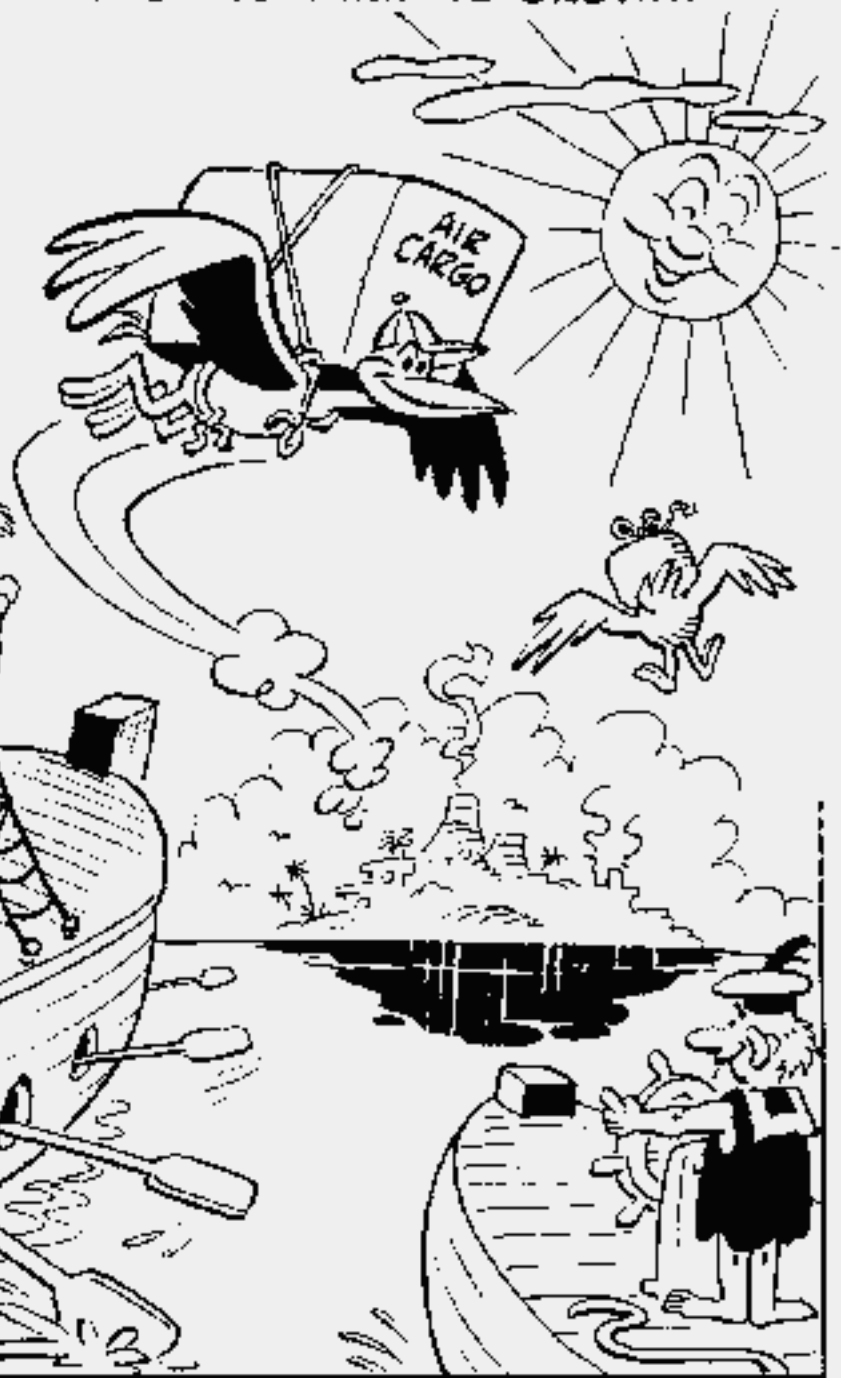
NOW THOSE REQUIRING CONSUMPTION GOODS (FISH) IN ORDER TO FINANCE A CAPITAL PROJECT NEED ONLY SEE MR. GOODBANK, RATHER THAN ALL OF THE "ABLES" ON THE ISLAND...



MR. GOODBANK HAS TOO MUCH INTEGRITY TO RISK THE ISLANDER'S SAVINGS ON **VACATION** LOANS AND THE LIKE...



UNDER HIS WISE AND CONSERVATIVE CARE THE ISLAND'S SAVINGS AND COMMERCE CONTINUE TO GROW...



BUT
MR. GOODBANK
DOES HAVE
COMPASSION
FOR THOSE IN
DESPERATE
NEED OF
**CONSUMER
CREDIT**
DUE TO DIRE
EMERGENCY,
POOR HEALTH,
UNEMPLOYMENT,
ETC.



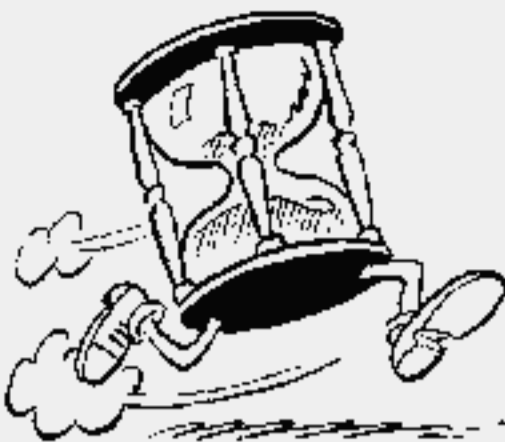
I'LL DO MY BEST
TO REPAY THIS
LOAN, SIR!



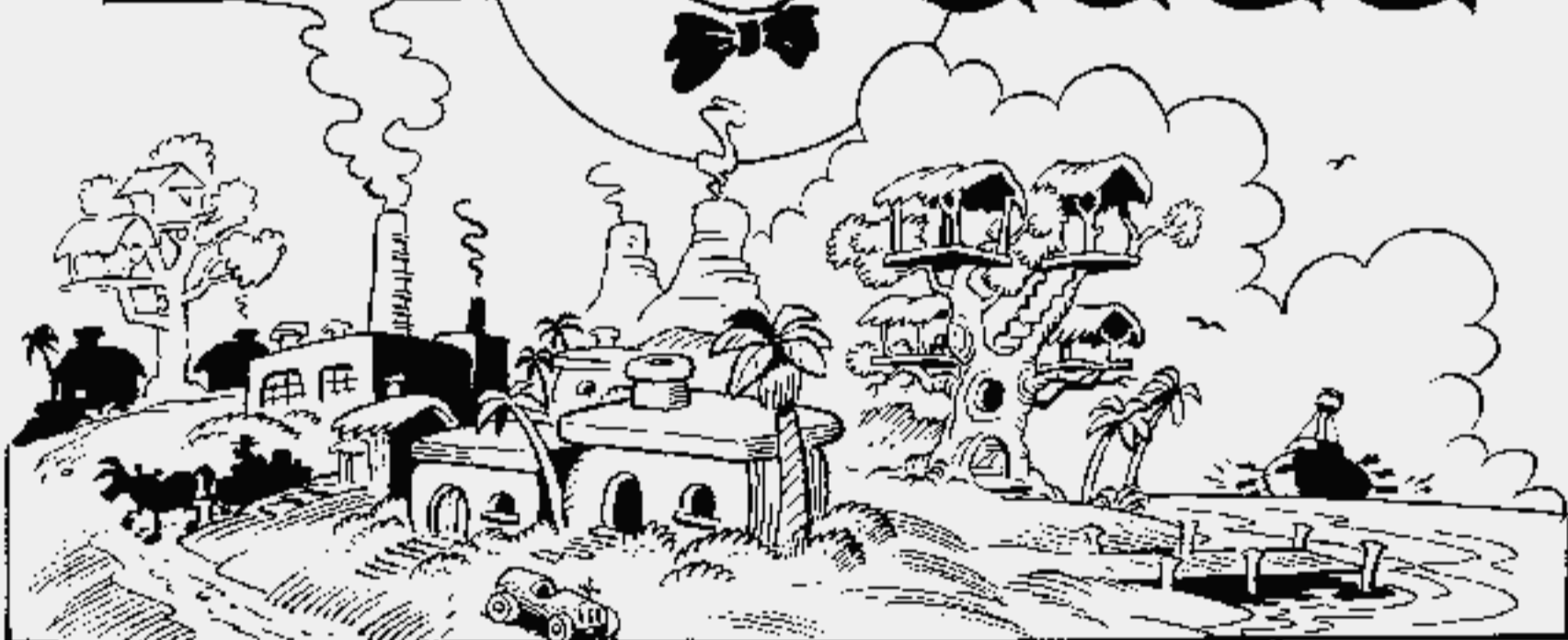
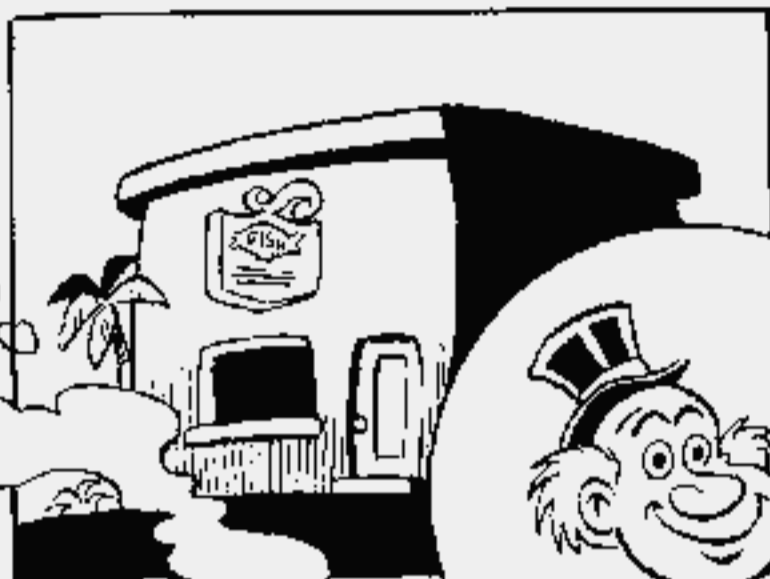
AFTER SAN FRANCISCO'S
GREAT EARTHQUAKE
IN 1906 A LOCAL
BANKER MADE STREET
CORNER EMERGENCY
LOANS TO EARTHQUAKE
VICTIMS...



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!



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!



LOAN DECISIONS WERE MADE BY MR. GOODBANK III (HE LOOKS JUST LIKE HIS GRAND-FATHER, DOESN'T HE?)

LOAN DENIED!

LOAN APPROVED!



Enter

Manny Fund



BUT SOME INVESTERS WANTED TO TAKE GREATER RISKS FOR POTENTIALLY GREATER REWARDS.



NO, NO...
TOO RISKY!
I WON'T
CHANCE IT!

WHY DON'T
YOU LOAN
TO THE
NEWLY
FORMED
**SLING-
FLIGHT
CO.?**

IF THAT VENTURE
REALLY FLIES
WE'LL CLEAN UP!

MR. GOODBANK, TRUE
TO FORM, WILL NOT
INVEST IN HIGH RISK
VENTURES!



AHEM!
I BELIEVE
I CAN
BE OF
SERVICE,
GENTS!

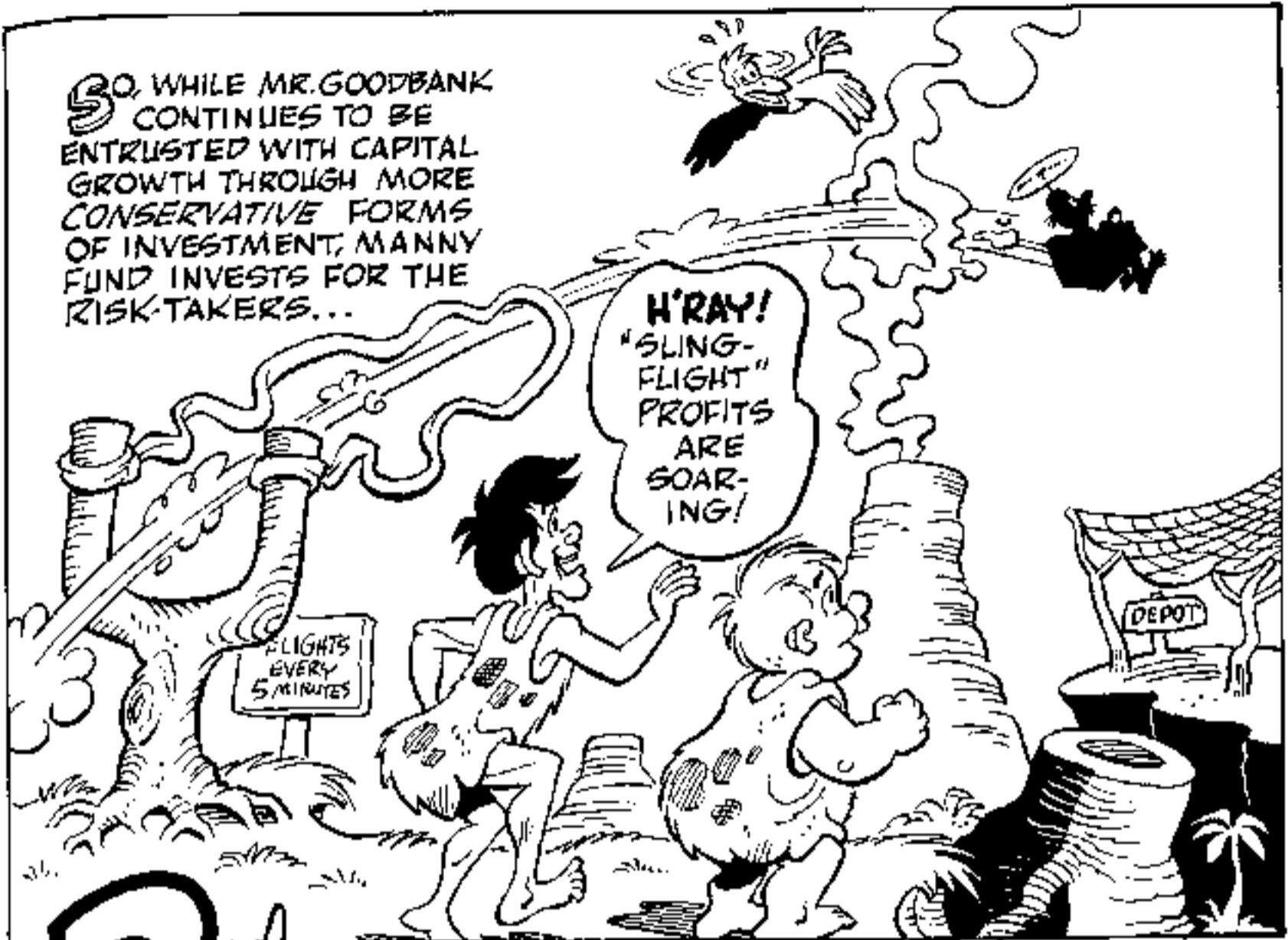
HUH? WHO
ARE YOU?

MANNY FUND IS THE NAME! POOL
YOUR RISK CAPITAL WITH ME, AND I'LL
INVEST THOSE
SAVINGS IN
HIGHER RISK
VENTURES!

YAY! BIG PROFITS
COMING! we hope!

IT'LL BE
WORTH
THE RISK!
HEY, GUYS

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
SOAR-
ING!

FLIGHTS
EVERY
5 MINUTES

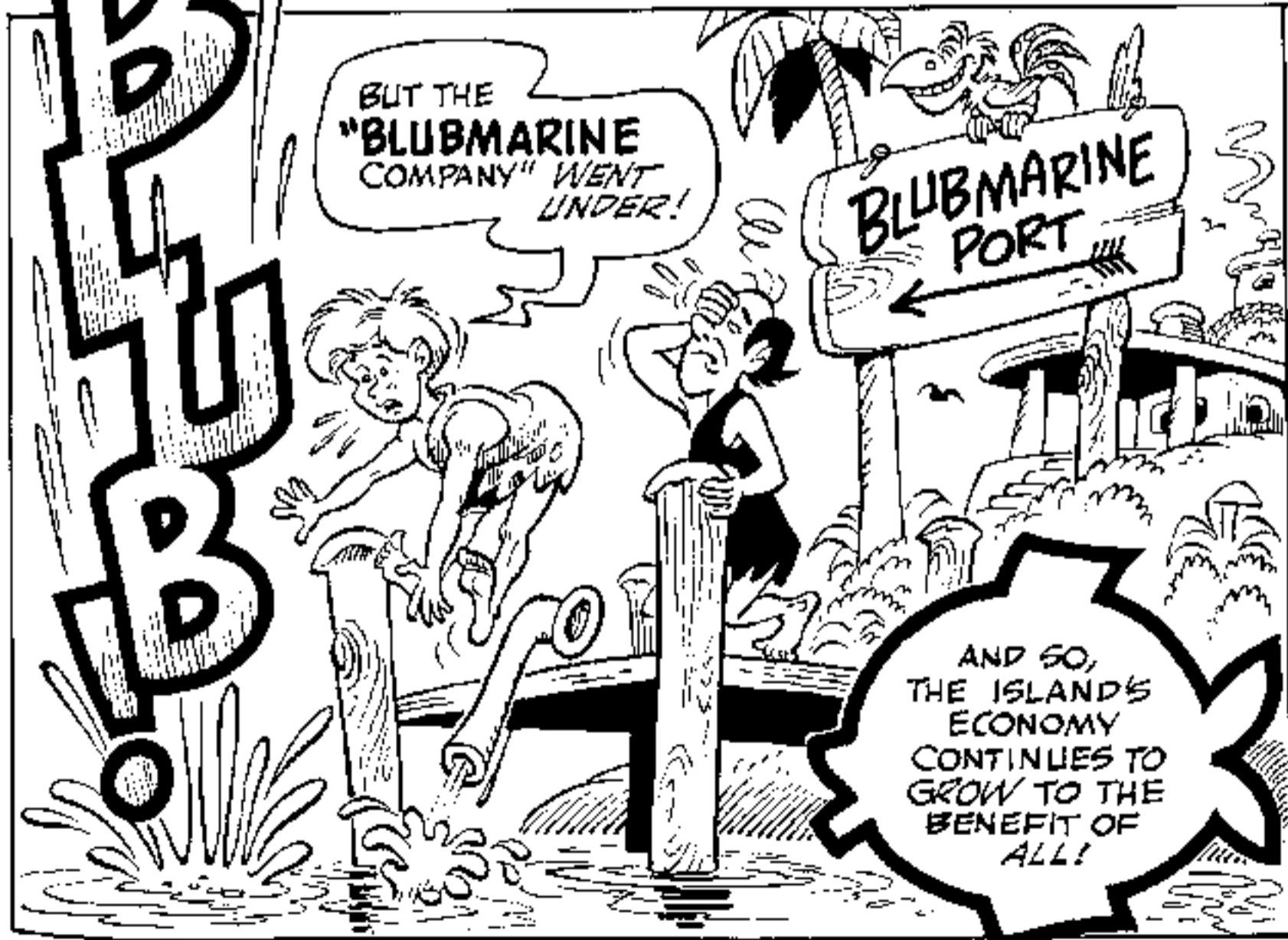
DEPOT

**B
L
U
B**

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

FROM THE BEGINNING ISLANDERS DREW THEIR WATER FROM THE MOUNTAIN STREAM...



SO MOST PEOPLE DIDN'T LIVE OR WORK VERY FAR FROM THE WATER SUPPLY!

ONE YEAR A DREADEFUL DROUGHT, A NATURAL DISASTER, JUST ABOUT WIPED OUT EVERYBODY...



WHAT COULD BE DONE AS INSURANCE AGAINST SUCH A THING IN THE FUTURE?

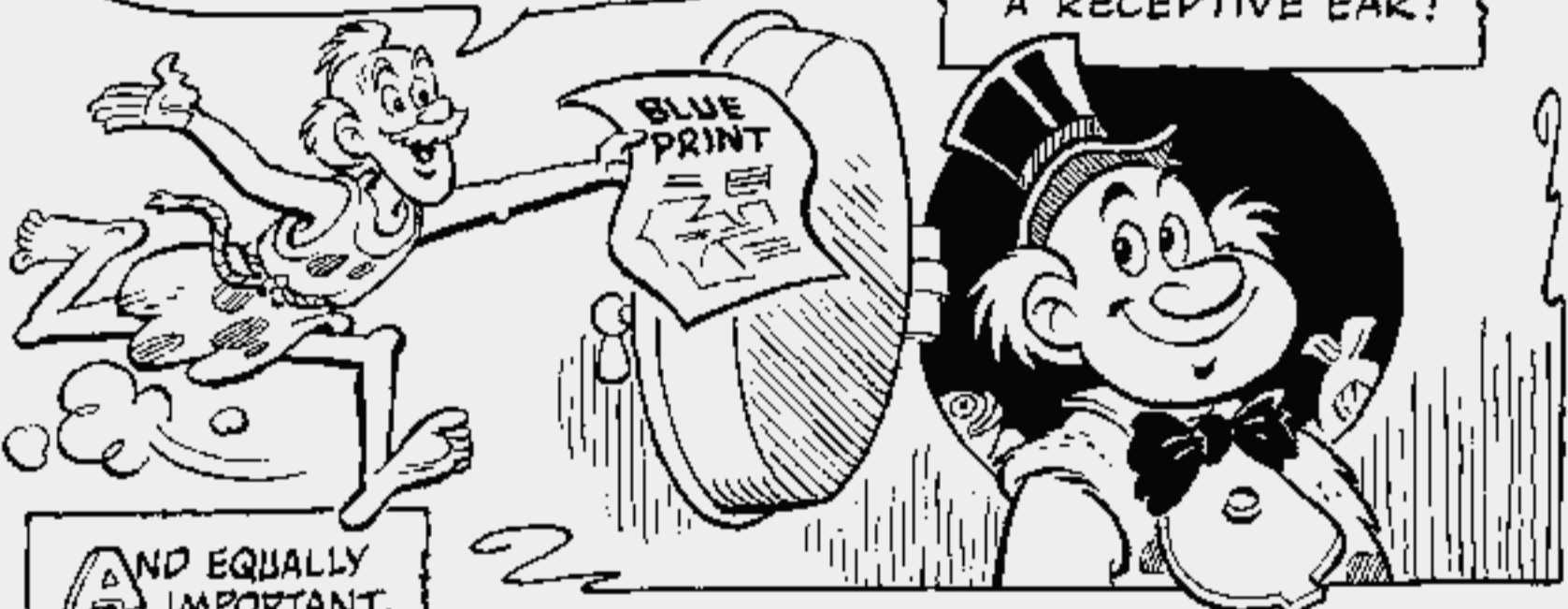
THE FERTILE MIND OF "H₂O PEDDLER" TACKLED THE PROBLEM...

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!

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...

YOU'VE GOT A LOAN FOR YOUR PROJECT, MR. H₂O PEDDLER!



the WATER WORKS PROJECT

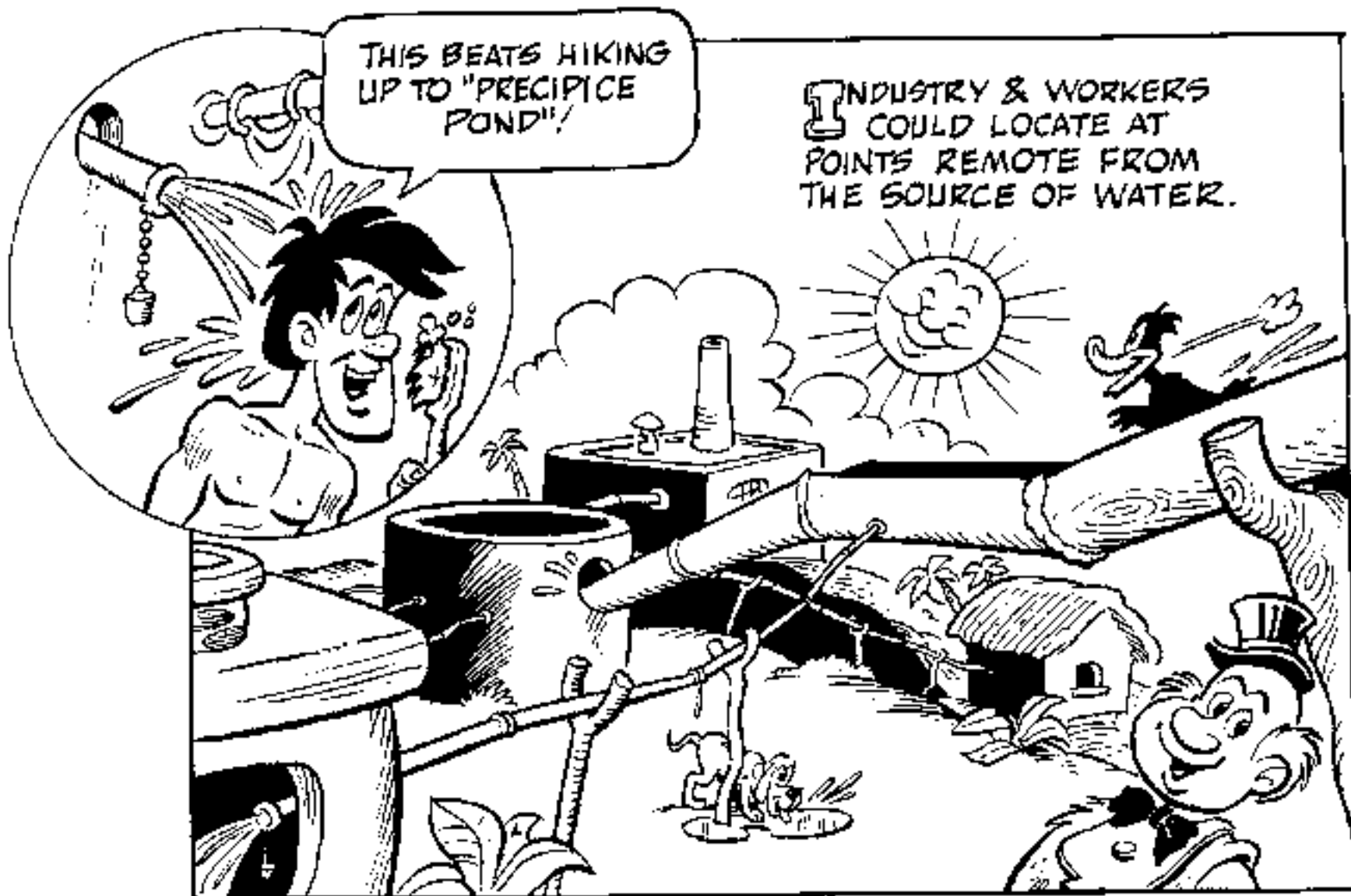
the **WATER WORKS**
PROJECT
REQUIRED AN
INVESTMENT BY
THE SAVERS
OF THE
COMMUNITY
OF
547,500 FISH
...ENOUGH TO SUP-
PORT A CREW
OF 250 MEN
FOR 2 YEARS
WHILE THEY
LABORED...



THE RISK WAS WEIGHED
AGAINST SUCCESS!
THE PROJECT, IF SUCCESS-
FUL, WOULD PAY FOR
ITSELF AND INSURE A
BETTER FUTURE FOR
EVERY ISLANDER!

the "SPLASHING" SUCCESS

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



THIS BEATS HIKING UP TO "PRECIPICE POND"!

INDUSTRY & WORKERS COULD LOCATE AT POINTS REMOTE FROM THE SOURCE OF WATER.



IRRIGATION MADE CROP FAILURES LESS LIKELY...

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!



Productivity

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!



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



BIG vs. LITTLE ECONOMICS

TO SOME ISLANDERS IT APPEARS THAT THE ECONOMICS OF PROSPERITY AND DISASTER HAVE BECOME DIFFERENT WITH BIGNESS AND COMPLEXITY FROM THOSE OF A SMALL ECONOMY...

WOW! IT'S A WHOLE NEW BALL OF WAX... OR BOX OF GEARS!

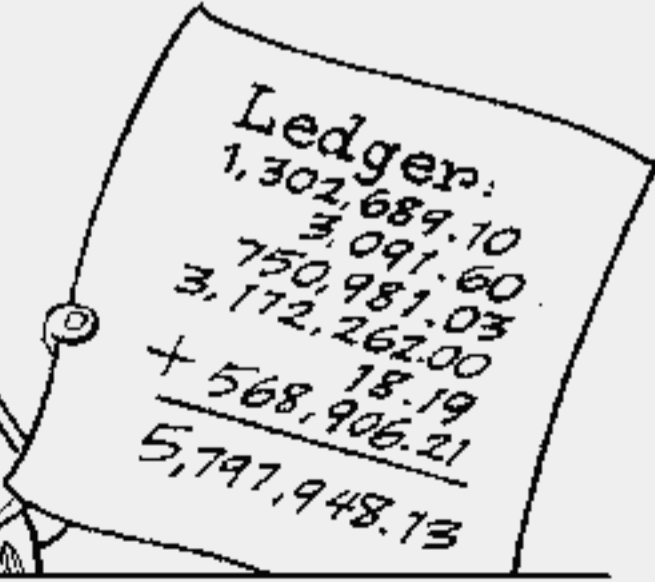


BUT THIS JUST ISN'T TRUE! BASIC ECONOMIC PRINCIPLES DO **NOT** CHANGE WITH THE **SIZE** OF AN ECONOMY... THEY'RE JUST HARDER TO SEE BECAUSE OF MORE COMPLICATED AGENCIES...

...AND TERMINOLOGY. DIRECT RELATIONSHIP BETWEEN SELF SACRIFICE, SAVINGS, CREDIT, INVESTMENT, ECONOMIC INCENTIVE, SOCIAL AND ECONOMIC PROGRESS IS ALWAYS THE SAME!

SIMILARLY, THE PRINCIPLES OF MATH DON'T CHANGE WITH THE **SIZE** OF THE PROBLEMS...

IT'S STILL ADDITION!

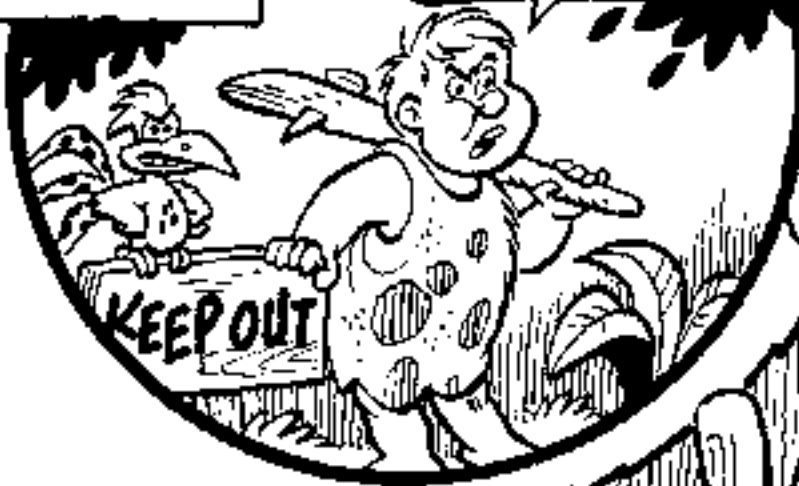


GOVERNMENT on the ISLAND

SELF GOVERNMENT WAS THE BOTTOM LINE...

I MIND MY OWN! EVERYBODY ELSE DO LIKewise... OR ELSE!

SETTLING DISPUTES AND CRIMES OF PASSION HAD LONG BEEN SETTLED BY THE ISLANDERS IN A VERY DIRECT AND PERSONAL MANNER...



C'MON, PAW... UNCLE NED! THE VARMINT STOLE OUR HEN!



THIS CONTRACT IS VOID!

RIP! RIP! RIP! RIP!

YOU CAN'T DO THAT!

CAN YOU?



STICK 'EM UP!

HELP, SOMEBODY! P- PLEASE!



BUT SELDOM WAS THERE ANY HELP AROUND!

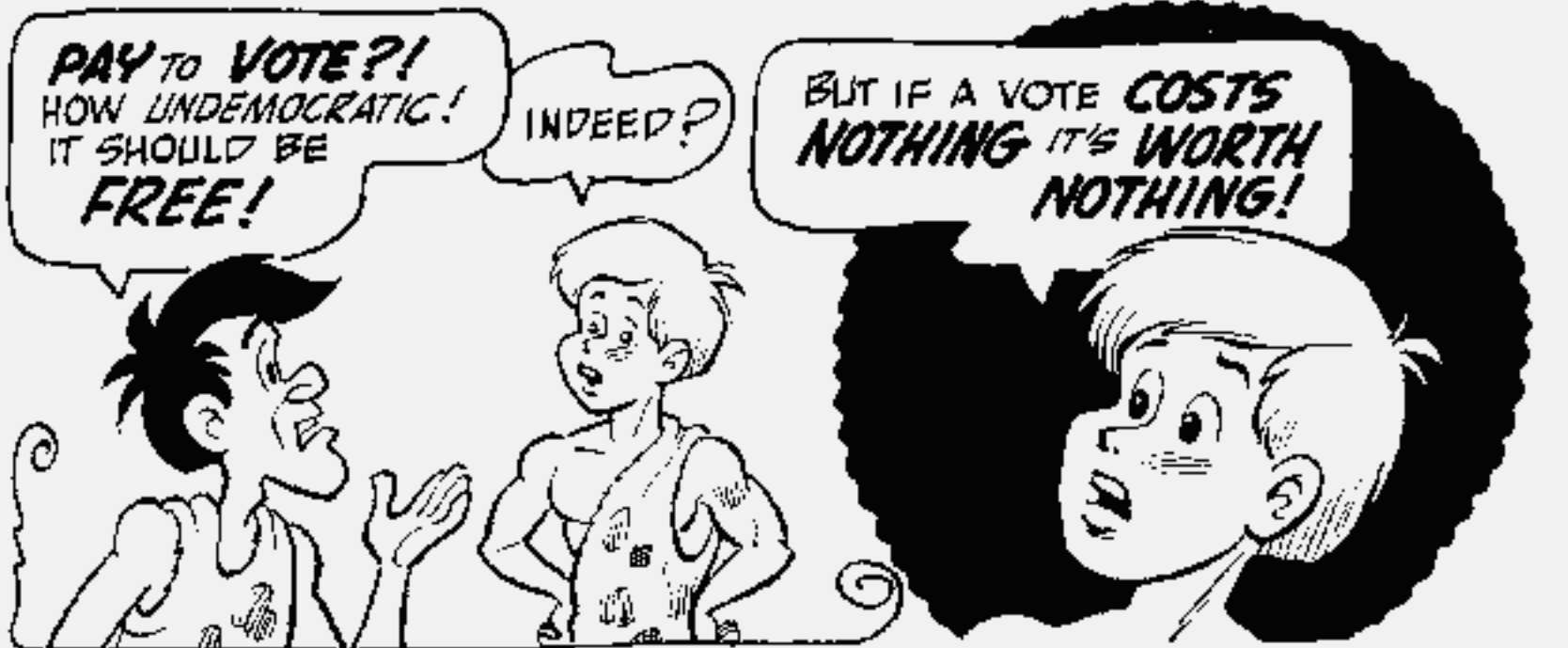


THE ISLANDERS DECIDED TO ELECT A SENATE TO SELECT AND OVERSEE JUDGES AND A CONSTABULARY, WHOSE PURPOSE WAS TO PROTECT LIFE, RIGHTS AND PROPERTY...

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!

EENIE, MEANIE, MINEY, MOE...ONE'S AS GOOD AS ANOTHER!

ELECT
FREWILL
TO SENATE

VOTE 4
GRINSTEAD



IN GOVERNMENT IF YOU WANT A SAY, THEN YOU'VE GOT TO PAY!

OKAY!

IT'LL HELP DEFRAY THE COSTS OF GOVERNMENT, TOO!

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...



HOLD IT! MR. GOLDSMITH IS RICH... HE SHOULD PAY MORE TO VOTE!

WHY IS THAT?

RICH AND POOR ALIKE WILL RECEIVE THE SAME BENEFITS FROM GOVERNMENT ... PROTECTION OF LIFE, LIBERTY, AND PROPERTY!

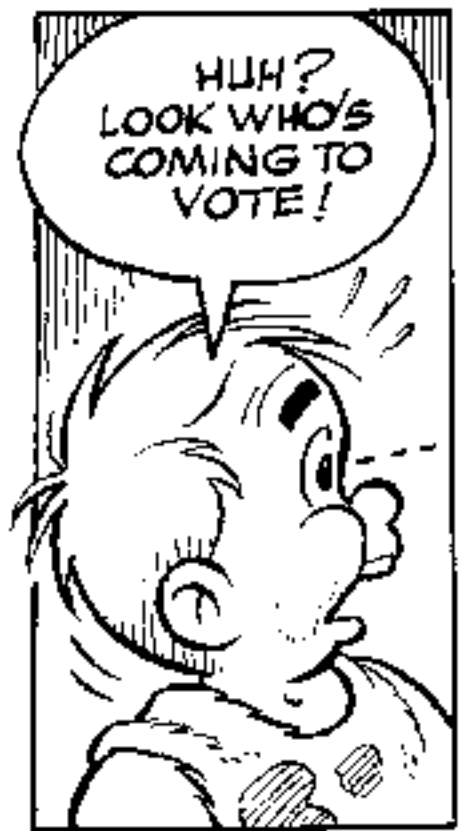
LIKE GOING TO THE THEATER...THE PRICE IS THE SAME FOR EVERYBODY...EACH PERSON ENJOYS THE SAME ENTERTAINMENT...



OKAY...YOU WIN AGAIN, MR. JUSTICE
...EVERYBODY SHOULD PAY THE
SAME TAX TO VOTE!



HUH?
LOOK WHO'S
COMING TO
VOTE!

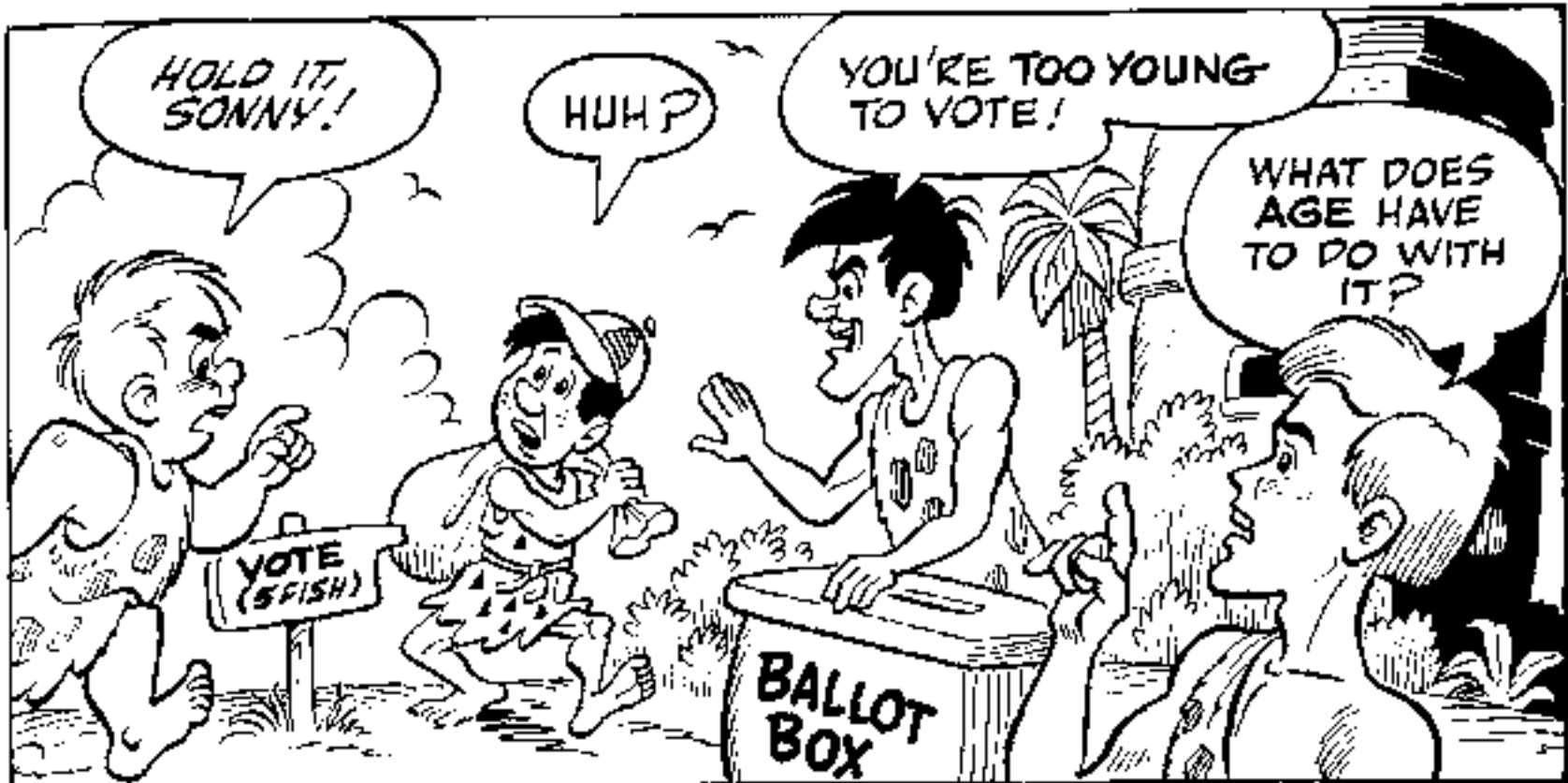


HOLD IT,
SONNY!

HUH?

YOU'RE TOO YOUNG
TO VOTE!

WHAT DOES
AGE HAVE
TO DO WITH
IT?



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 CON-
TRIBUTES ZERO
TO OUR SOCIETY AND
HIS JUDGMENT IS
QUESTION-
ABLE!



WHY PAY TO VOTE?

SO I CAN HAVE
A SAY IN WHAT
KIND OF MEN
ARE ELECTED!

5 FISH IS A CHEAP PRICE
TO PAY FOR CONTROL OF
ECONOMIC AND SOCIAL
JUSTICE!



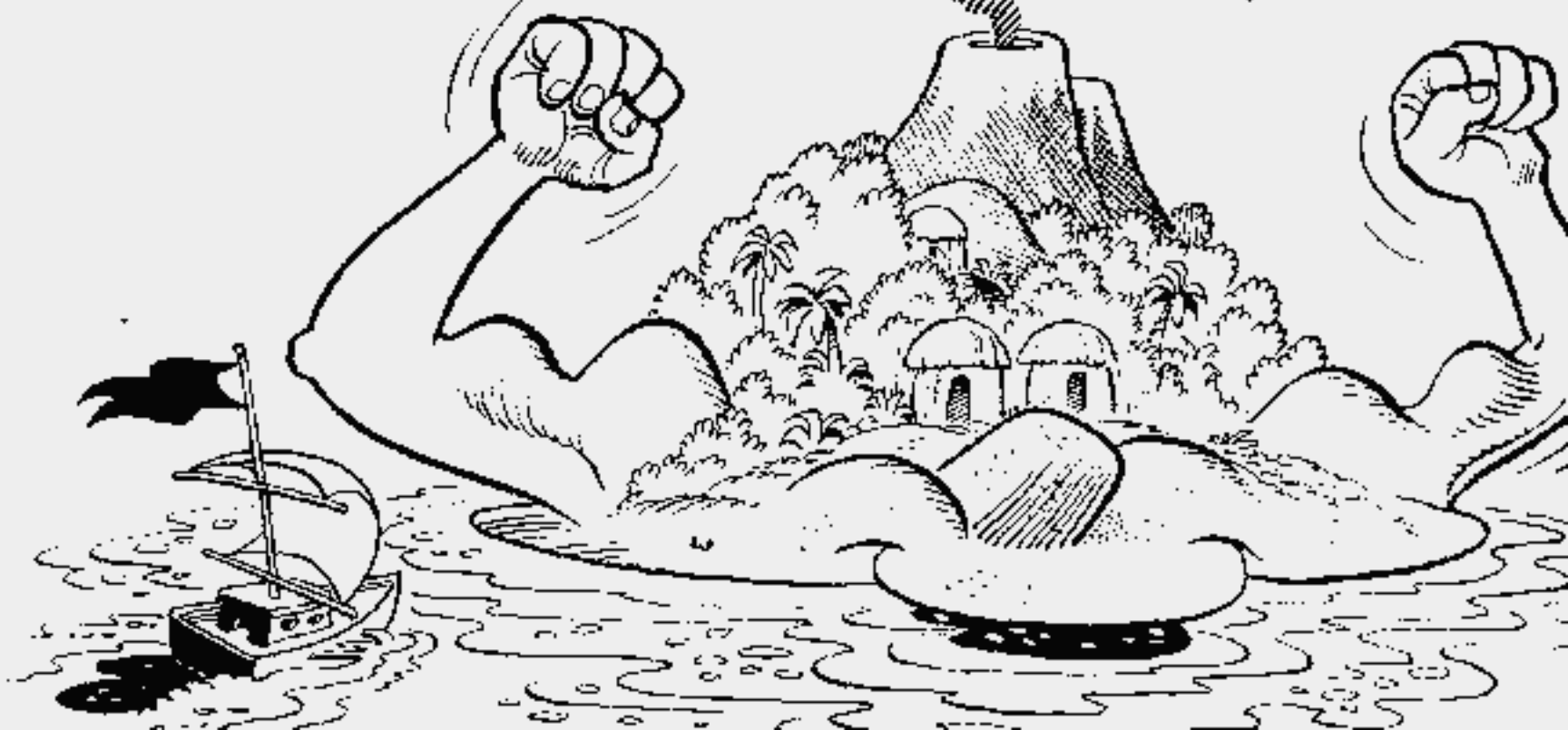
SOME OF THE ISLANDERS, OF COURSE,
WOULD NOT HAVE GIVEN EVEN ONE
FISH LET ALONE FIVE, TO PROMOTE
ECONOMIC AND SOCIAL JUSTICE!
FORTUNATELY, THEY DID **NOT** HAVE A
VOICE IN THE ISLAND'S GOVERNMENT!

WHO CARES?!



AND SO, WITH THE ENFORCE-
MENT OF JUST LAWS, AND
THE COURT SYSTEM ENFORC-
ING CONTRACTS AND DISPUTES
AMONG TRADESMEN, TRADE
WAS FACILITATED, AND THIS
FURTHER INCREASED THE
DIVISION OF LABOR, INCREAS-
ING ECONOMIC BENEFITS FOR
ALL...TAXPAYERS AND NON
TAXPAYERS ALIKE!

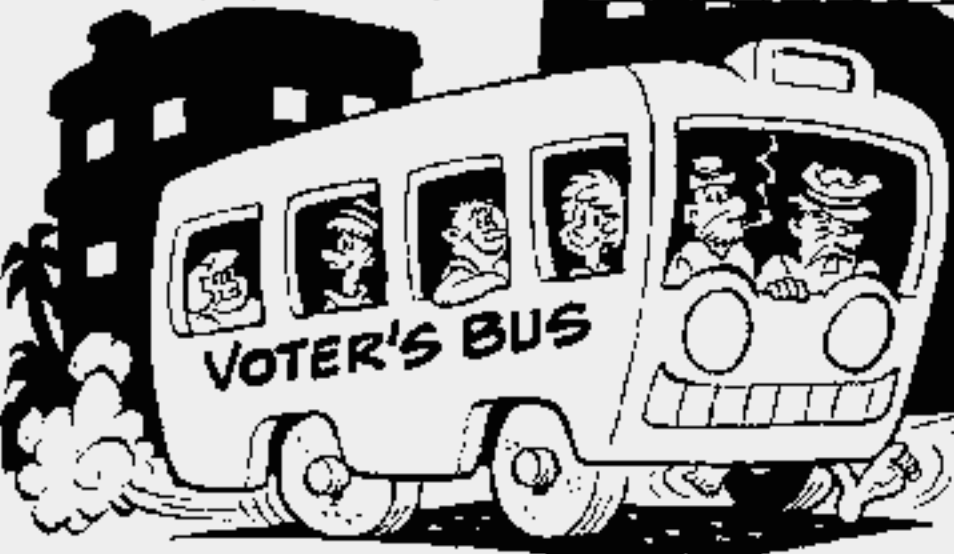
THE ISLAND'S ECONOMY
CONTINUED TO GROW,
AND EVERYBODY
PROSPERED!



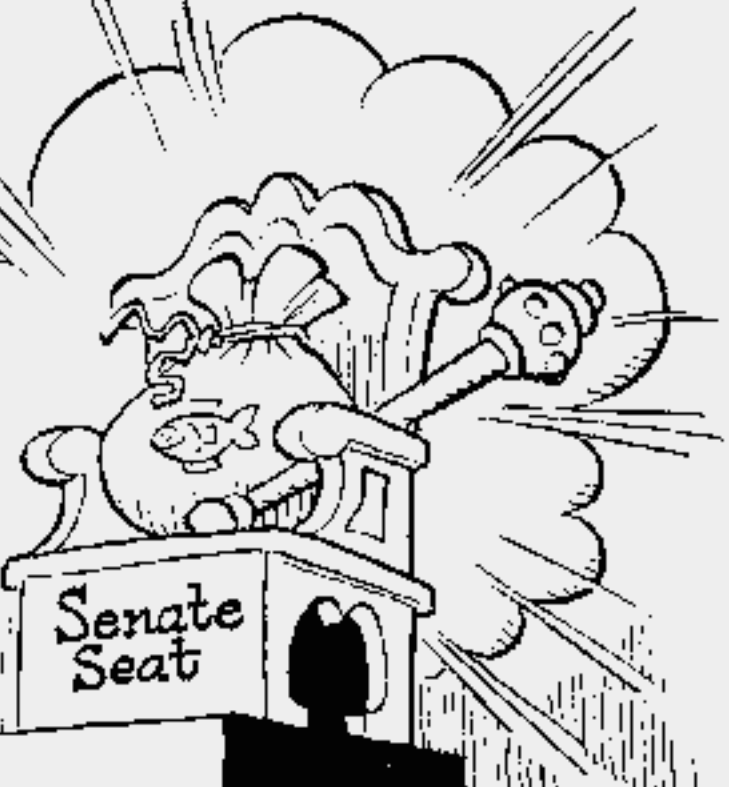
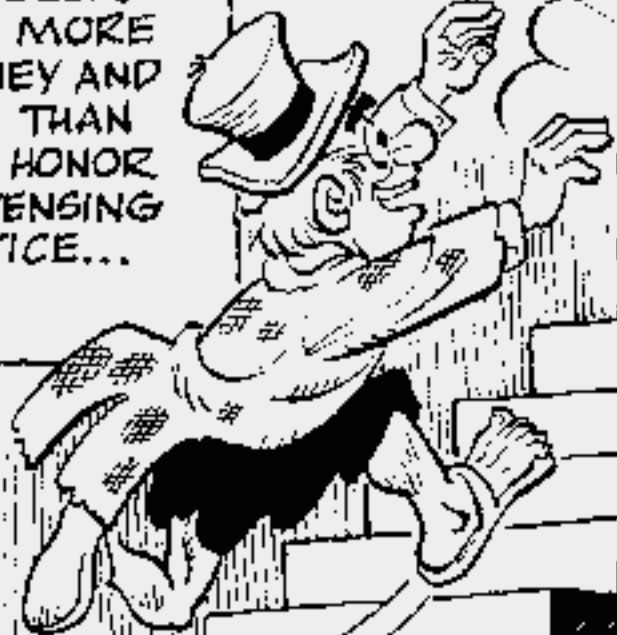
DEMOCRACY REARS ITS UGLY HEAD



A FEW MORE GENERATIONS PASS, AND THE POLITICAL COMPLEXION OF THE ISLAND HAS CHANGED! IN A BURST OF DEMOCRATIC FEVER **EVERY ONE** ON THE ISLAND HAS BEEN GIVEN THE VOTE!

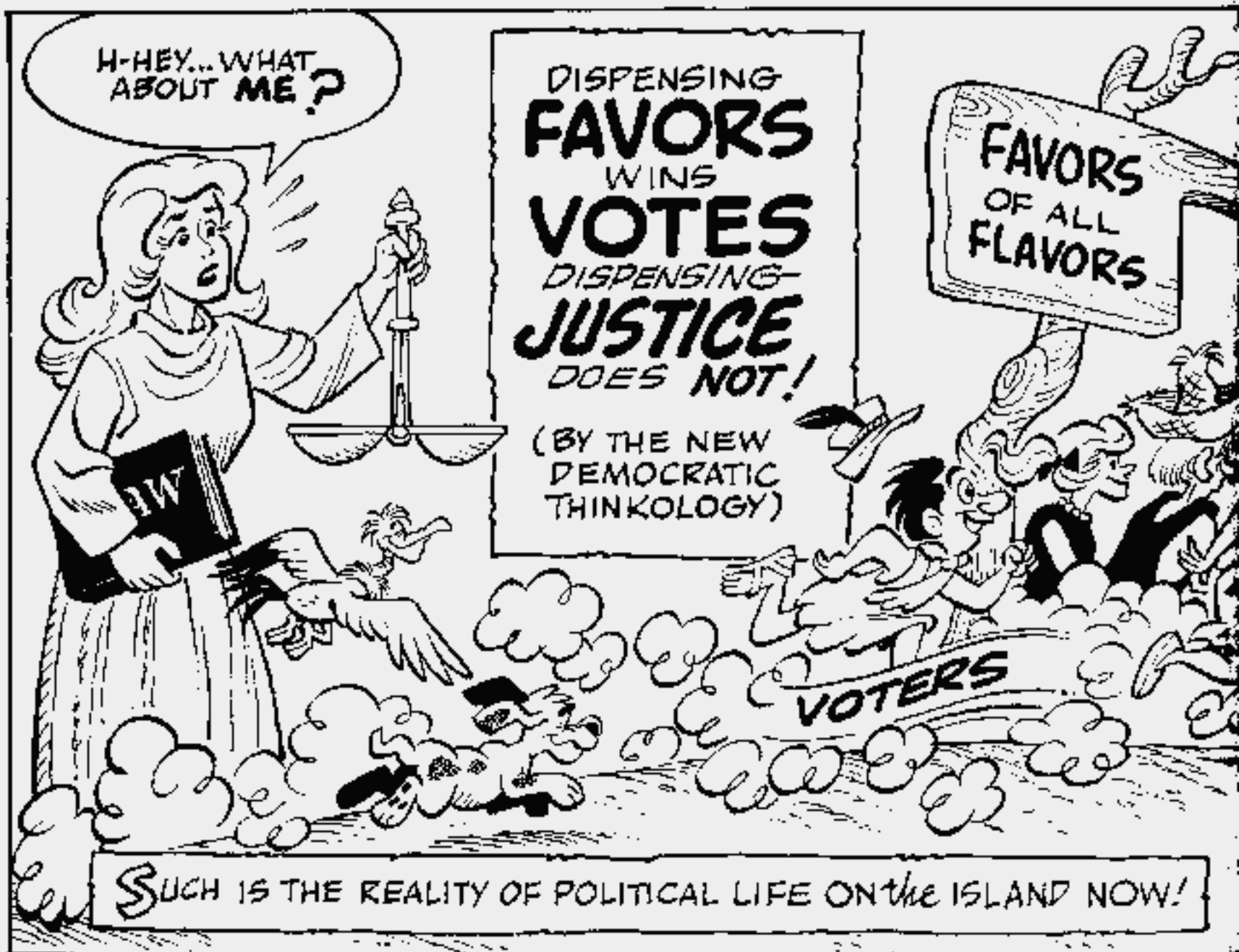
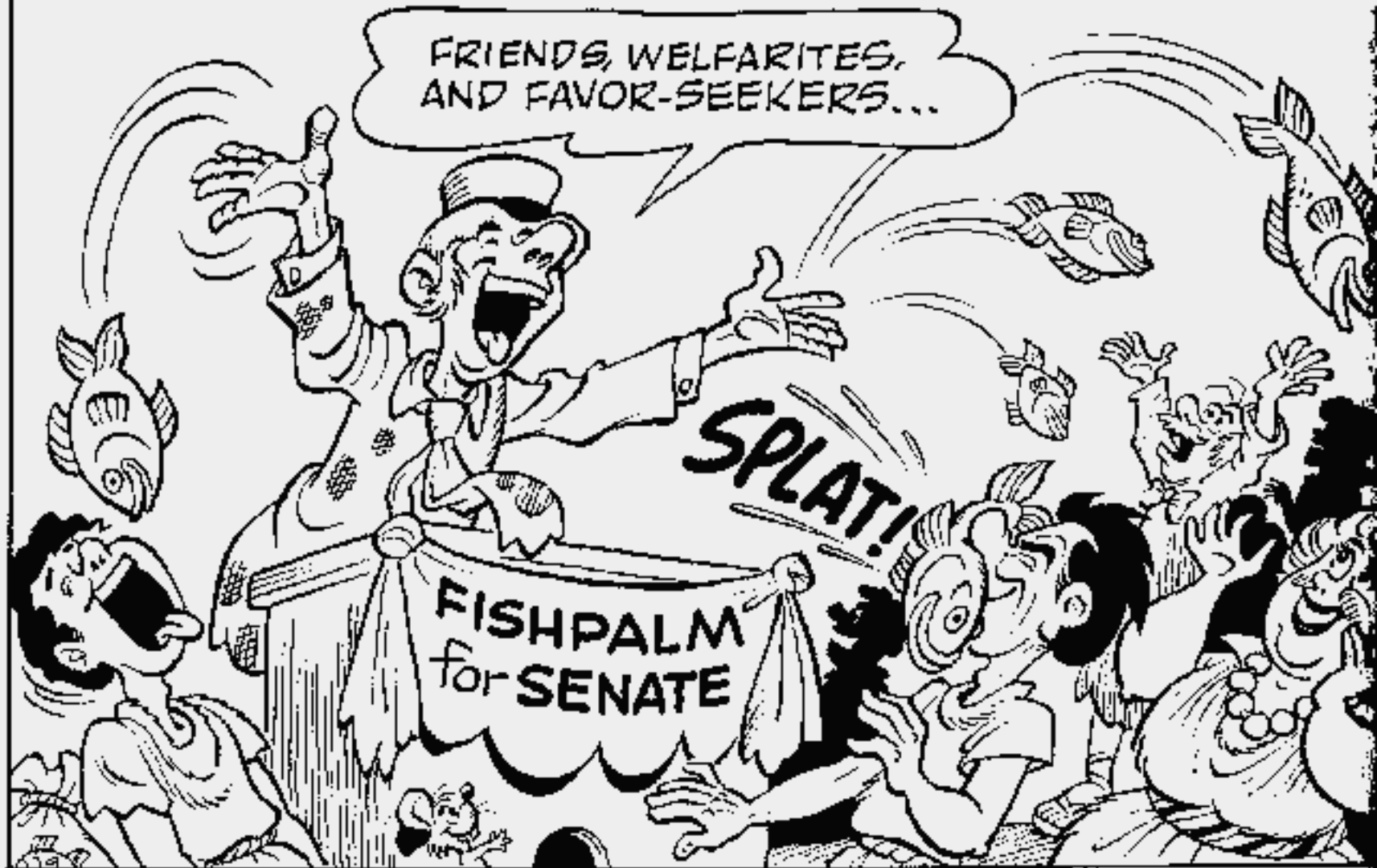


SENATORS ARE NOW HIGHLY PAID INDIVIDUALS, WHO SEEK OFFICE MORE FOR MONEY AND POWER THAN FOR THE HONOR OF DISPENSING JUSTICE...



MANY OF THEM SPEND SMALL FORTUNES TO GET ELECTED!

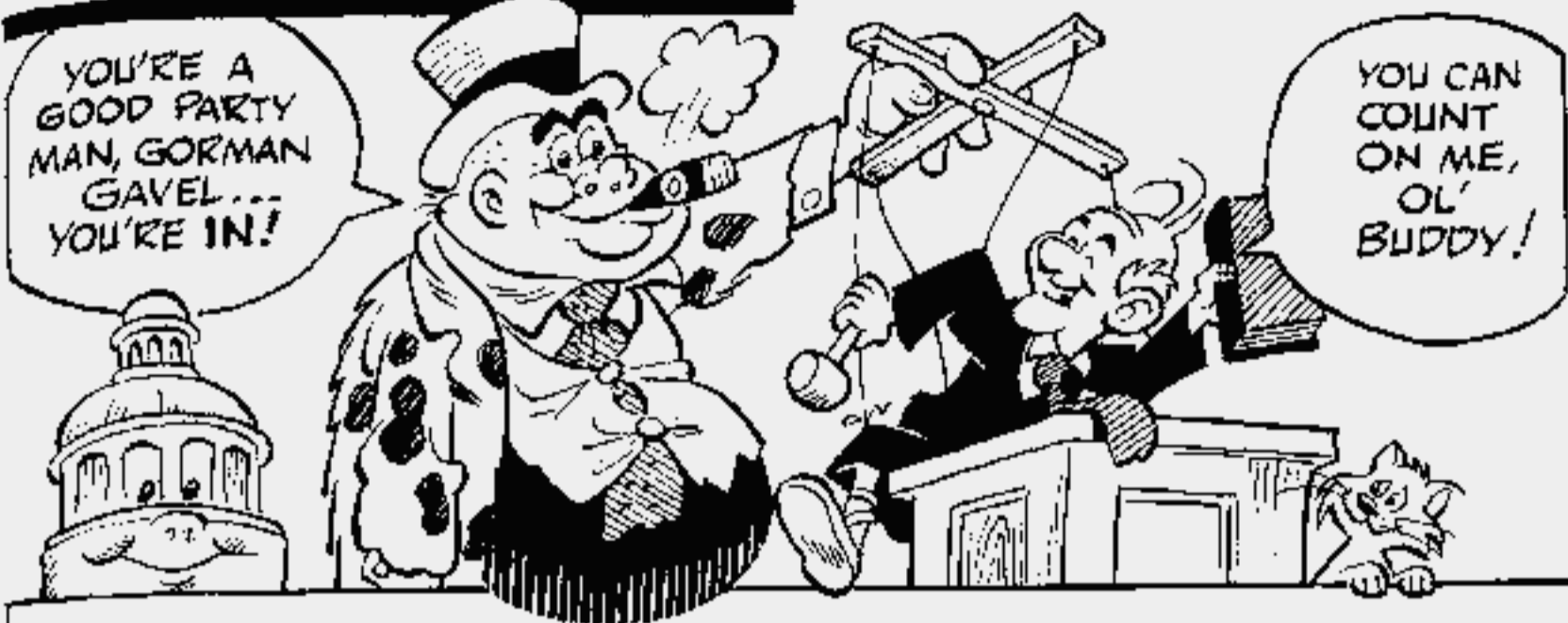
SENATORS ALSO "PAY" THEIR WAY INTO OFFICE BY DISPENSING FAVORS WHICH WIN VOTES!



SUCH IS THE REALITY OF POLITICAL LIFE ON THE ISLAND NOW!

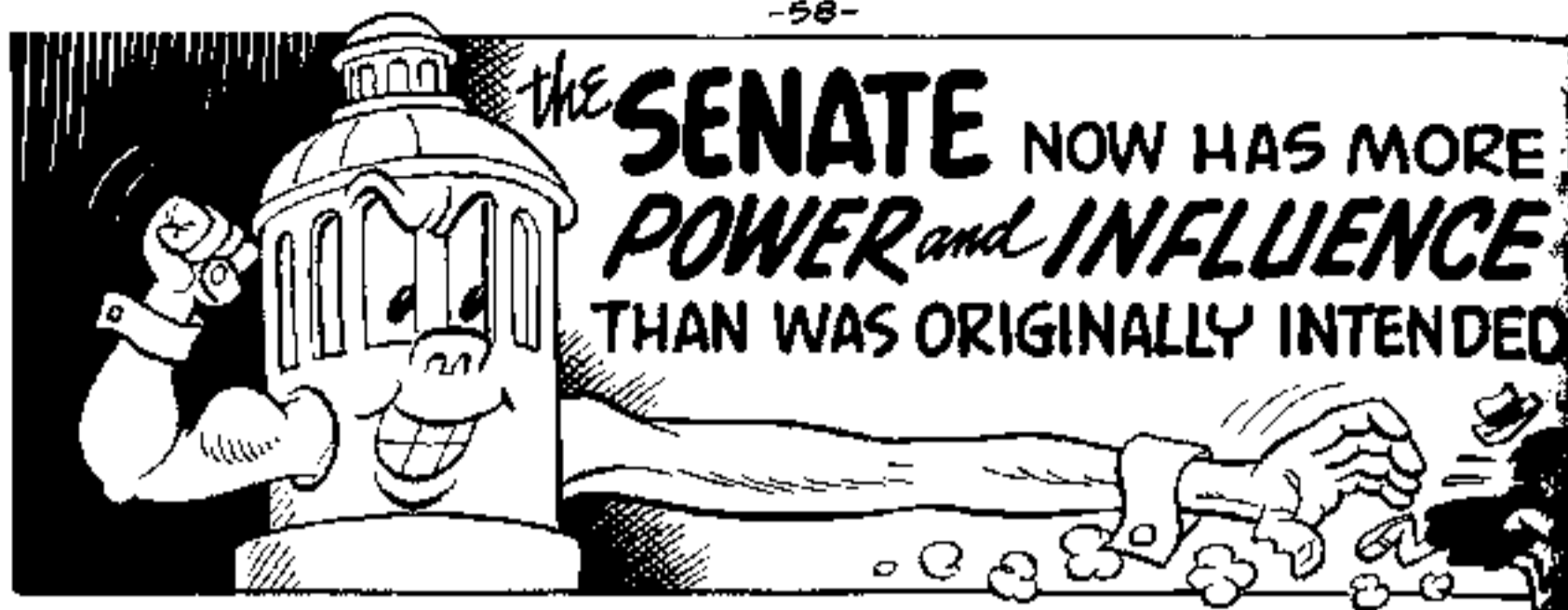
the Courts

THE COURTS STILL THEORETICALLY DISPENSED JUSTICE, BUT THE QUALITY OF JUSTICE HAD SUFFERED BECAUSE OF THE KIND OF JUDGES THE SENATORS WERE NOW APPOINTING!



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!





FRANKLIN DEE V

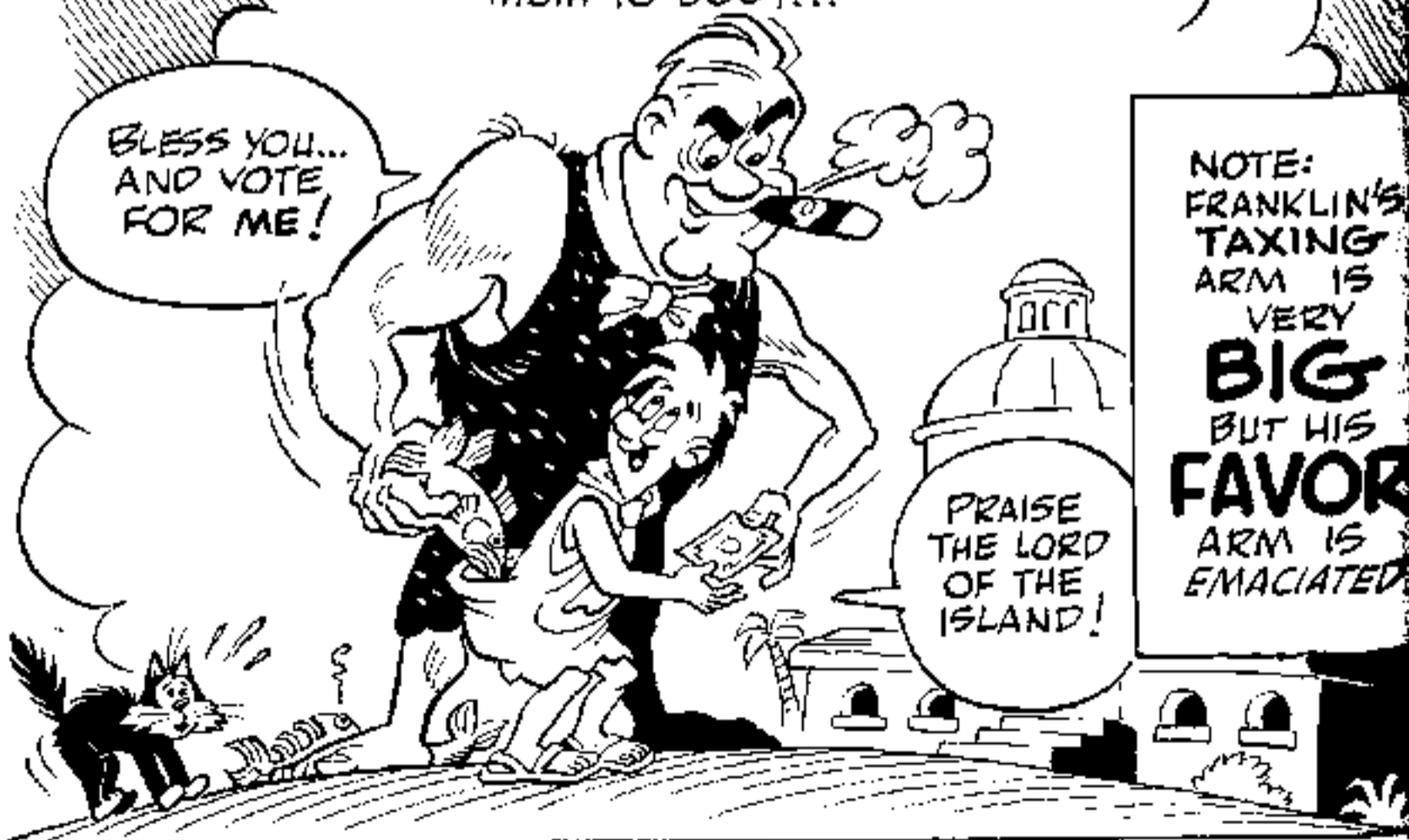
IS CHIEF SENATOR NOW! HE'S A DIRECT DESCENDANT OF THE ISLAND'S ORIGINAL BULLY!



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 (DOLLAR SIGN) AND OVERCHARGING THEM TO BOOT...

BLESS YOU... AND VOTE FOR ME!



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...



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!

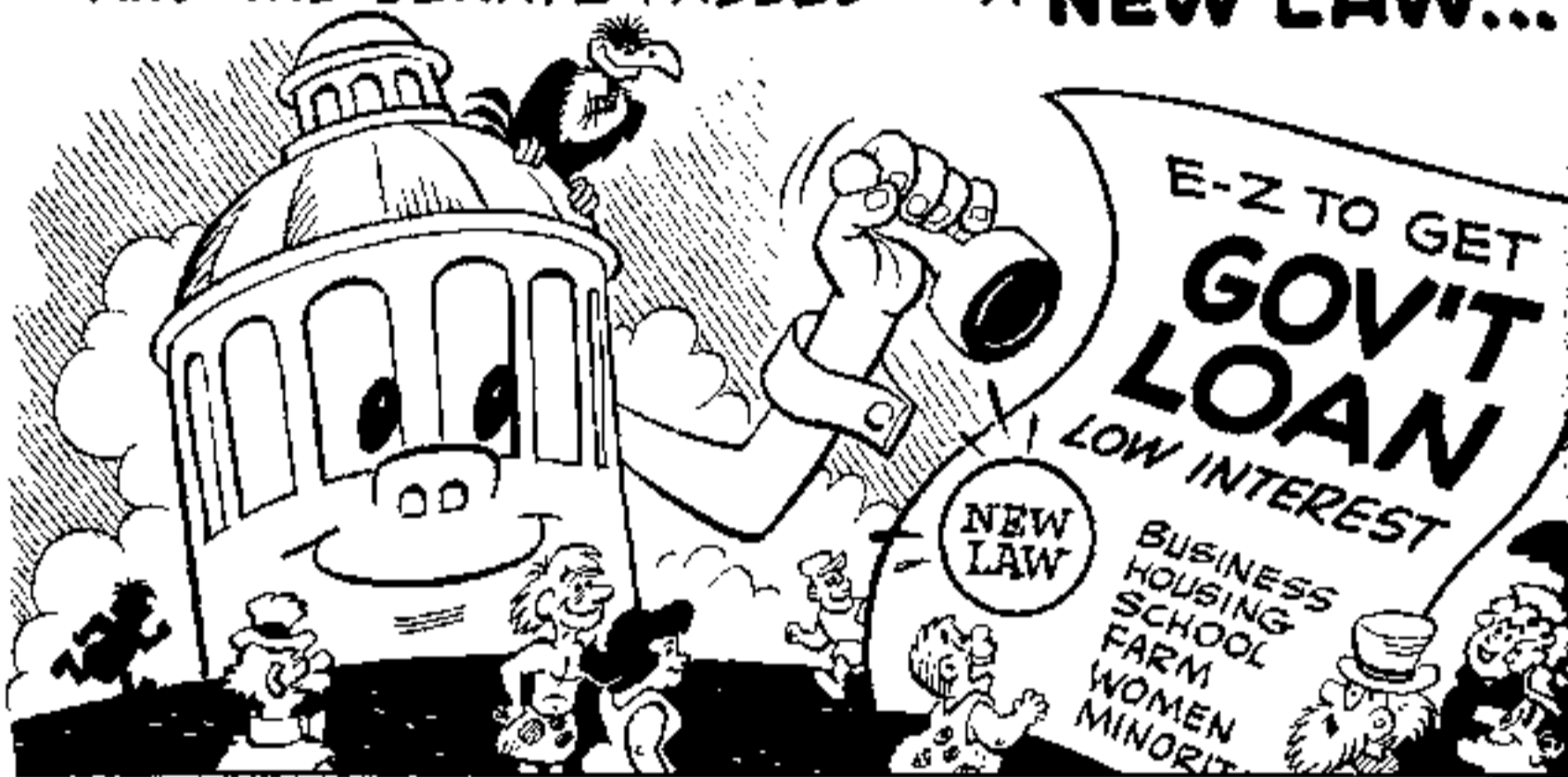
TIGHTWAD!

FRANKLIN HAD A BUREAUCRATIC BRAINSTORM...

ZAP!

POW!

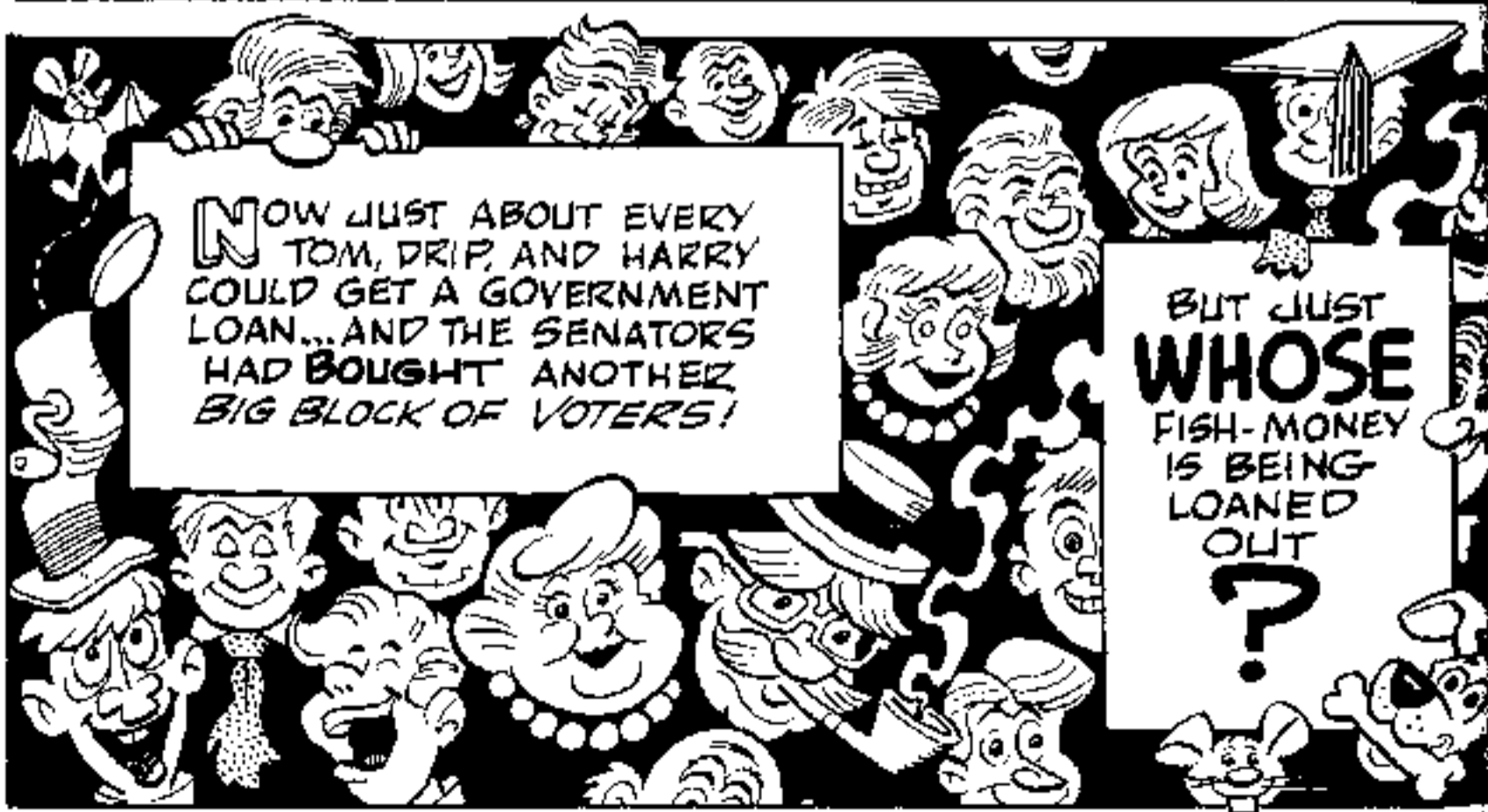
AND THE SENATE PASSED A **NEW LAW...**



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!

NOW THAT EVERY ONE VOTES... EVERY ONE ALSO HAS TO PAY TAXES!

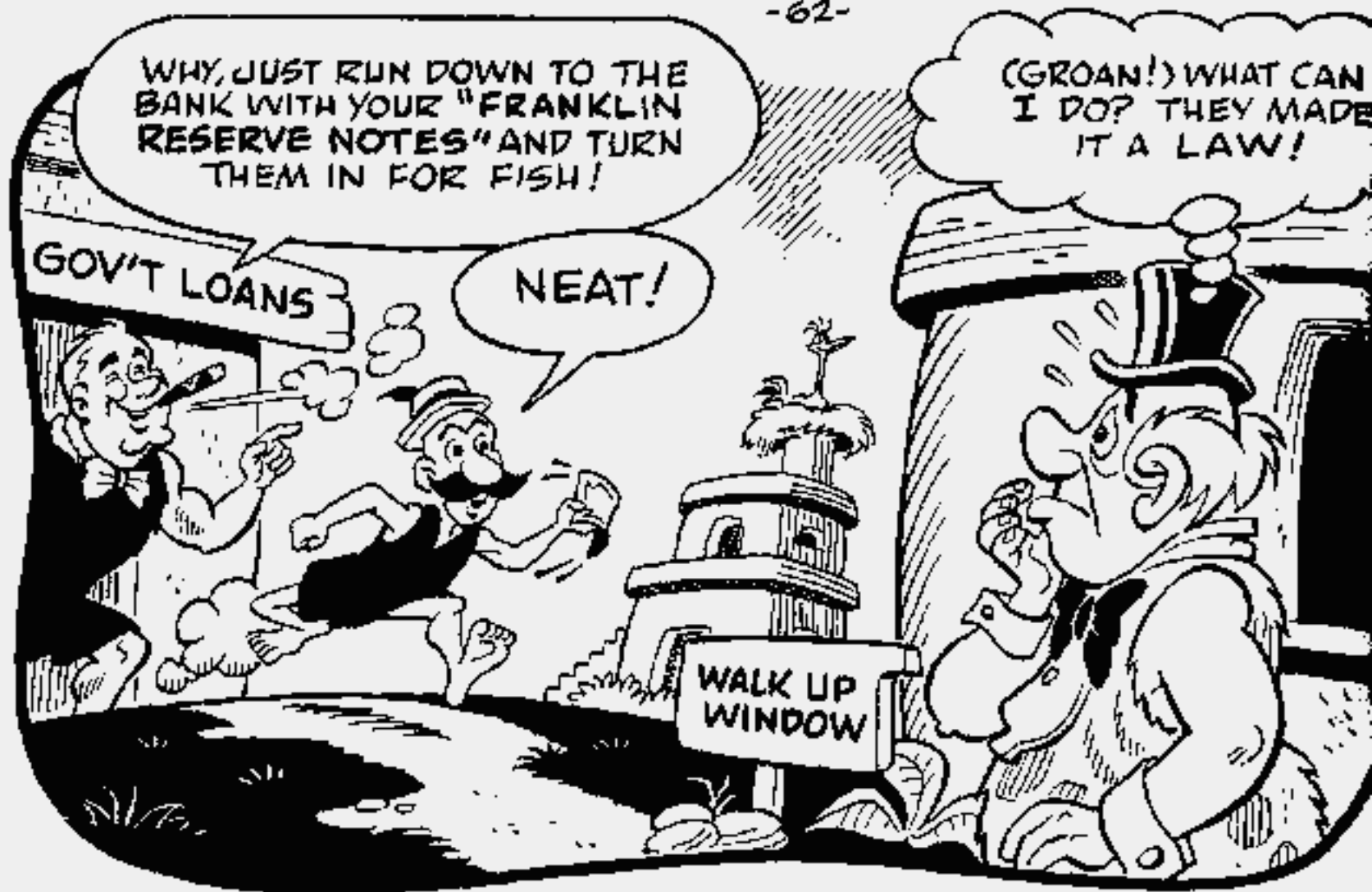


BUT MOST OF GOVERNMENT LOANS WERE MADE IN A MORE SNEAKY AND INDIRECT WAY! THE GOVERNMENT ISSUED BIG BATCHES OF **FRANKLIN RESERVE NOTES!**

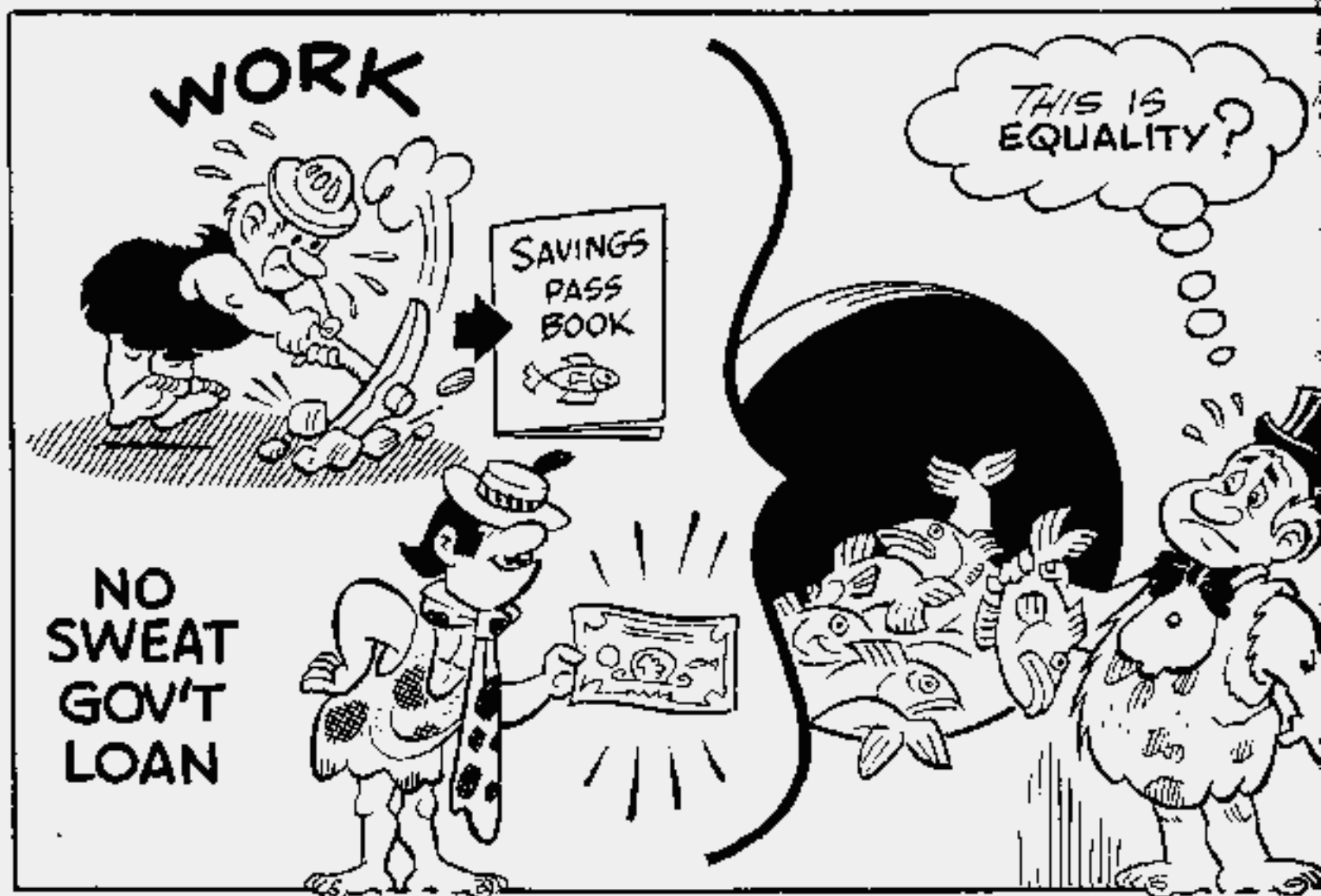
ALL I NEED IS PAPER AND INK TO MAKE LOANS!

HUH? WHAT DO WE DO WITH THESE PIECES OF PAPER?





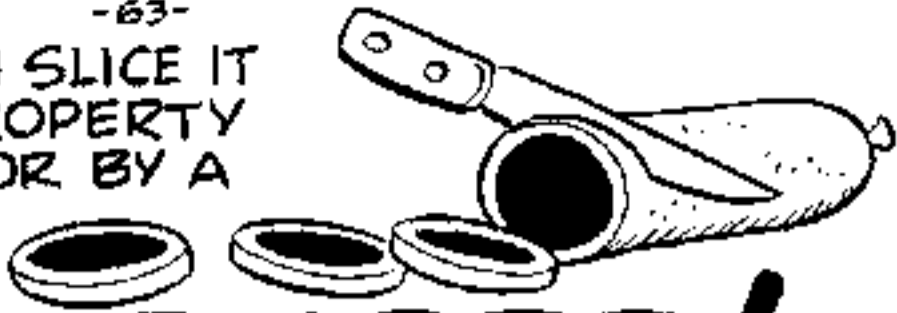
NOW A SAVER'S CLAIM TO FISH HE HAD WORKED FOR AND DEPOSITED AS EVIDENCED BY HIS DEPOSIT BOOK, WAS NO BETTER CLAIM TO HIS PRODUCTIVITY THAN WHAT COULD BE WITHDRAWN WITH FRANKLIN RESERVE NOTES...



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!



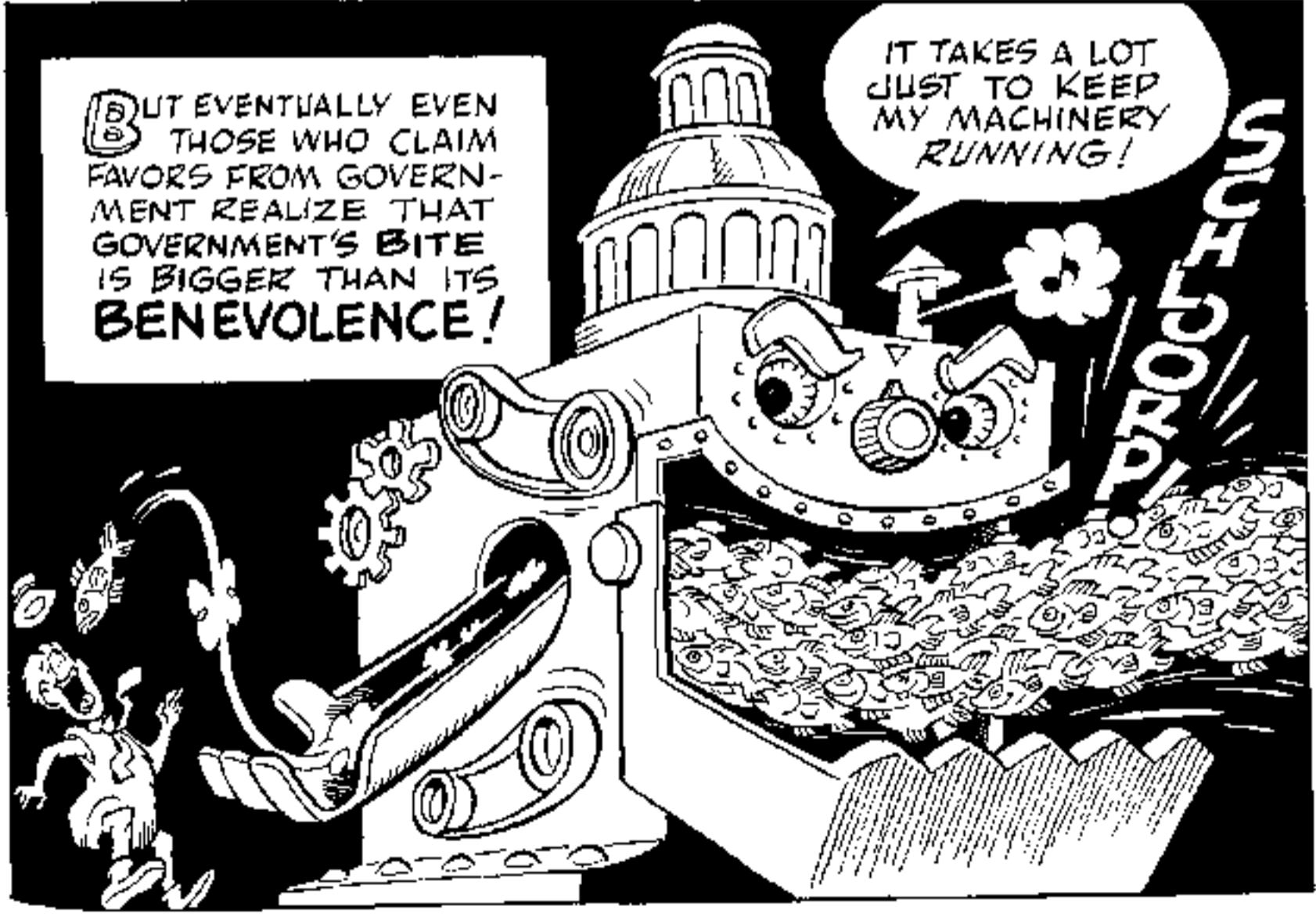
LET BIG BROTHER DO IT!



...THE ONLY DIFFERENCE BEING THAT
SOME THIEVES LET THE GOVERNMENT
DO THEIR DIRTY WORK FOR THEM!

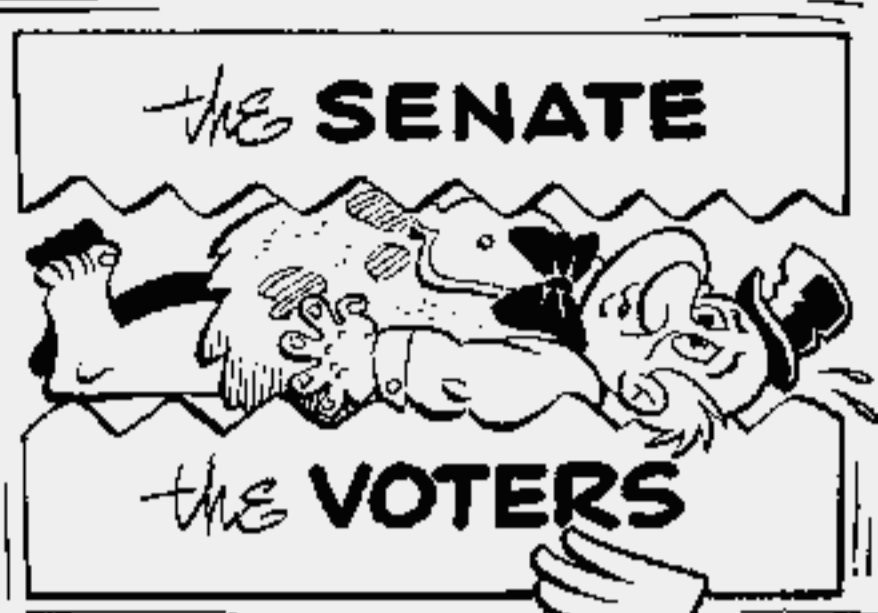
BUT EVENTUALLY EVEN
THOSE WHO CLAIM
FAVORS FROM GOVERNMENT
REALIZE THAT
GOVERNMENT'S BITE
IS BIGGER THAN ITS
BENEVOLENCE!

IT TAKES A LOT
JUST TO KEEP
MY MACHINERY
RUNNING!



PRESSURE FROM ABOVE *and* PRESSURE FROM BELOW

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!



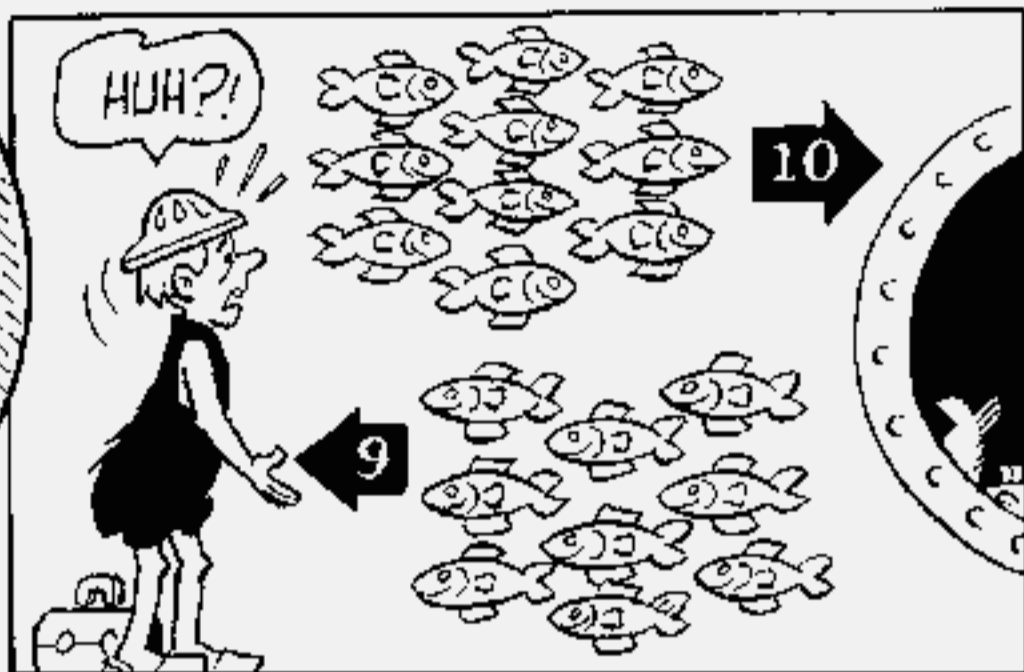
BUT AFTER THE LAW WAS PASSED, IT WAS SOON AMENDED TO REMOVE RESTRICTIVE PASSAGES, AND PROMISES OF GOVERNMENT'S RESPONSIBLE USE OF CREDIT WERE SOON FORGOTTEN!

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...

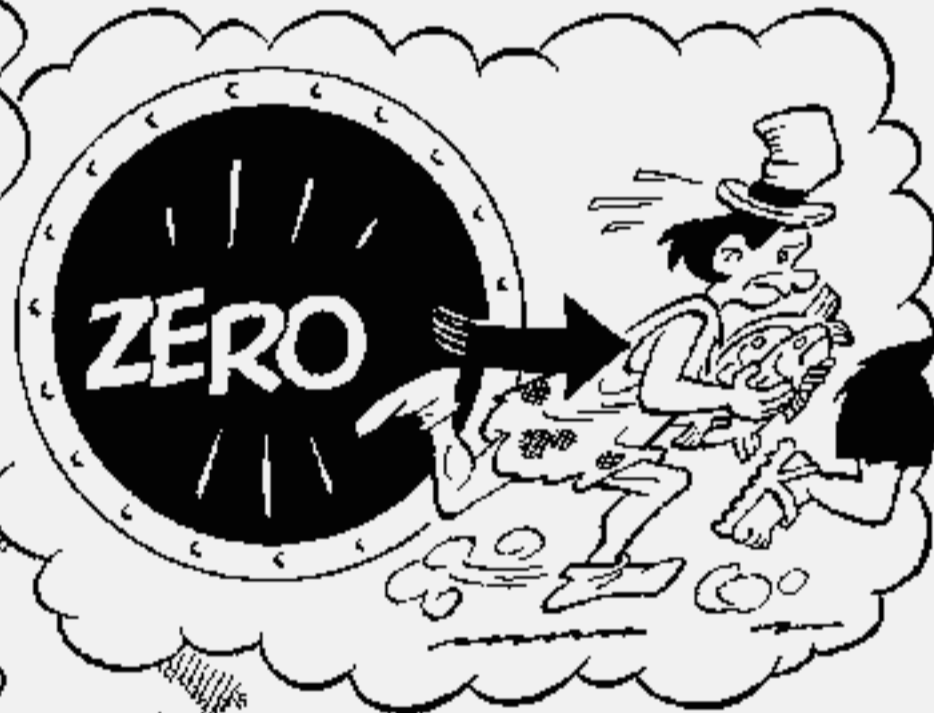


INSTEAD OF THE SAVERS HAVING A PROFIT THIS YEAR, THEY'VE SUFFERED A LOSS!

NOW I CAN RETURN ONLY 9 FISH FOR EVERY 10 PUT IN!



IF THE SAVERS FIND OUT THEY MAY WITHDRAW THEIR FISH AND QUIT USING MY BANK!



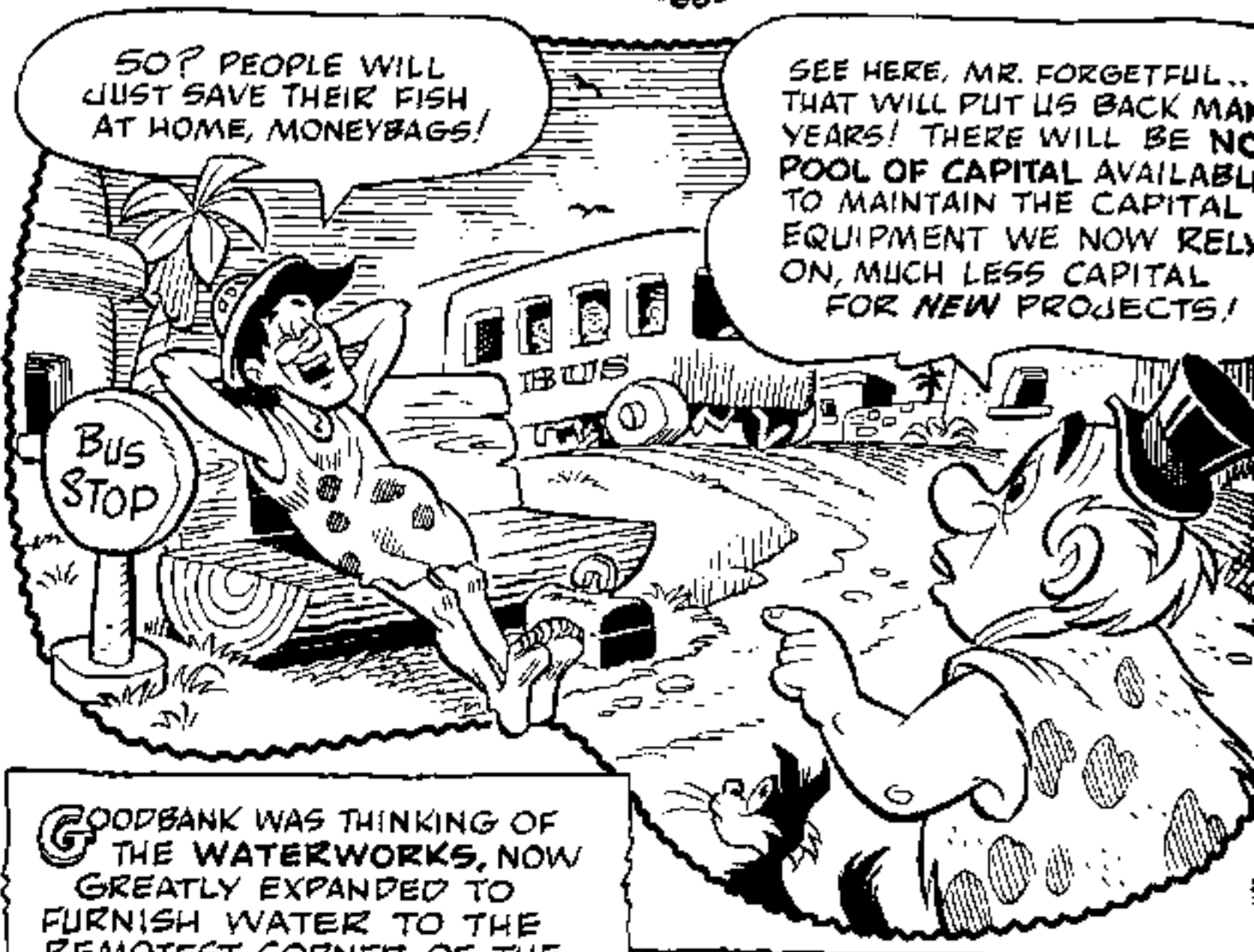
SO MONEY-BAGS IS OUT OF BUSINESS! SO WHAT? WHO CARES?

EVERYBODY SHOULD CARE, SIR! THE WHOLE ISLAND IS DEPENDANT UPON SAVINGS!



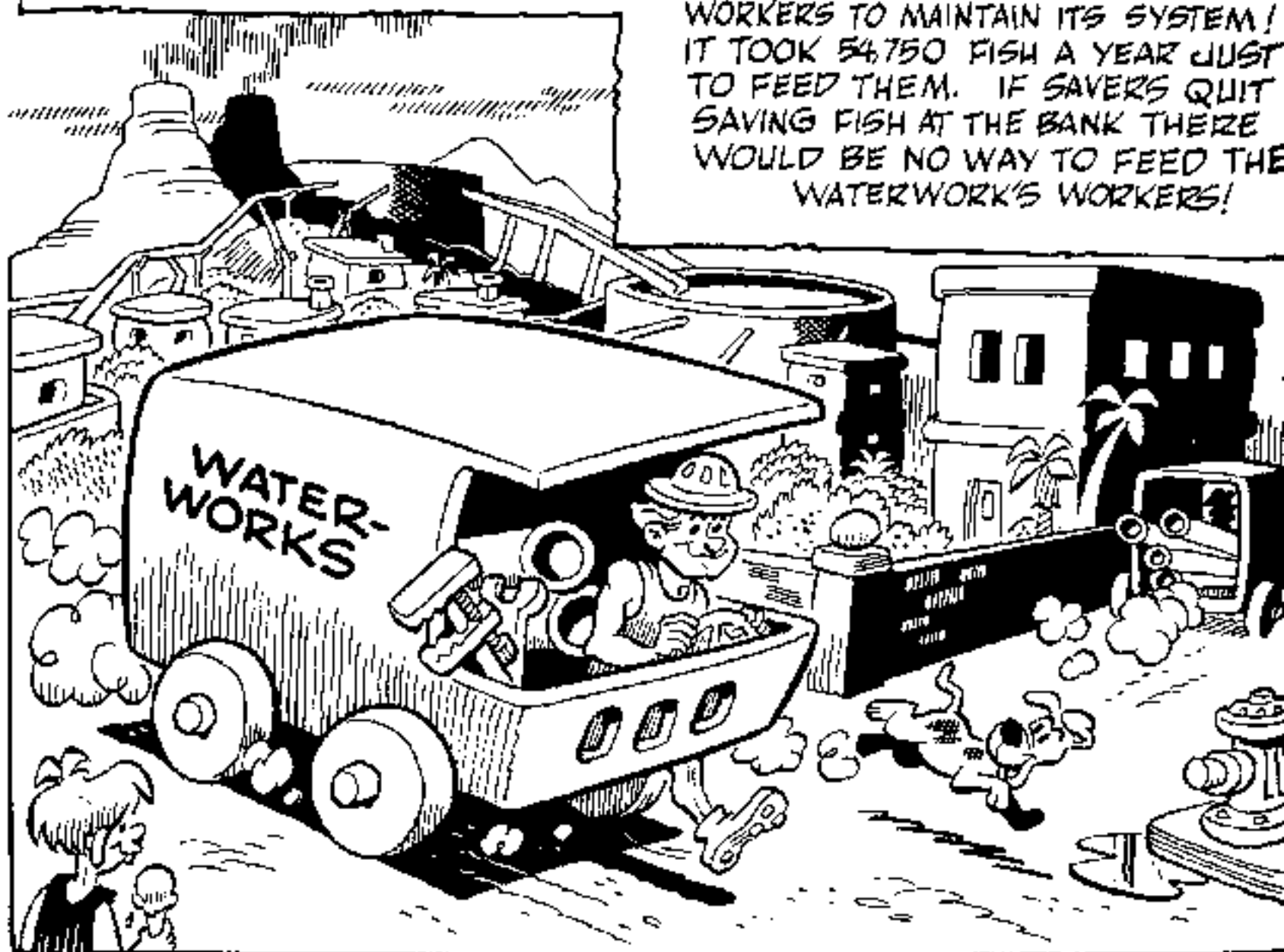
SO? PEOPLE WILL JUST SAVE THEIR FISH AT HOME, MONEYBAGS!

SEE HERE, MR. FORGETFUL... THAT WILL PUT US BACK MANY YEARS! THERE WILL BE NO POOL OF CAPITAL AVAILABLE TO MAINTAIN THE CAPITAL EQUIPMENT WE NOW RELY ON, MUCH LESS CAPITAL FOR NEW PROJECTS!

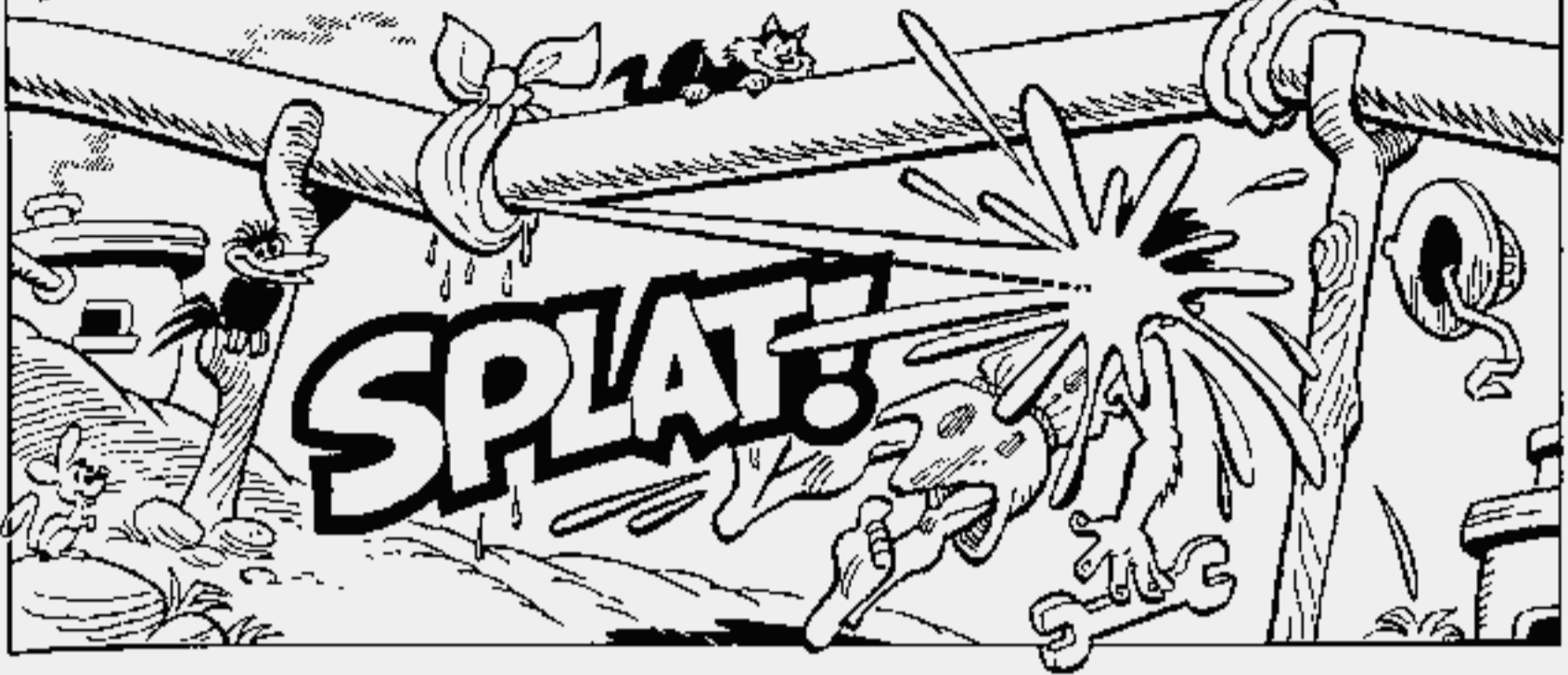


GOODBANK WAS THINKING OF THE WATERWORKS, NOW GREATLY EXPANDED TO FURNISH WATER TO THE REMOTEST CORNER OF THE ISLAND...

THE WATERWORKS NOW EMPLOYED 150 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!



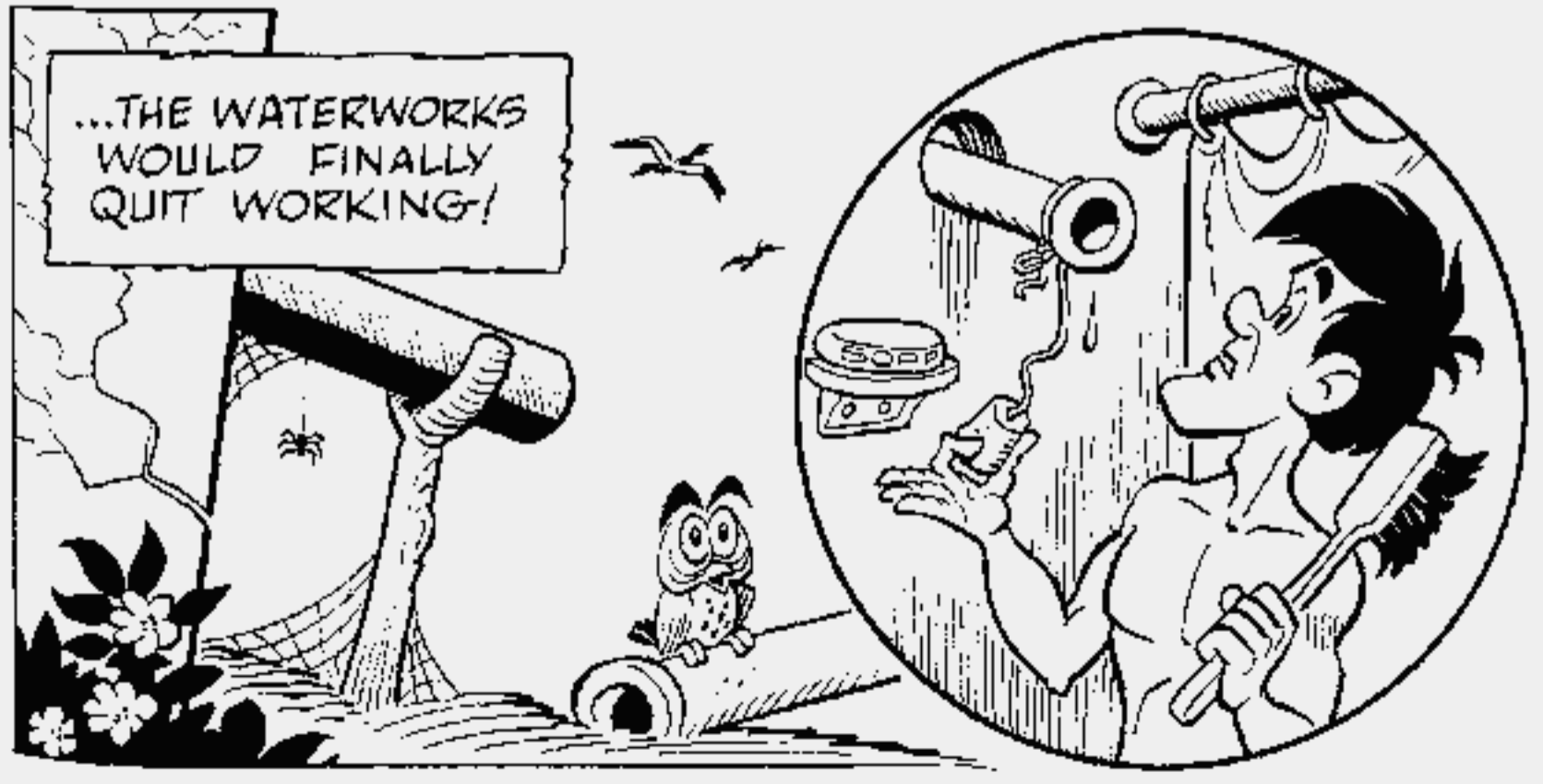
WHEN THERE ARE MAINTENANCE AND REPAIR COSTS...



IF ALL THE WORKERS WALKED OFF THE JOB TO FISH FOR A LIVING AGAIN...



...THE WATERWORKS WOULD FINALLY QUIT WORKING!

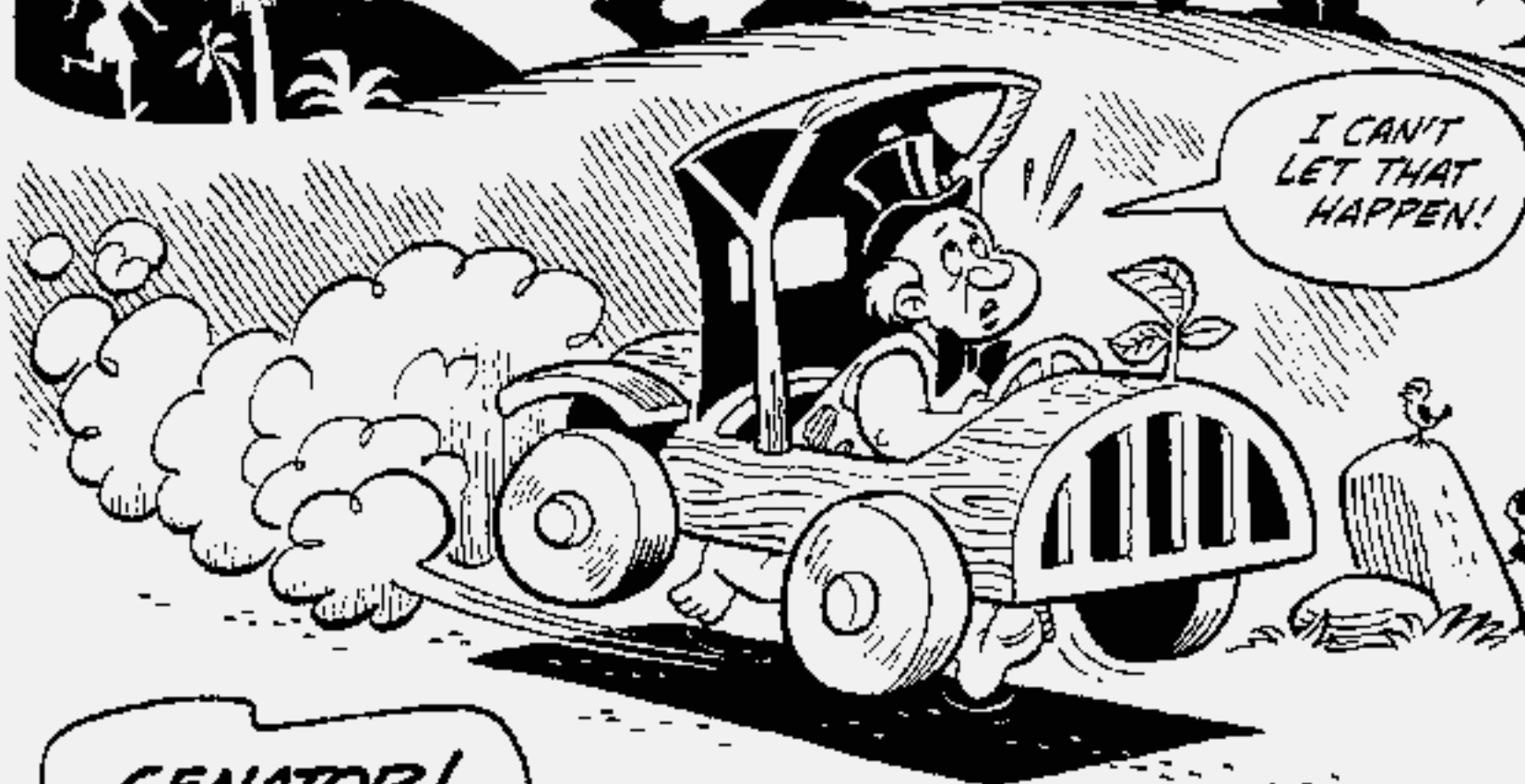


AND THE ISLAND'S ENTIRE ECONOMY WOULD BE IN BIG TROUBLE AS PEOPLE WOULD HAVE TO RELOCATE NEAR ACCESSIBLE WATER AGAIN...

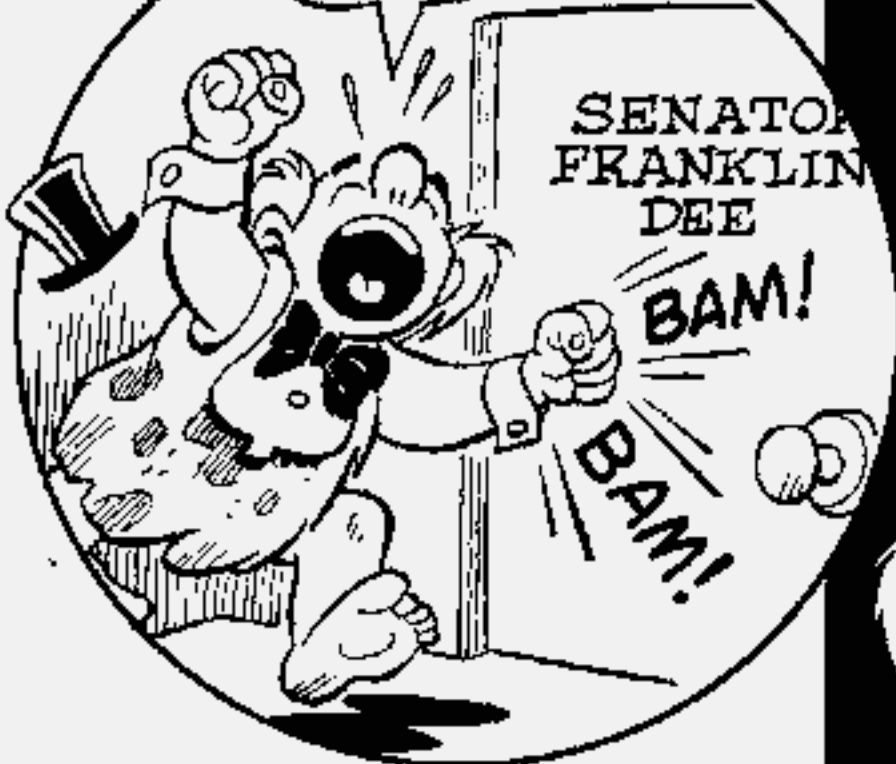
BACK TO THE OLD BUCKET TOTING AGAIN!

UGH!

I HAVEN'T FOUND A NEW JOB YET!



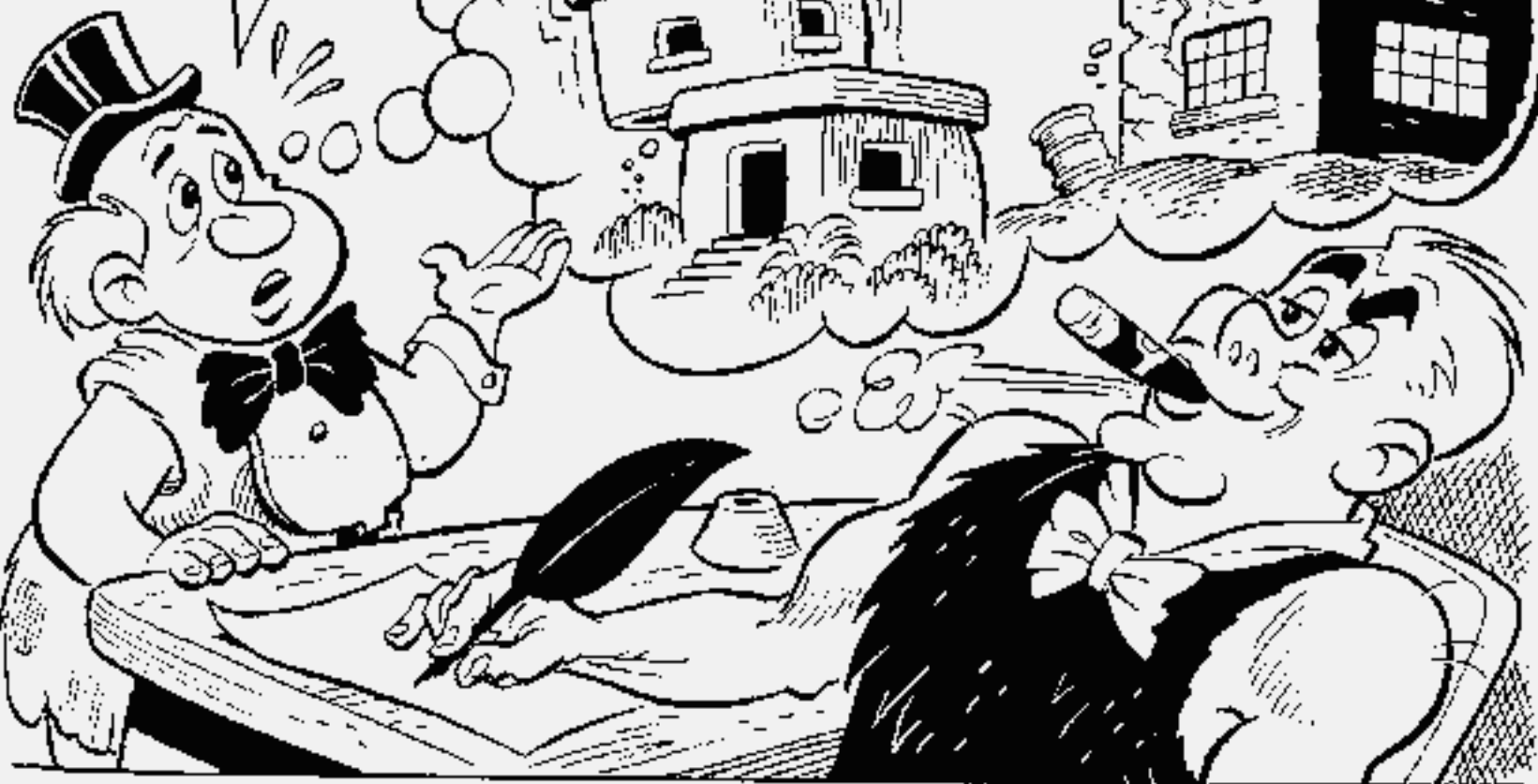
SENATOR!
SENATOR!



GOODBANK SPILLS HIS TROUBLES TO FRANKLIN...



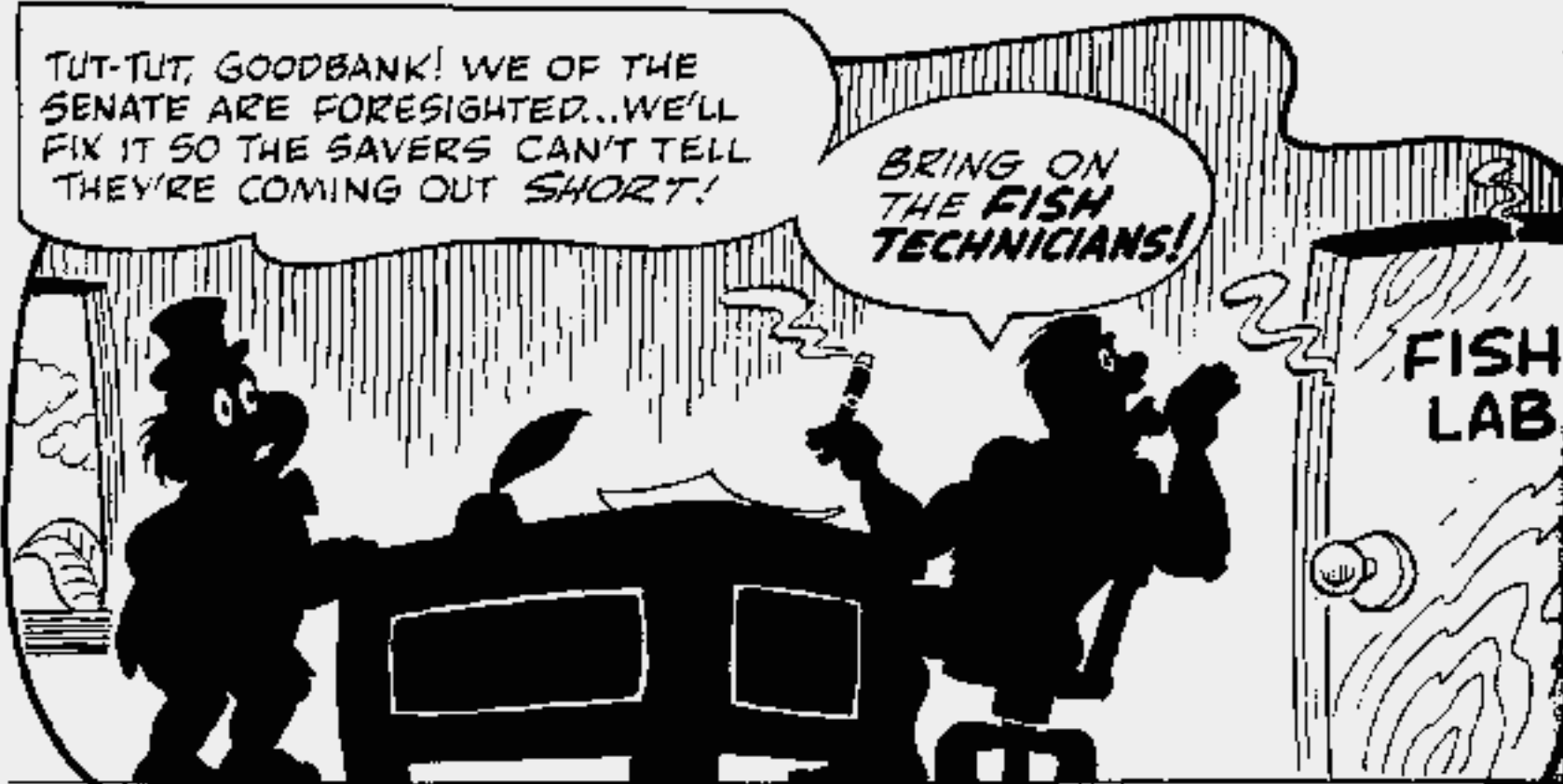
ONCE THE SAVERS ON THE ISLAND REALIZE THAT THEY ARE **LOSING** THEIR SAVINGS STORED AT MY BANK THEY WILL STOP SAVING! YOU WILL THEN SEE OUR WHOLE ECONOMY **COLLAPSE... LIKE WATCHING AN EARTHQUAKE IN SLOW MOTION!**



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



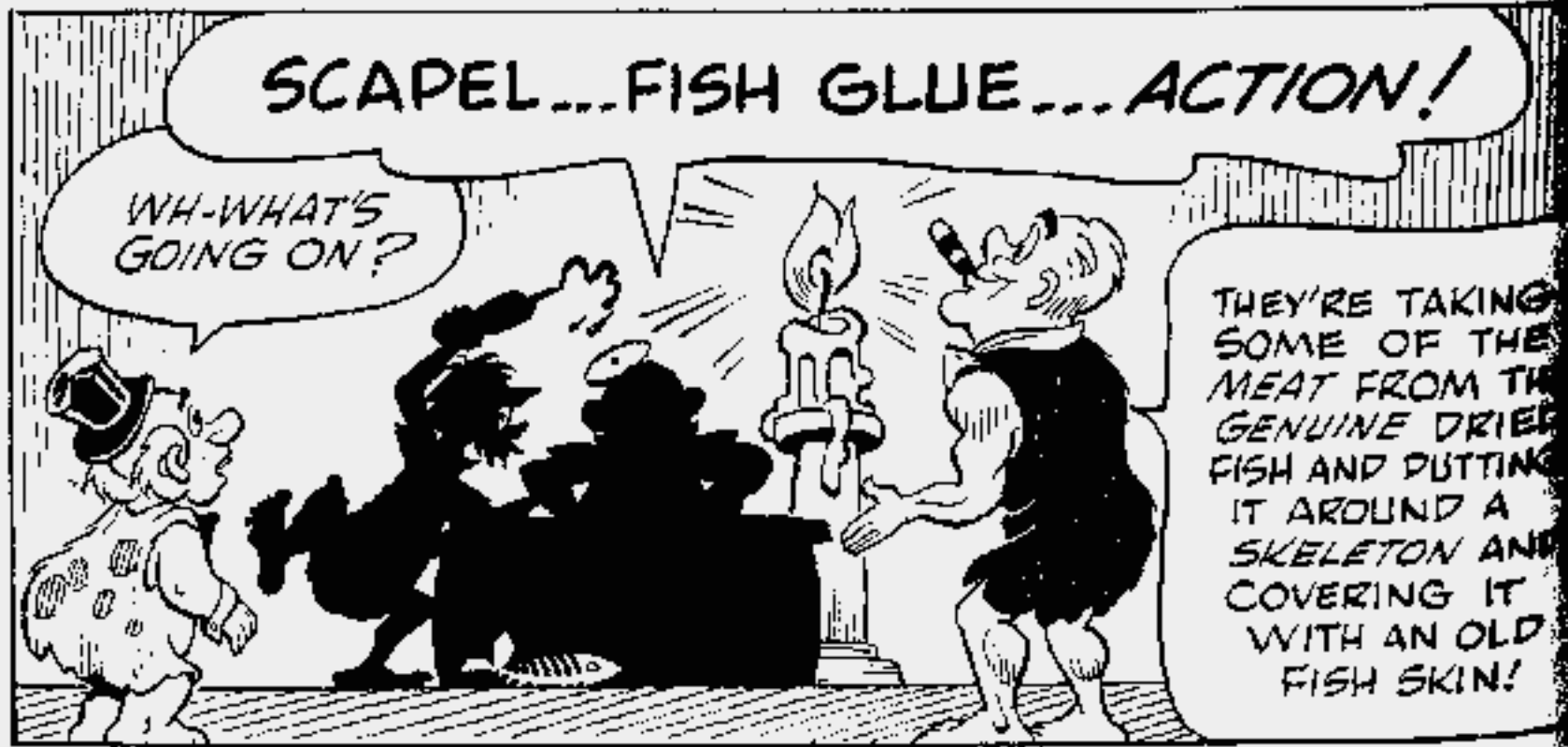
LOOK! WE'VE BEEN COLLECTING DISCARDED **FISH SKINS** AND **SKELETAL REMAINS** WITH **HEAD AND TAIL!**

FISH LAB



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!

FOR SOCIETY'S PROTECTION, ANY ISLANDER CAUGHT STORING, SELLING, OR EATING "CONTAMINATED" UNOFFICIAL FISH WILL BE PUNISHED, FINED, AND IMPRISONED!



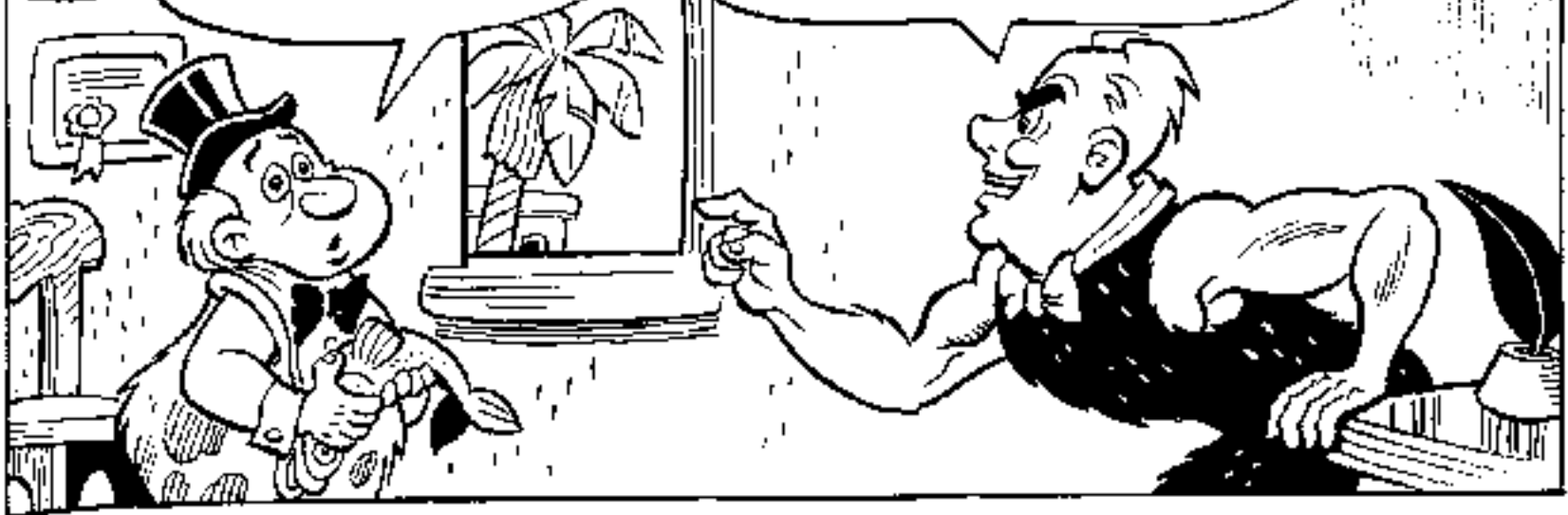
ALSO... IT'LL BE AGAINST THE LAW FOR ANYONE BUT AN "OFFICIAL FISHER" TO CATCH FISH FROM THE SEA!

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, WONT 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...

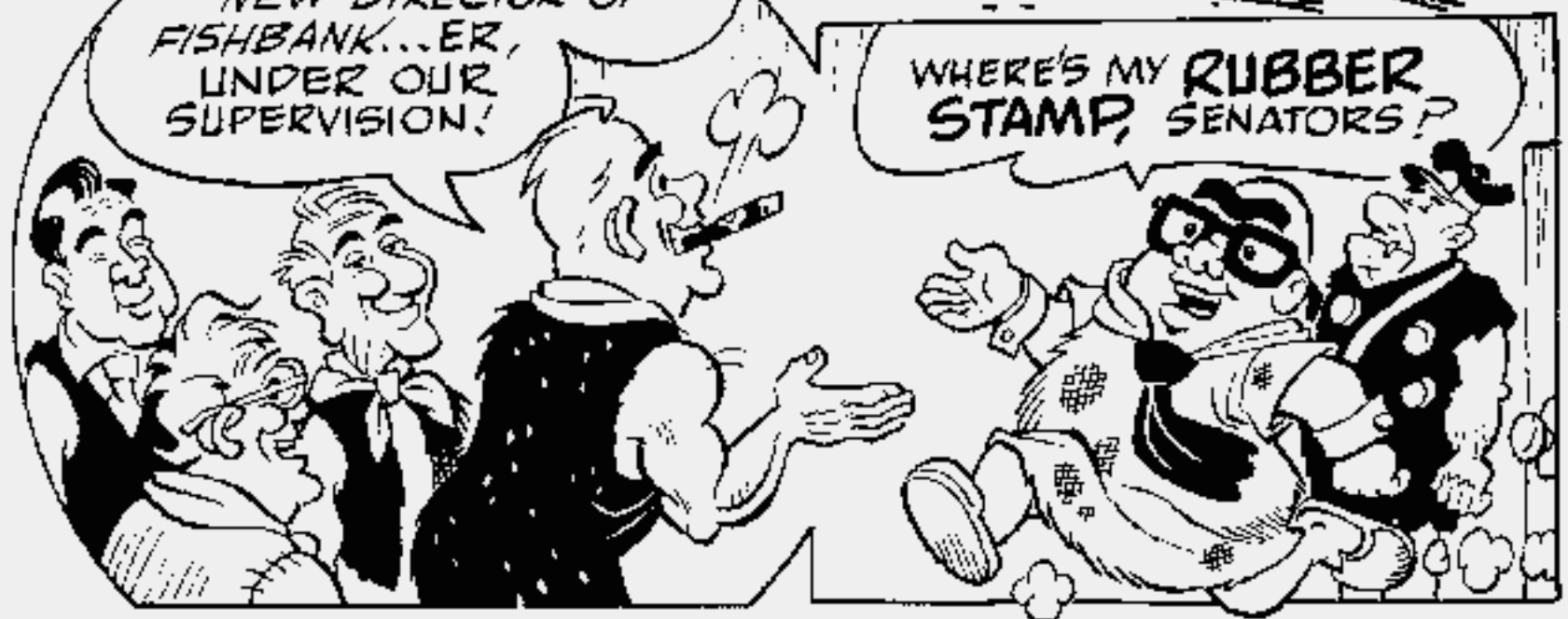
GET CHESLEY BARTIN IN HERE!

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 GOODBANK'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!



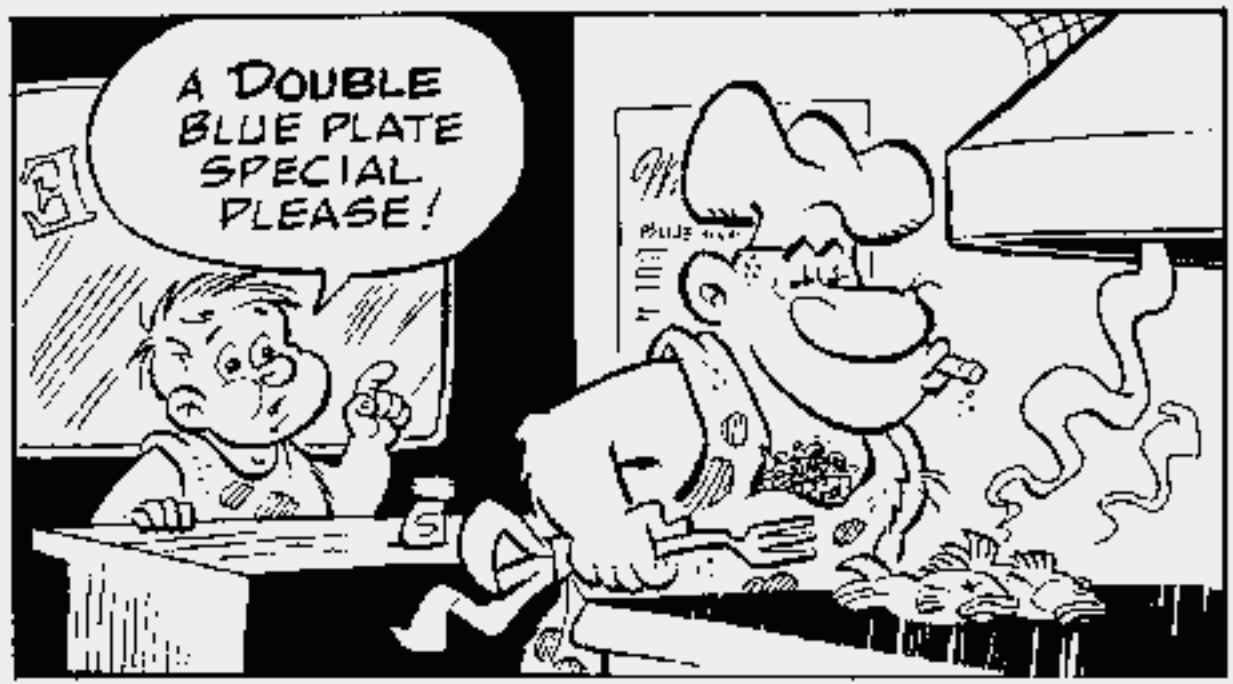
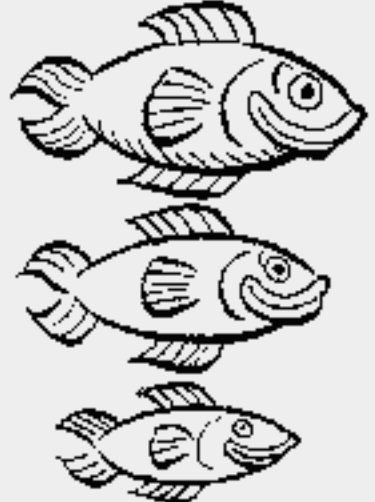
CHESLEY BARTIN NOW EXECUTED FRANKLIN DEE'S SCHEME, AND IT WORKED... THE TRANSITION FROM GENUINE FISH TO "OFFICIAL FISH" WAS MADE...

THE ISLANDERS NEVER SUSPECTED THE DISHONEST RELATIONSHIP BETWEEN THEIR SENATORS AND THE BANKER...



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...



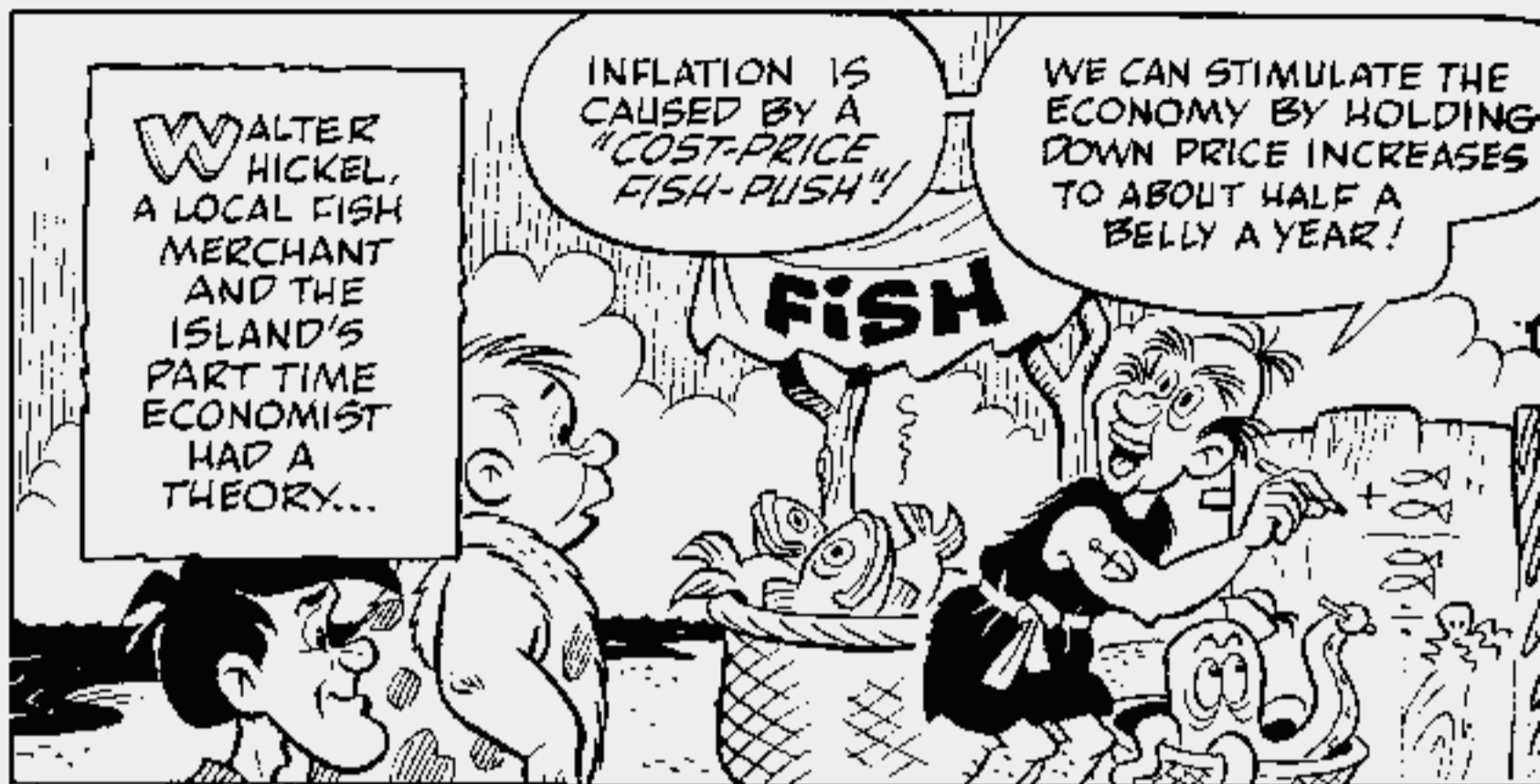
PRICES, WHICH HAD BEEN GEARED TO THE ISLANDERS' DAILY FISH CONSUMPTION, WERE NOW DOUBLE WHAT THEY HAD BEEN BEFORE "FRANKLIN RESERVE NOTES" HAD BEEN INTRODUCED...

WHY ARE PRICES GOING UP?

INFLATION!



INFLATION'S CAUSE



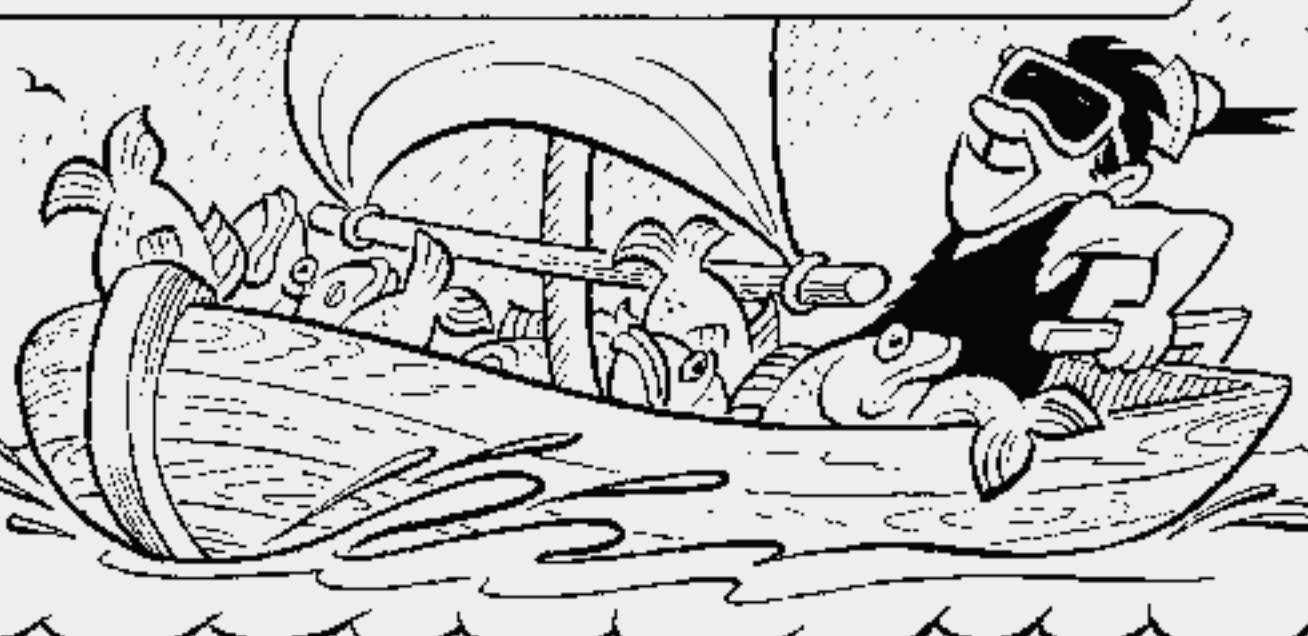
SINCE OFFICIAL FISH WERE NOW SO MUCH SMALLER THAN NORMAL FISH, THE GOVERNMENT WAS FORCED TO PASS YET ANOTHER LAW.

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!



THIS LAW WILL SHOW THE PUBLIC HOW CONCERNED WE ARE ABOUT THEIR SAVINGS!

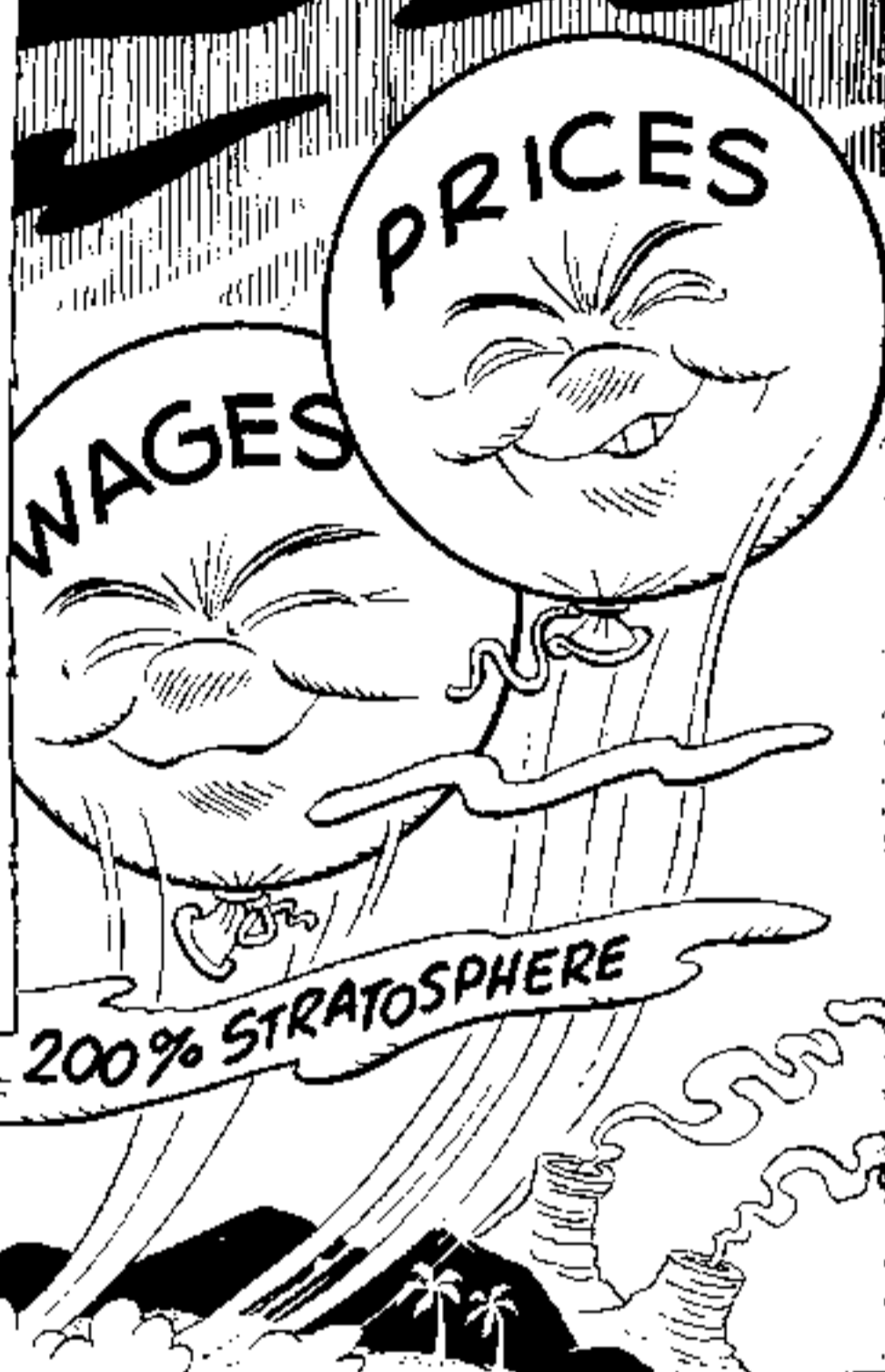
YEAH, AND IF THEY THINK THEIR SAVINGS ARE INSURED, THEY WON'T NOTICE HOW THEY ARE SHRINKING!



IN ADDITION, TO ASSURE THE ISLANDERS THAT THEIR FISH WERE SAFE IN THE BANK, THE GOVERNMENT CREATED THE FDIC... FISH DEPOSIT INSURANCE CORPORATION

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"!



NOW YET ANOTHER LAW CONTROLLING "OFFICIAL FISHERMEN" WAS PASSED...

THEY MUSTN'T EVEN TOUCH REAL FISH!



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



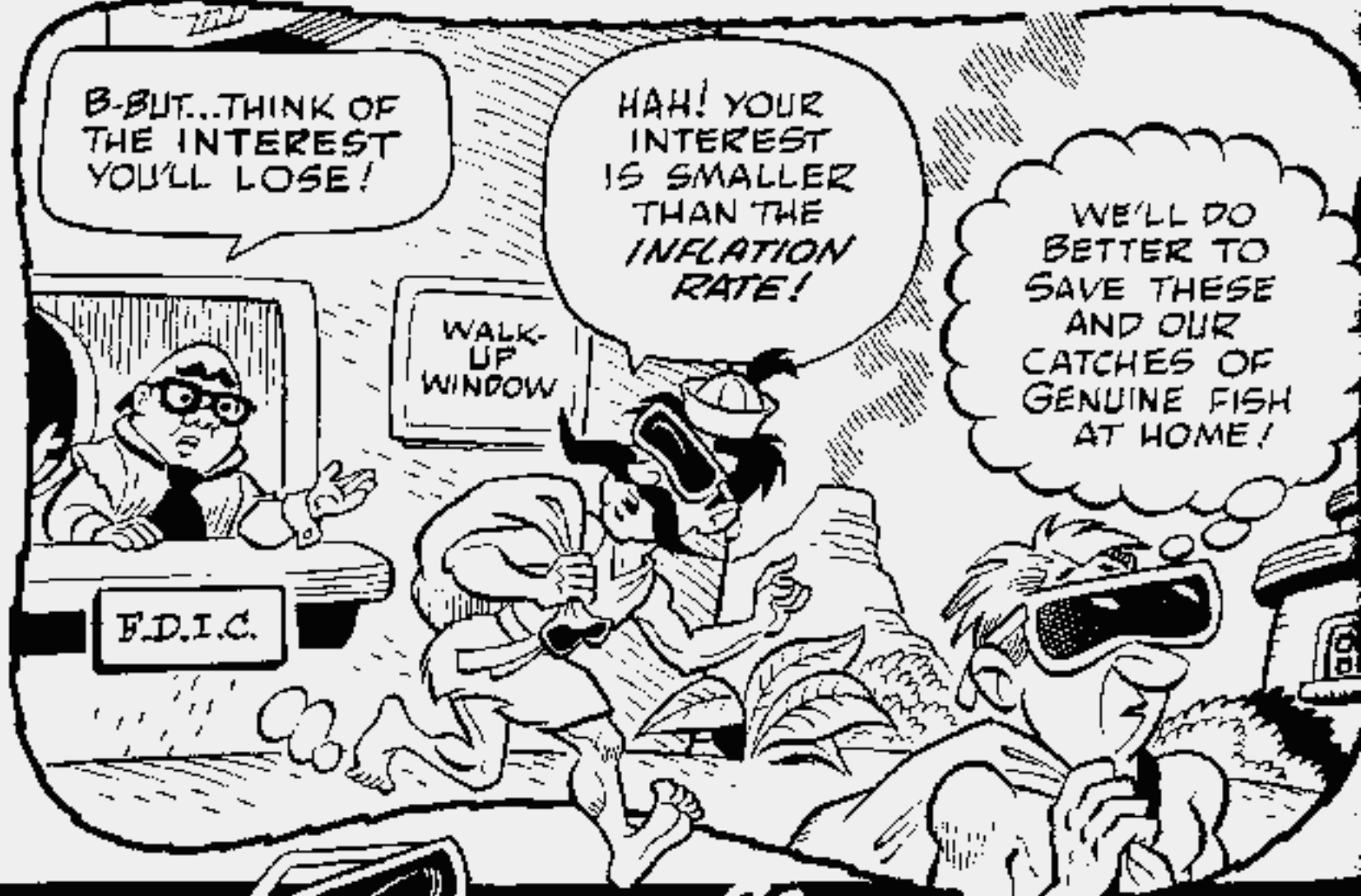
BUT YOU CAN'T FOOL ALL OF THE FISHERMEN ALL OF THE TIME! SOME DARING FISHERMEN DETECTED THE FRAUD...



LOOK, FRED... HOW FAT AND HEALTHY A REAL FISH IS!

IT'S MUCH HEAVIER THAN "OFFICIAL FISH" TOO!

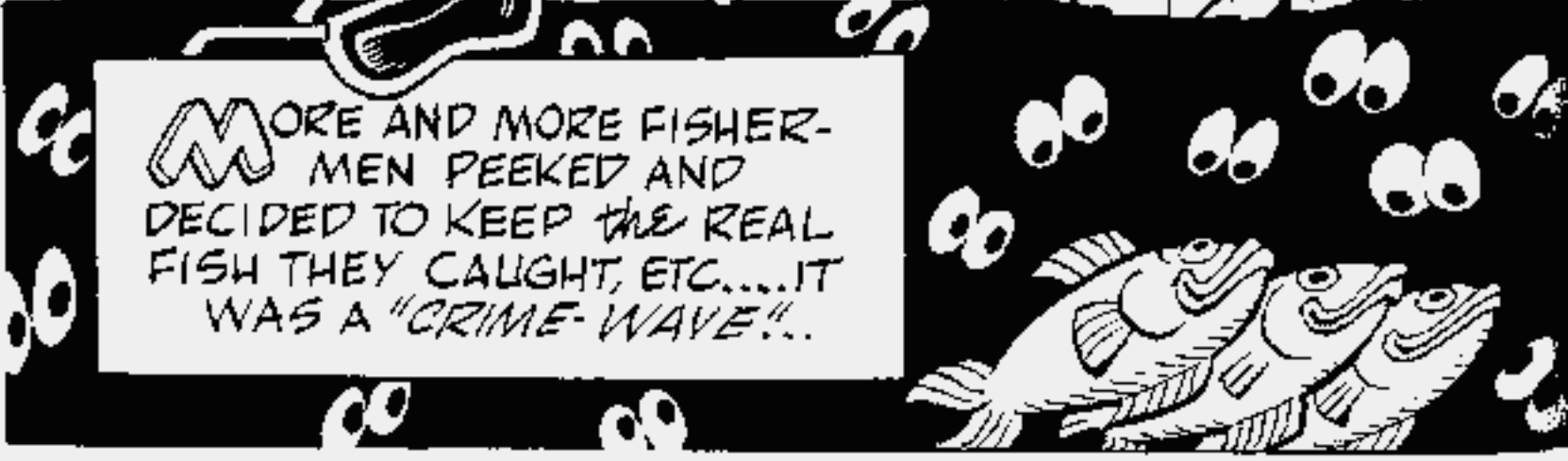
THESSE "LAWBREAKERS" WITHDREW THEIR "OFFICIAL FISH" SAVINGS FROM THE BANK...



B-BUT...THINK OF THE INTEREST YOU'LL LOSE!

HAH! YOUR INTEREST IS SMALLER THAN THE INFLATION RATE!

WE'LL DO BETTER TO SAVE THESE AND OUR CATCHES OF GENUINE FISH AT HOME!



MORE AND MORE FISHERMEN PEEKED AND DECIDED TO KEEP THE REAL FISH THEY CAUGHT, ETC...IT WAS A "CRIME-WAVE"...

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!

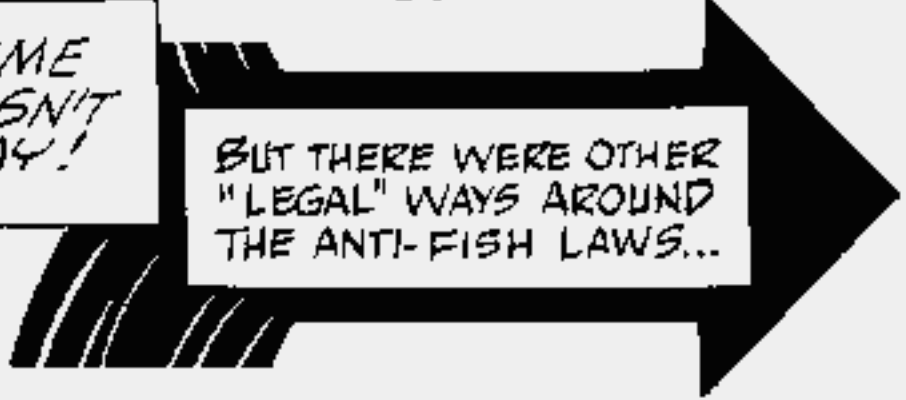
CRASH!

EEK!



CRIME DOESN'T PAY!

BUT THERE WERE OTHER "LEGAL" WAYS AROUND THE ANTI-FISH LAWS...



-84-
"OFFSHORE BANKING" OF REAL FISH BECAME
POPULAR AMONG FISH-WISE CITIZENS.

DEPOSIT TO
THE ACCOUNT
OF ABLE, III!

HOW
LINPATRIOTIC!

WE'LL PASS
LAWS TO
STOP THESE
CRIMINALS!
LAWS!
LAWS!
LAWS!

AND SO, THE "FOREIGN
FISH CONTROL
REGULATION, NO. 91-508"
WAS PASSED BY THE
SENATE...

YOU CAN IMAGINE HOW MUCH
OUTFLOW OF FISH THIS
LAW STOPPED!

ALL CRIMINALS,
REPORT YOUR
FOREIGN
DEPOSITS HERE!



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



HALT! YOU CANT TAKE MORE THAN 10 OFFICIAL FISH OUT OF THE COUNTRY!

BUT IT'S OUR VACATION!

IT'S ALSO OUR MONEY!



E EK! NOW WH-WHAT'S THIS BEAST DOING!?

HEH! THAT'S "SNORT," OUR CURRENCY SNIFFER!



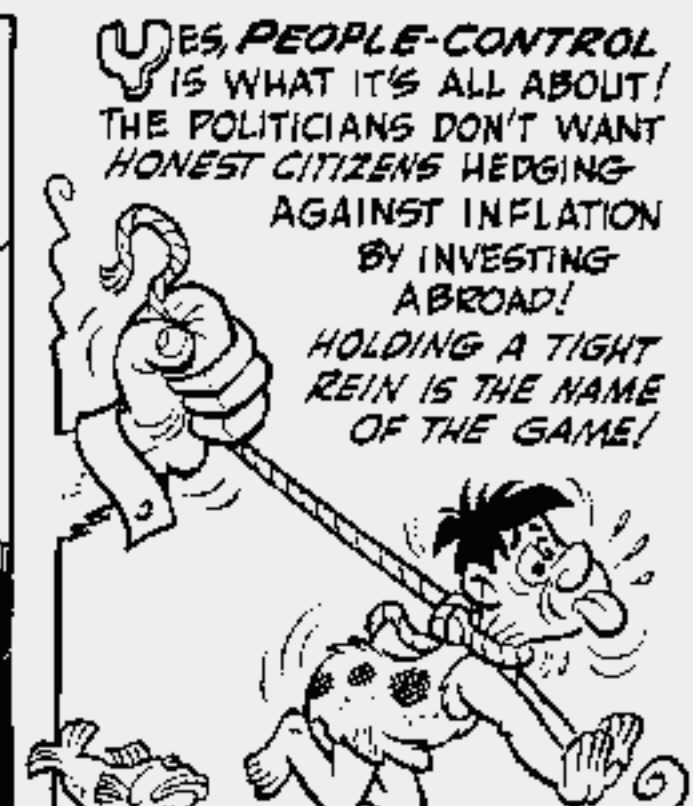
SNORT'S SNOOT IS TRAINED TO DETECT "FRANKLIN RESERVE NOTES"! YOU ALSO CANNOT TAKE MORE THAN 10 OF THEM OUT!

B-BUT WHY?



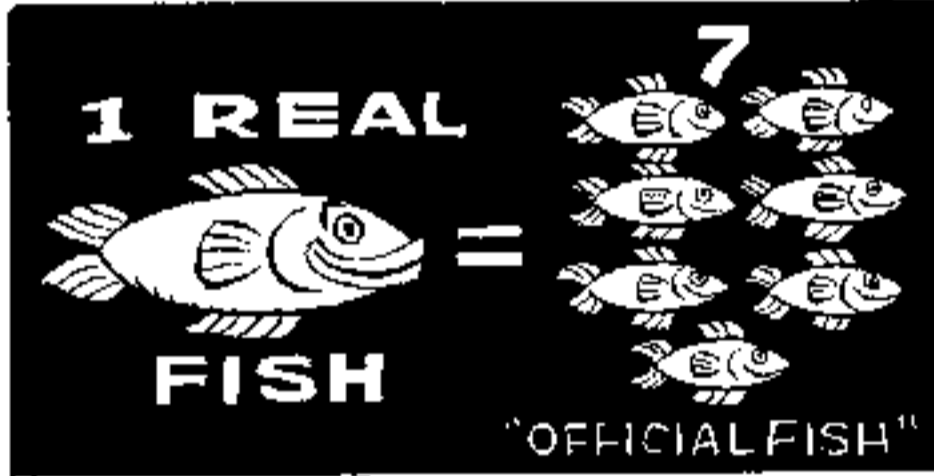
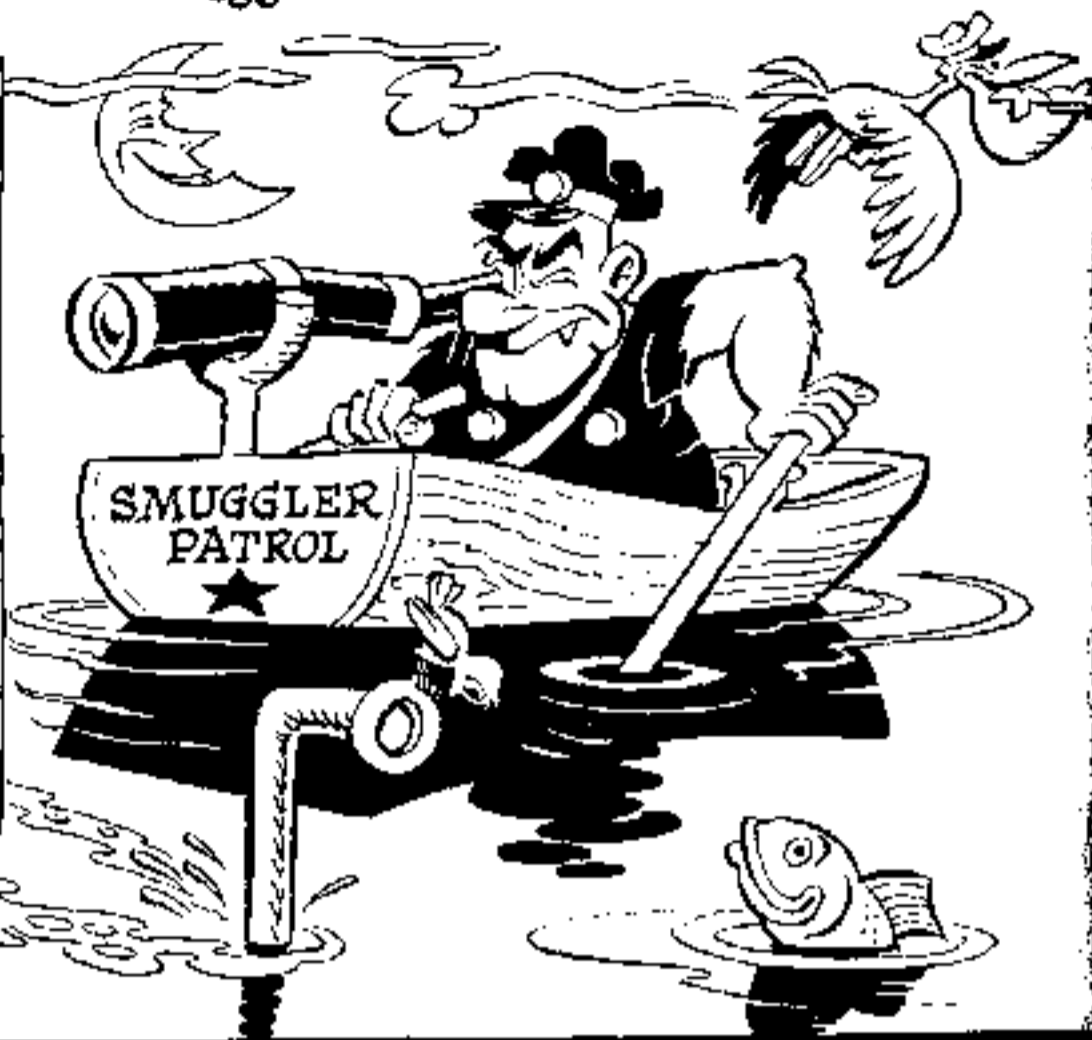
'CAUSE WE WANNA NAB SMUGGLERS AND COUNTERFEITERS WHO DEAL IN LARGE SUMS!

GOSH! WE SURE DONT HAVE MUCH FREEDOM ANY MORE!

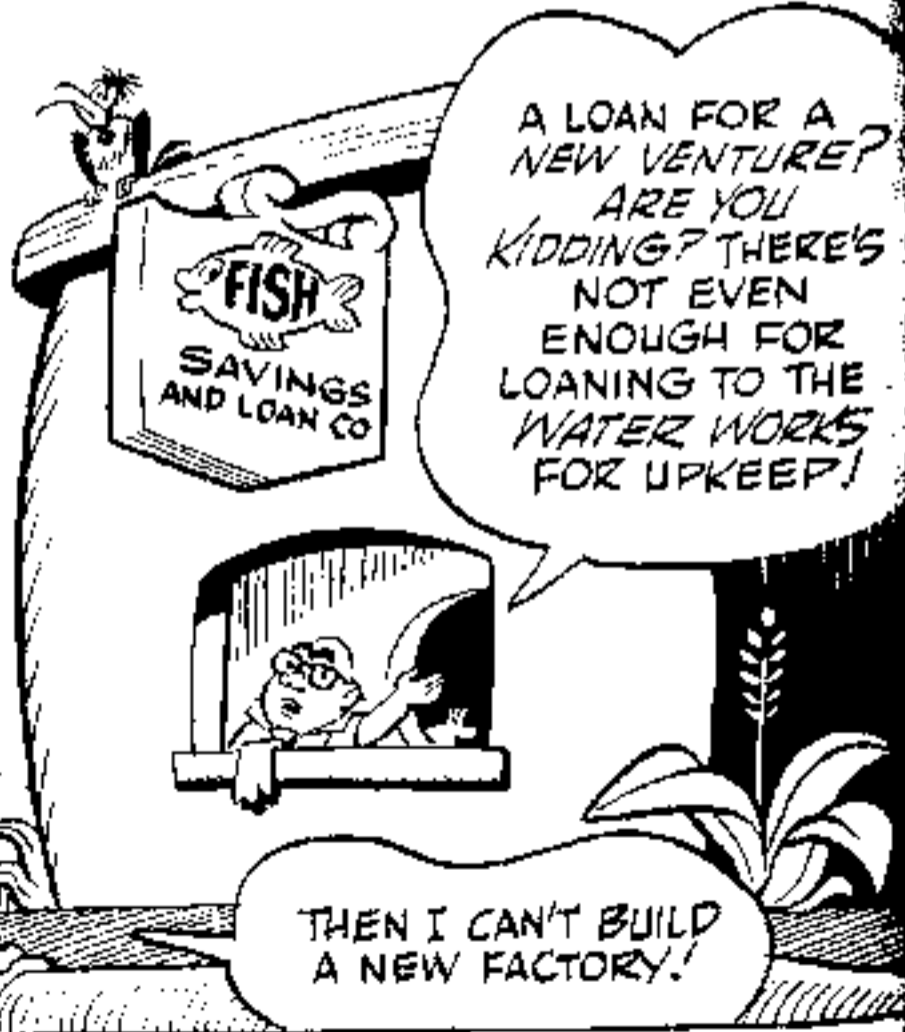


YES, PEOPLE-CONTROL IS WHAT IT'S ALL ABOUT! THE POLITICIANS DON'T WANT HONEST CITIZENS HEDGING AGAINST INFLATION BY INVESTING ABROAD! HOLDING A TIGHT REIN IS THE NAME OF THE GAME!

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"...



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...



WAGES AND
PRICES ARE
NOW
600%
HIGHER
THAN THEY
WERE
BEFORE
"FRANKLIN
RESERVE
NOTES"
CAME
INTO USE!

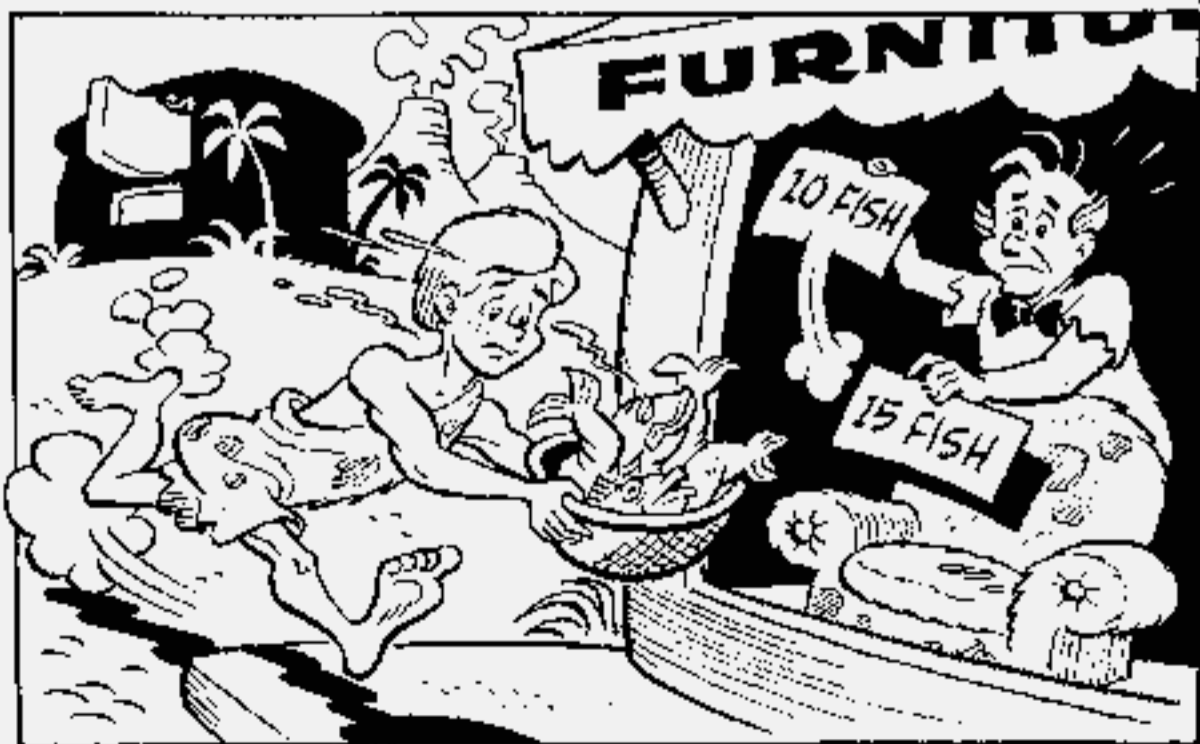
600% UP
WAGES and
PRICES



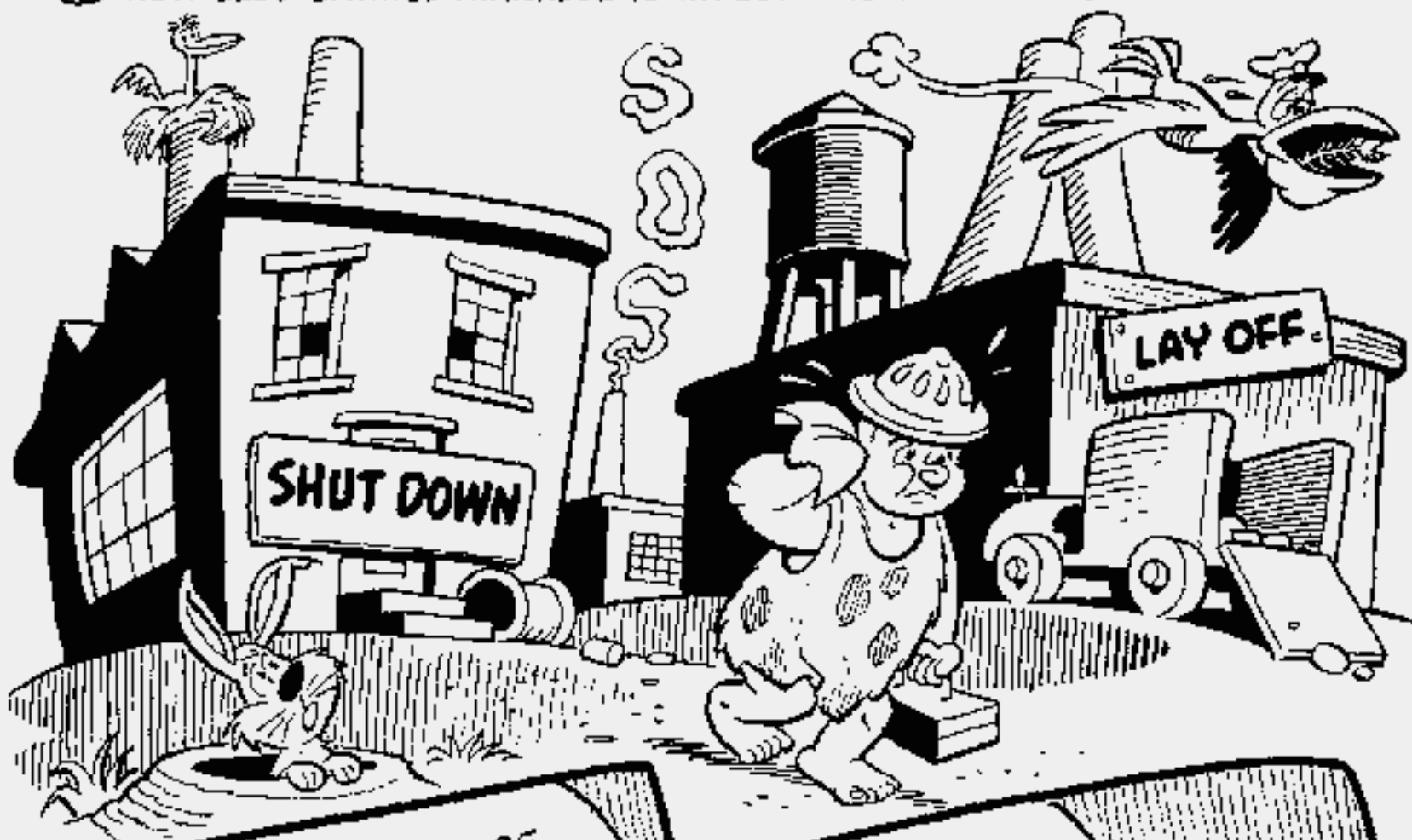
SINCE
"OFFICIAL FISH"
WERE SO
SMALL IT TOOK
7 OF THEM TO
PROVIDE EACH
ISLANDER
WITH THE
SAME
NUTRITION AS
ONE
NATURAL OR
REAL FISH!



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...



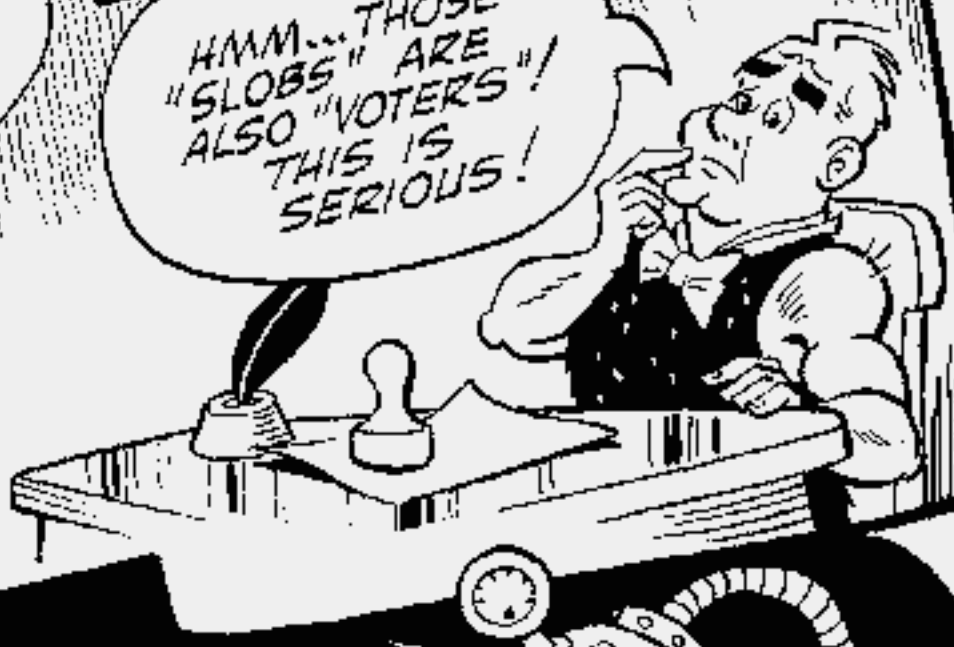
UNEMPLOYMENT GREW IN ALL SECTORS OF THE ECONOMY, SINCE THERE WAS NOW LESS SAVINGS AVAILABLE TO INDUSTRY TO FINANCE ITS CAPITAL NEEDS.



THERE'S A LOT OF UNREST AMONG THOSE SLOBS, SENATOR!



HMM... THOSE "SLOBS" ARE ALSO "VOTERS"! THIS IS SERIOUS!



SO SENATOR DEE DIPPED INTO HIS THINK-TANK FOR A SOLUTION TO THE UNEMPLOYMENT PROBLEM...



BINGO!

I'VE GOT ANOTHER
BRAINSTORM!



"UNEMPLOYMENT
INSURANCE" WILL
SAVE THE DAY!



CHESLEY! PRINT UP
A PILE OF "FRANKLIN
DEE NOTES"!



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!





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...



FISH LOAN
EEK! IT'S A RUN ON THE BANK!

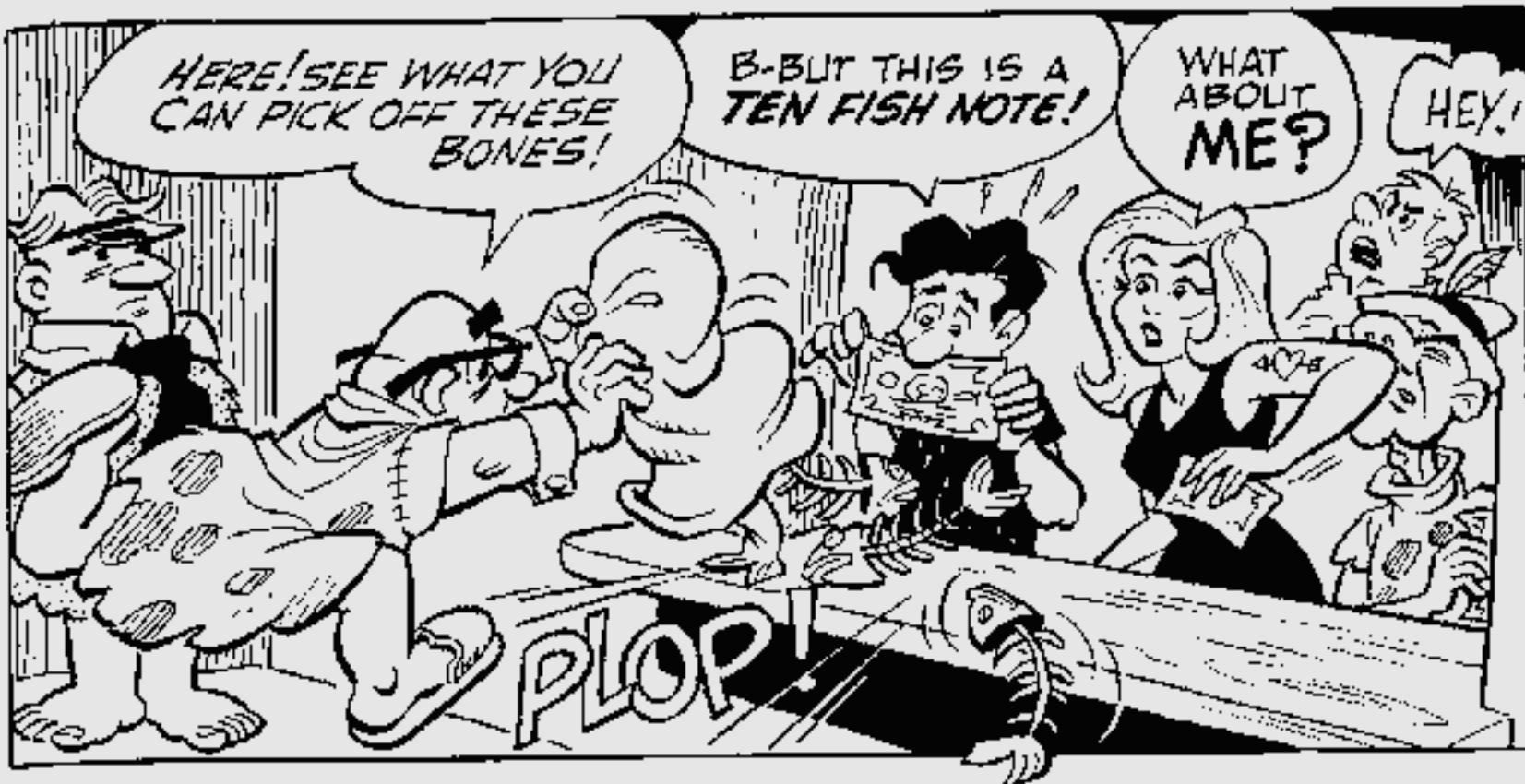


THE VAULT WAS SOON PICKED BARE...



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!

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!



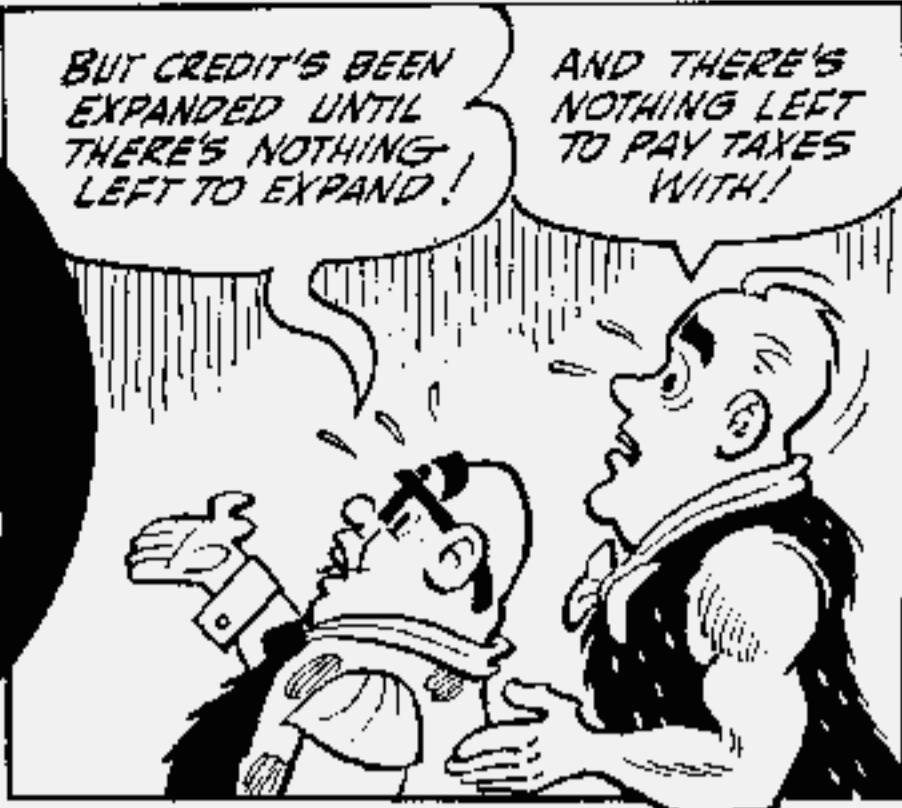
QUICK... WHAT'S YOUR ADVICE IN THE PRESENT ECONOMIC CRISIS?



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!

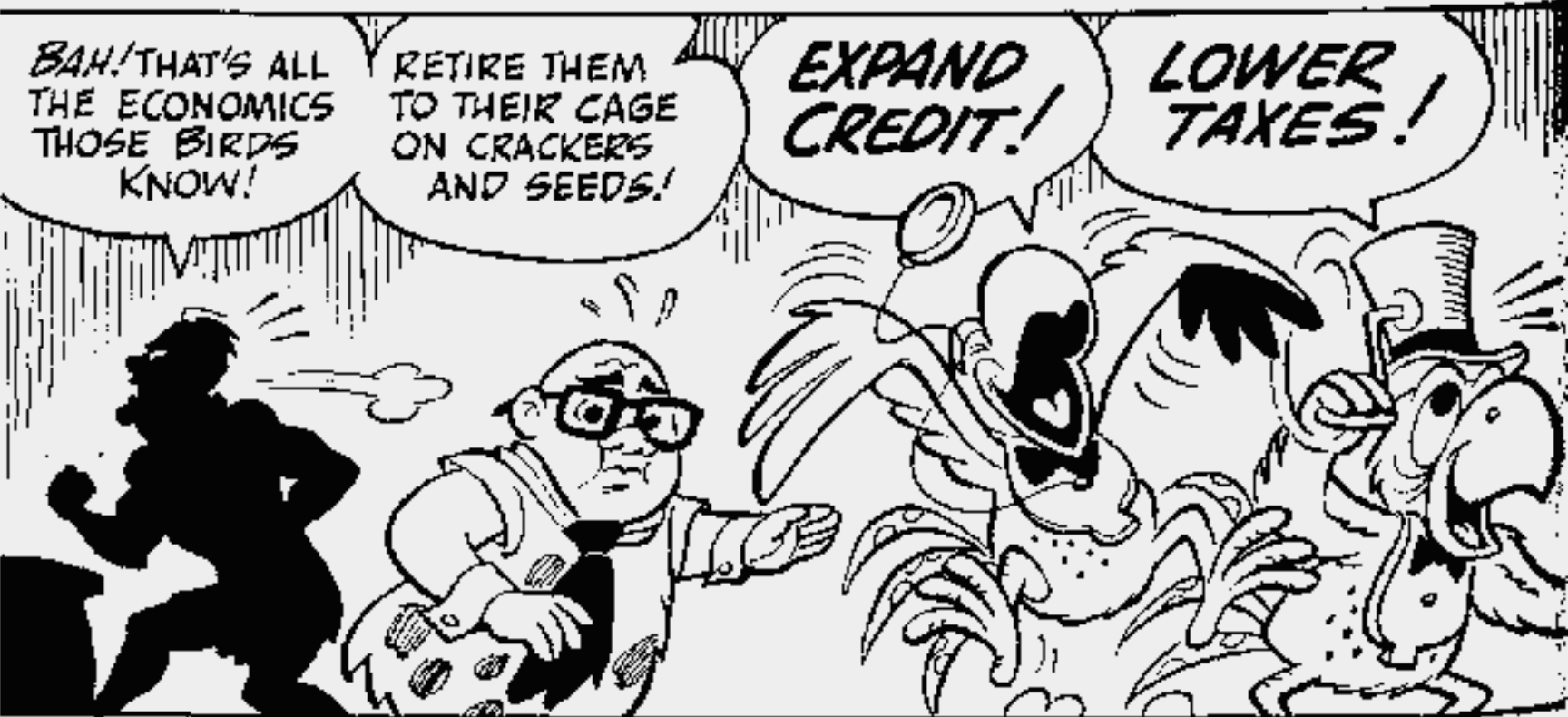


ER...OUR ECONOMISTS ARE WORKING ON A NEW PLAN NOW, FOLKS...

EXPAND CREDIT!

LOWER TAXES!

WHAT'S NEW ABOUT THAT !?!



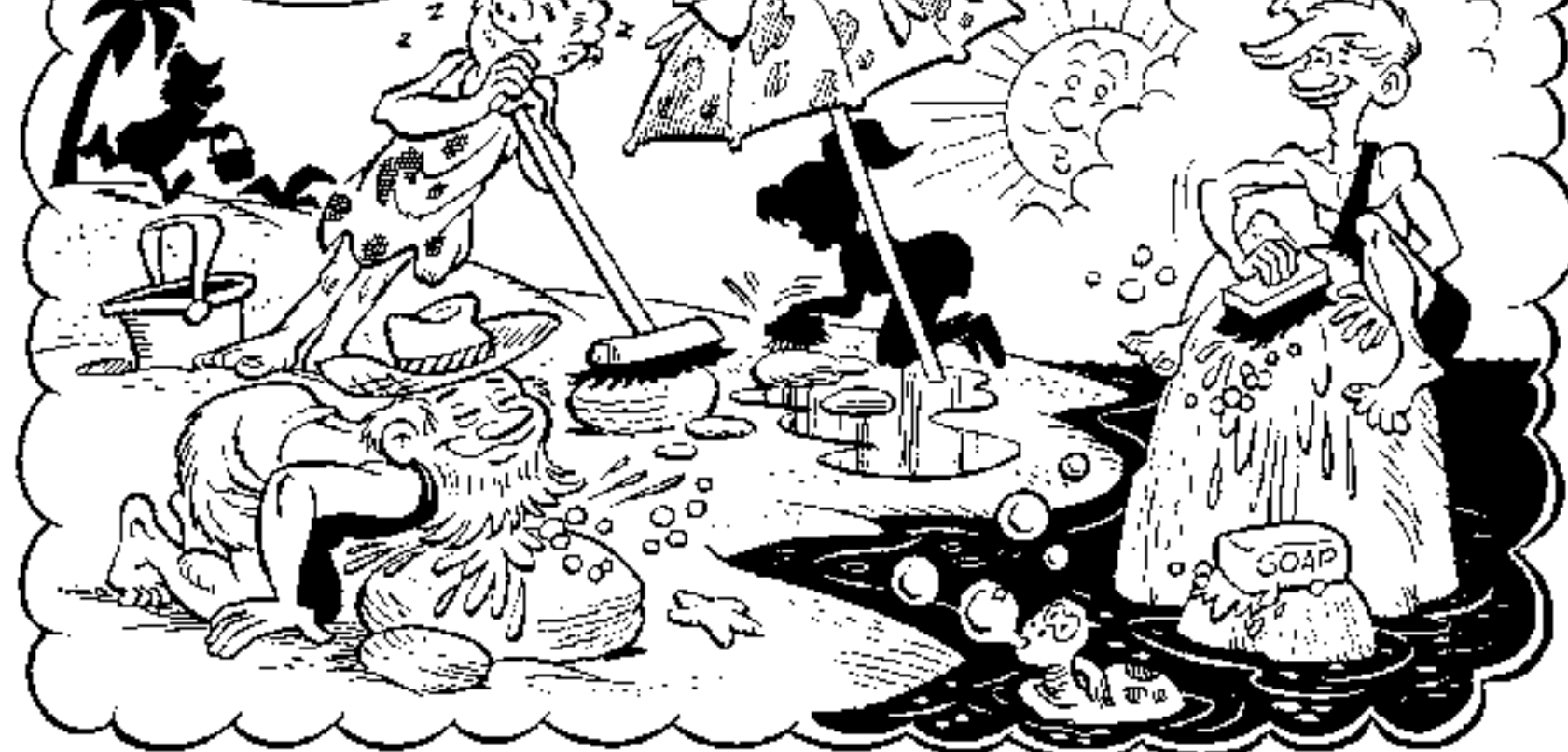
BAH! THAT'S ALL THE ECONOMICS THOSE BIRDS KNOW!

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!

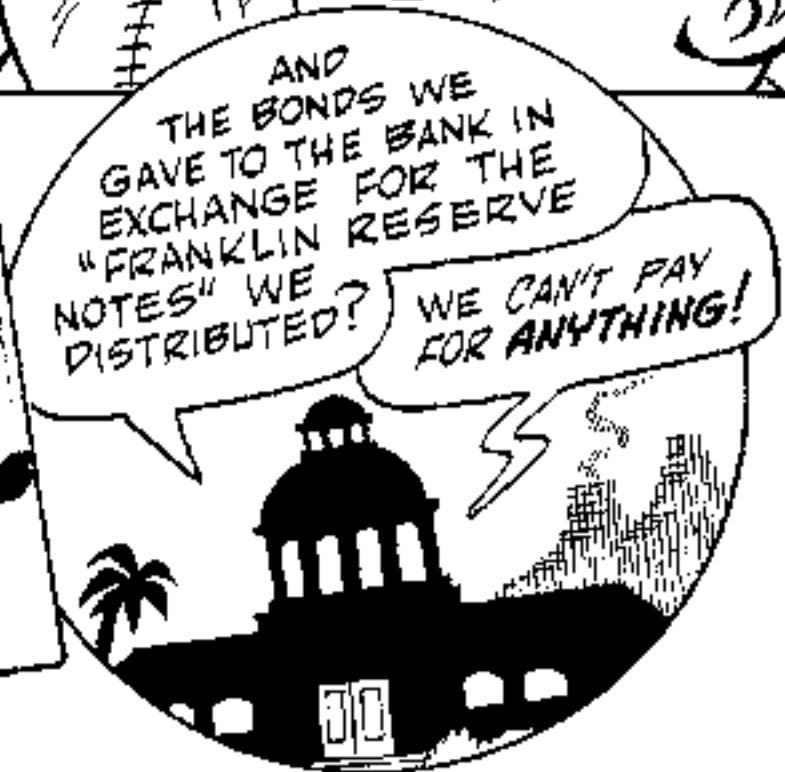
AFTER TAKING OUR OWN BIG CHUNK!



THEN HOW ARE WE GOING TO PAY OFF ALL THOSE BONDS THAT WE SOLD TO THE PEOPLE, TELLING THEM TO "INVEST IN THE ISLAND"?

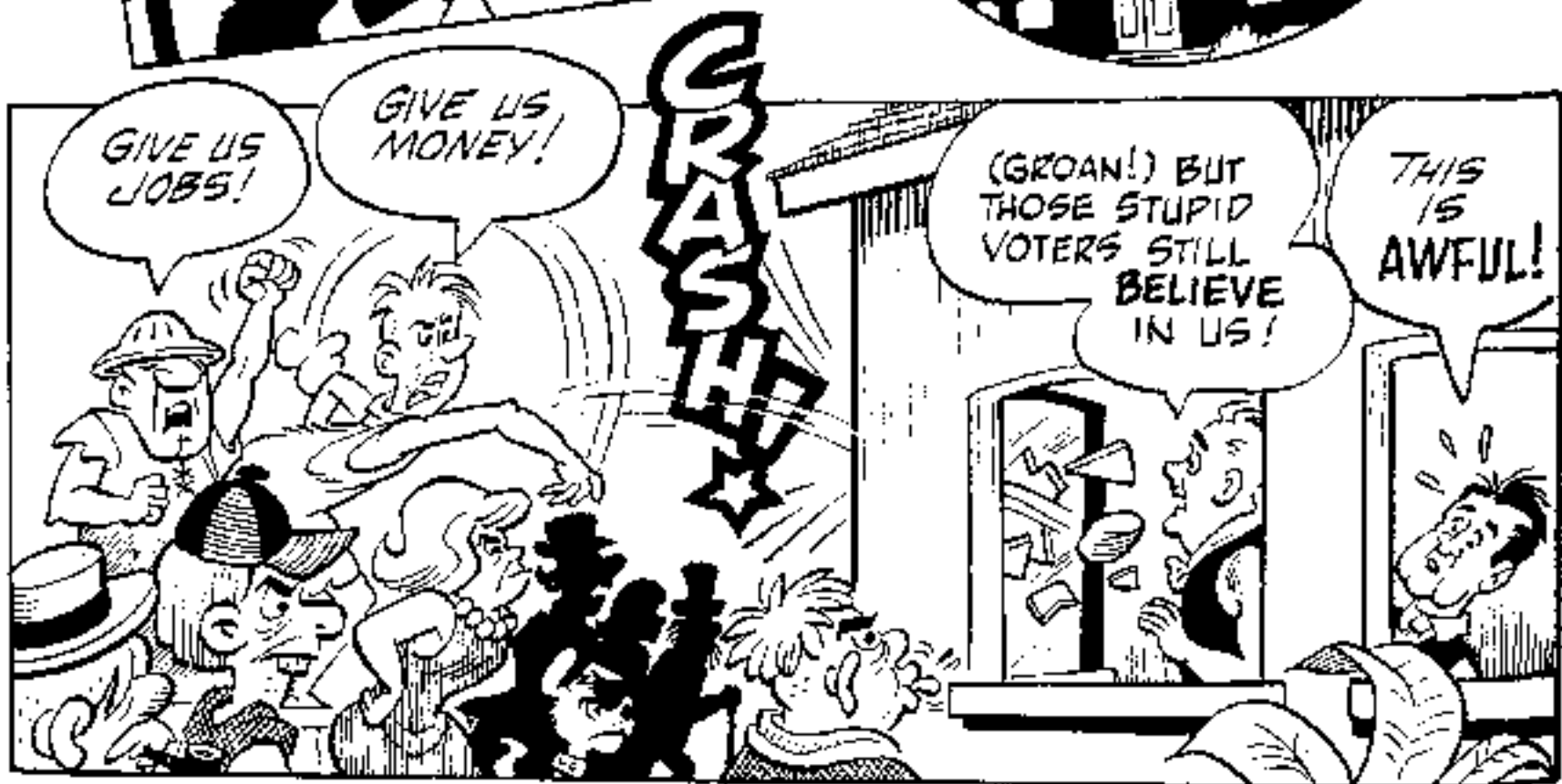
WE CAN'T!

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!



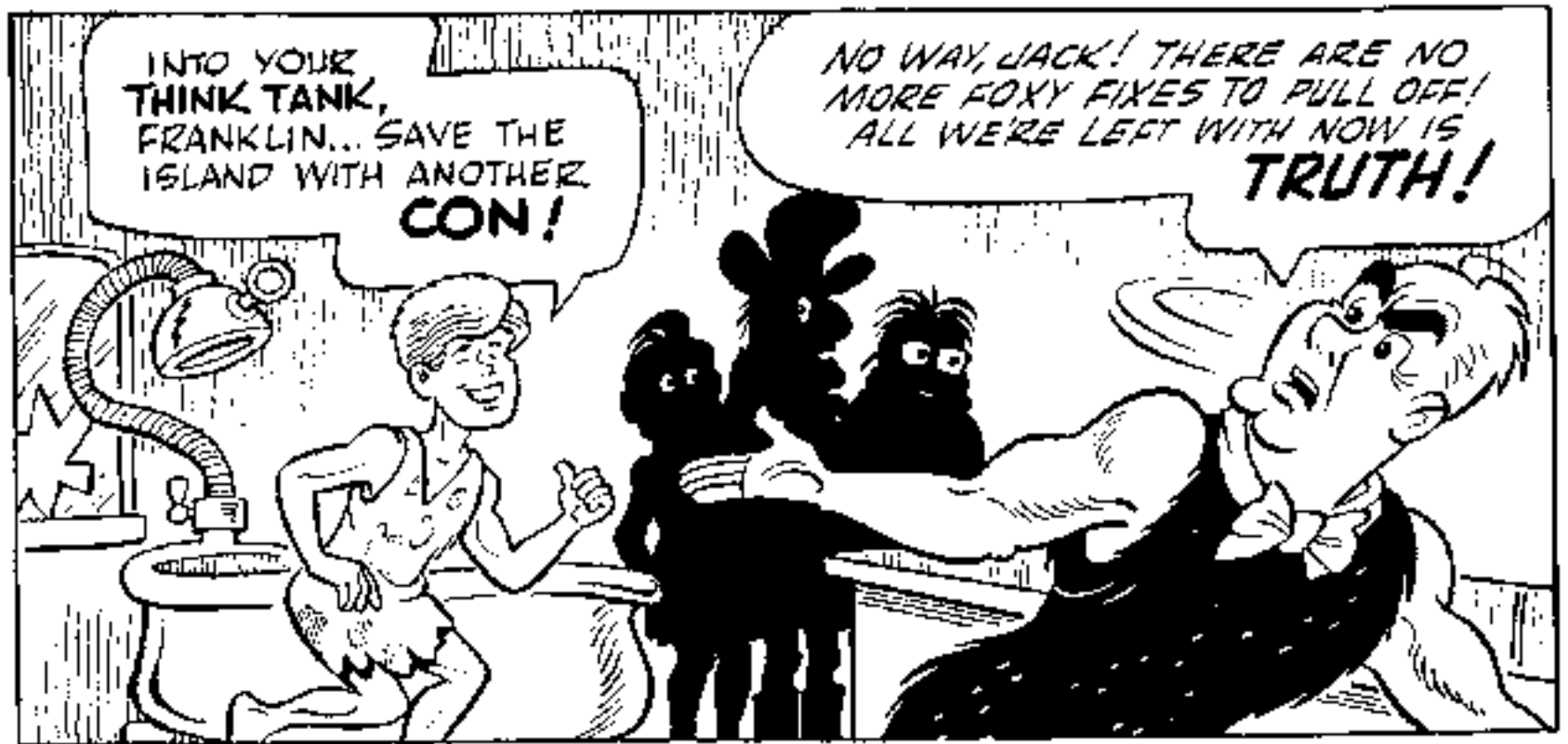
GIVE US JOBS!

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
LITTERED 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!**

YOU CAN BE A PROPHET

INTERFERENCE
BY VOTE SEEKING
POLITICIANS BRINGS
ECONOMIC
MAYHEM



BUSINESS CYCLES, RECESSIONS,
DEPRESSIONS AND INFLATION ARE
MAN-MADE...ALWAYS PREDICTABLE,
ALWAYS AVOIDABLE!

EXAMPLE...

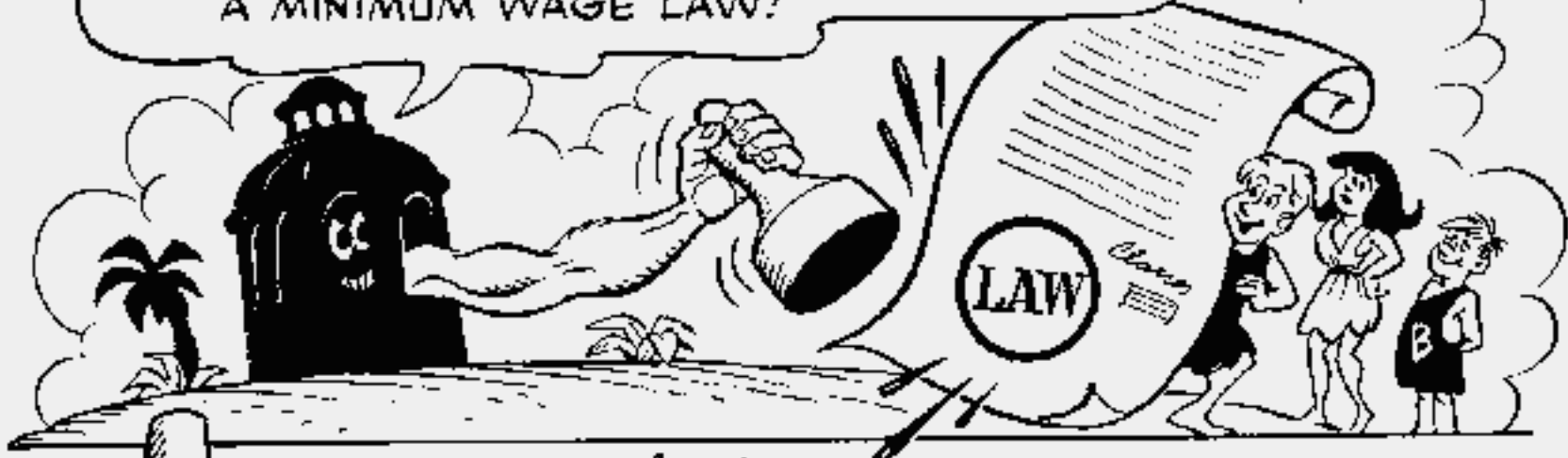
BORROWS *and* TAXES TO FUND WELFARE PROGRAMS



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

LET'S HELP THE NATION'S YOUTH BY PASSING A MINIMUM WAGE LAW!



YIKES! THAT'S PRETTY STEEP PAY!
 MY PROFIT MARGIN WON'T ALLOW ME TO HIRE AS MANY AS I'D LIKE TO HIRE
 ...NOT AT **THIS HIGH PAY!**



SO I'LL ONLY HIRE A **FEW** OF THE BEST QUALIFIED, MOST EXPERIENCED, AND HARDEST WORKERS!

I GOT FIRED!

I NEVER EVEN GOT HIRED!

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

CONSUMER CREDIT VS. COMMERCIAL CREDIT

CONSUMER CREDIT

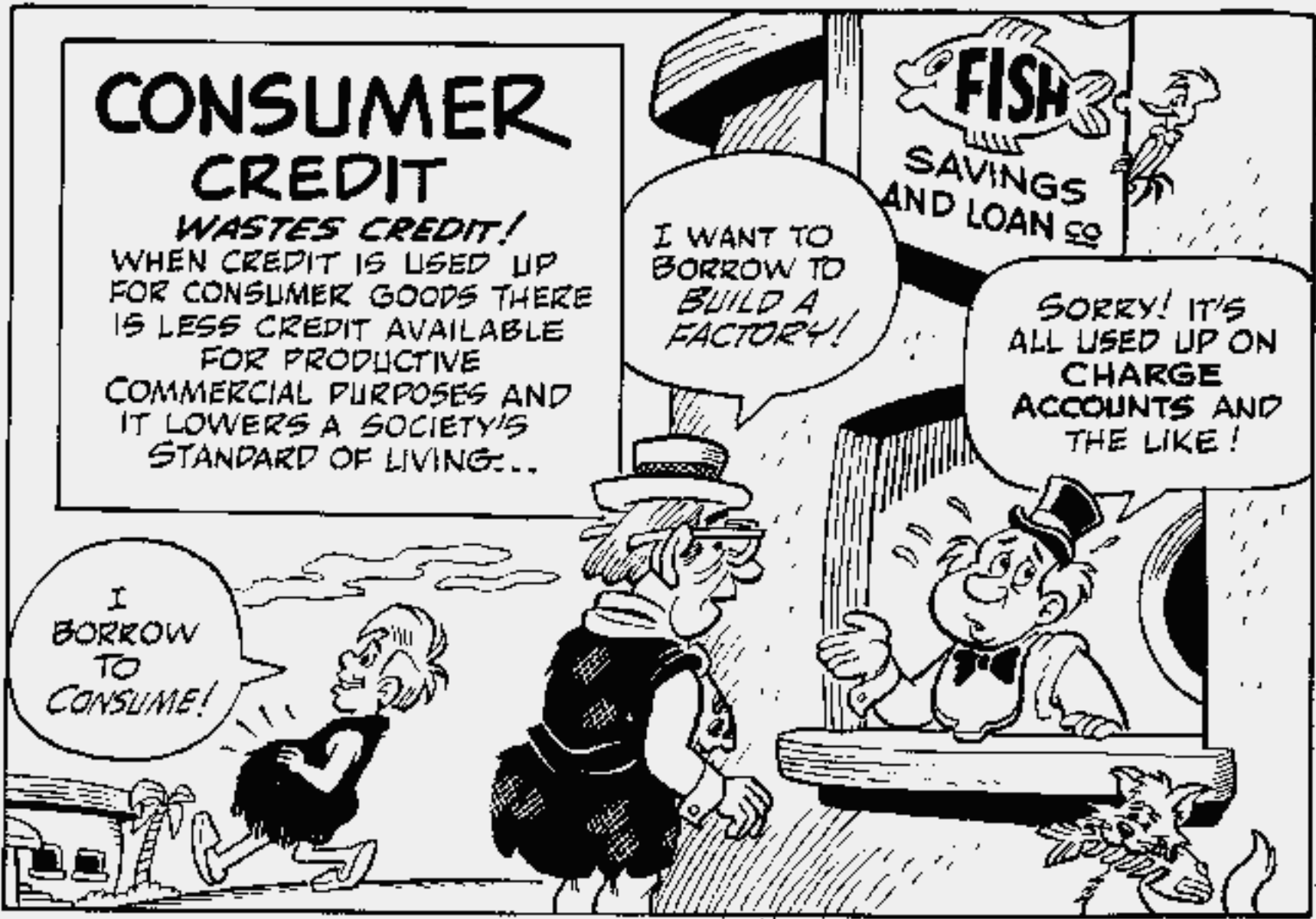
WASTES CREDIT!
WHEN CREDIT IS USED UP FOR CONSUMER GOODS THERE IS LESS CREDIT AVAILABLE FOR PRODUCTIVE COMMERCIAL PURPOSES AND IT LOWERS A SOCIETY'S STANDARD OF LIVING...

FISH
SAVINGS AND LOAN CO

I WANT TO BORROW TO BUILD A FACTORY!

SORRY! IT'S ALL USED UP ON CHARGE ACCOUNTS AND THE LIKE!

I BORROW TO CONSUME!



COMMERCIAL CREDIT

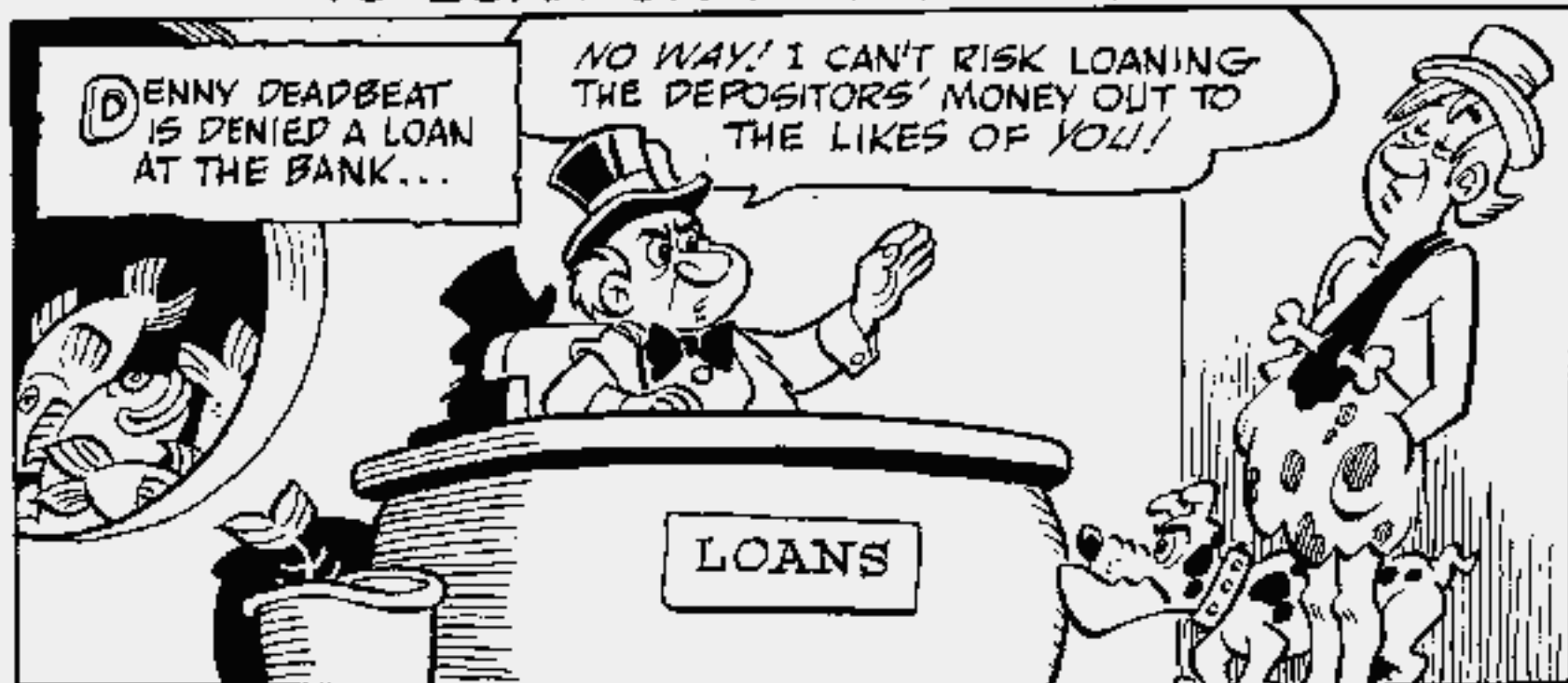
INCREASES CONSUMER GOODS, SAVINGS, AND INVESTMENT CAPITAL... IT **RAISES** THE STANDARD OF LIVING...

I BORROWED TO PRODUCE!

MORE JOBS... MORE GOODS AT LOWER PRICES!



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...

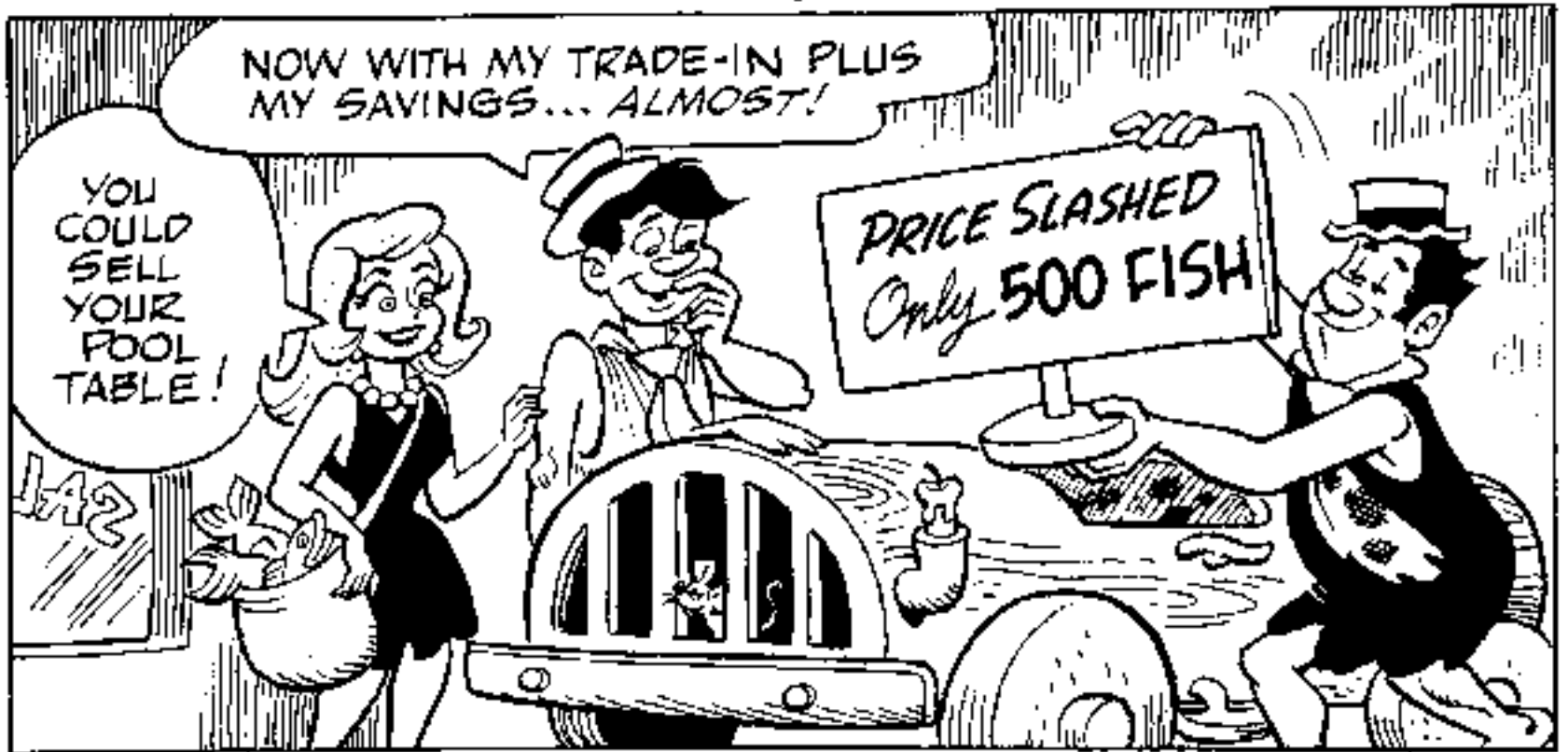
NOTHING'S MOVING!

WHAT'RE YOU GOING TO DO, BOSS?

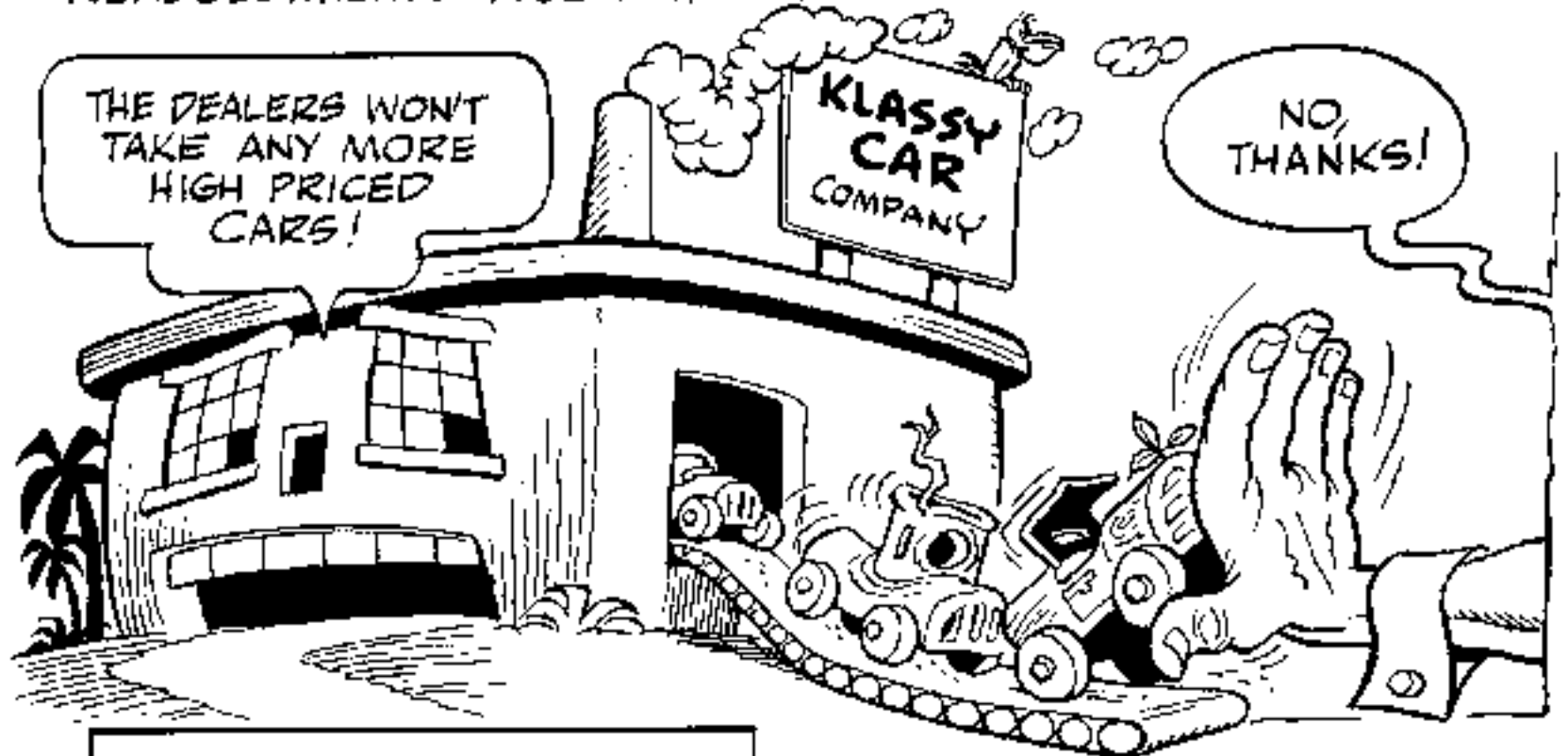
THERE'S ONLY **ONE** THING TO DO...

SLASH PRICES
DRASTICALLY... OR WE'LL GO UNDER!





READJUSTMENTS WOULD TAKE PLACE ALL ALONG THE LINE...



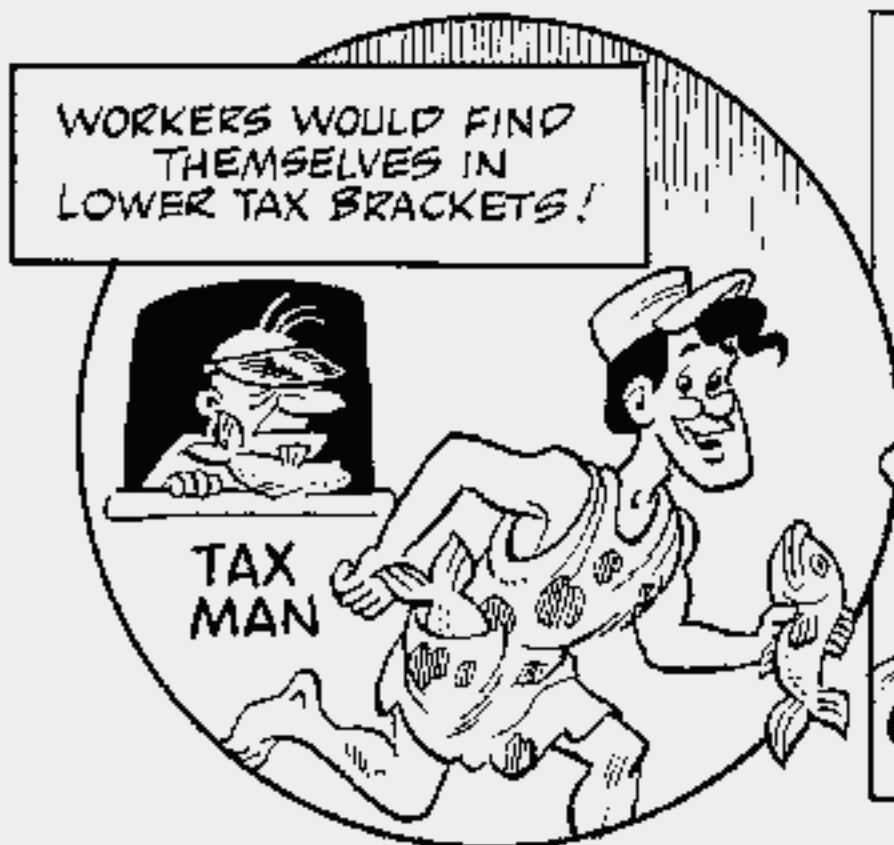
THE WHOLE ECONOMY WOULD BE EFFECTED... EVERYTHING WOULD ADJUST DOWNWARD...

ROLL BACK PRICES...

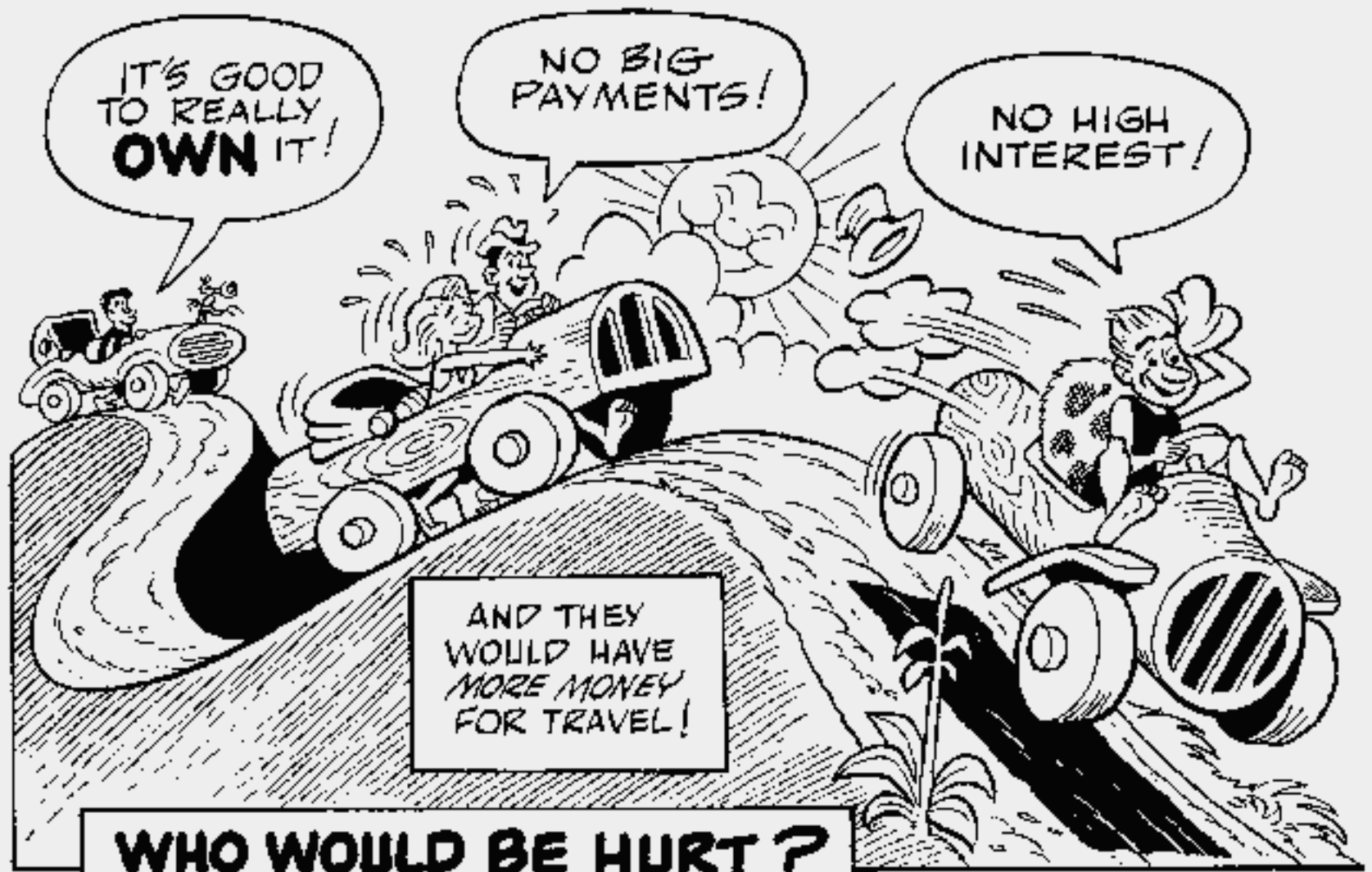
LOWER WAGES!

ROLL BACK PRICES...

LOWER WAGES!



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.)

