

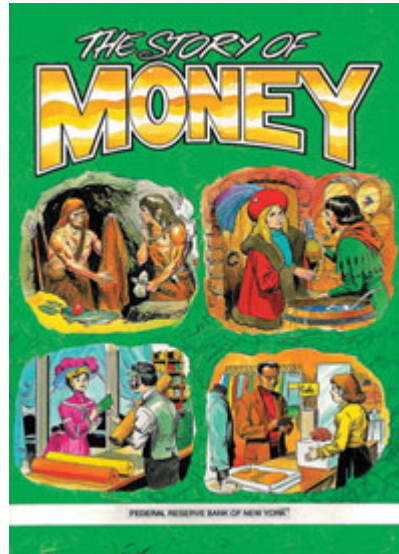


Written by on September 14, 2010

## Comic Books From the Federal Reserve

Facing more scrutiny than its leaders have ever wanted, the Federal Reserve responded beginning in 2009 with a campaign designed to tell everything the Fed thinks the American people ought to know. How to do this? A series of comic books!

When comic books first arrived on the American scene, they were funny, or their pages were filled with the daring exploits of real or imagined heroes. Now, they've become a conduit for propaganda. The New York Fed, well known as the Federal Reserve System's leading policymaker, has produced five very colorful 24-page comic books to explain everything the Fed would have us know about money, monetary policy, banking, inflation, and the Federal Reserve itself. The title of each book starts with "The Story of ..." Each truly provides quite a story, but not important facts needed to begin pulling our nation out of its economic doldrums. Instead, readers are treated to a deceptive compilation of falsehoods — one story after another to keep Americans in the dark about truly serious matters.



These color-filled publications are not the first issued by the customarily stodgy New York Fed to promote itself. The artists it employed produced a similarly colorful and similarly unreliable "The Story of Monetary Policy" in 1996. The Fed's money manipulators must have been pleased with the reception given their earlier product. Hence, five more issued during the past 18 months.

Each is replete with falsehoods and distortions of reality cleverly designed to keep Americans from knowing why the value of their dollars is shrinking, why the nation's economic vitality is declining, and a great deal more.

*The Story of Inflation* begins, "The dictionary defines inflation as a substantial and continuing rise in the general price level." That, of course, is as faulty a definition as the claim that wet streets cause rain. But note that the Fed placed the blame for this gross falsehood on the dictionary, not itself, meaning in part that reliance even on a dictionary isn't always the wisest course. The bulk of the pages in this booklet proceeds from that totally incorrect definition to shifting blame for inflation's scourge away from the Fed toward a variety of other targets, such as business leaders not producing enough goods. For the record: Inflation is an increase in the quantity of currency (dollars) that lowers the value of all currency and results in what appears to be a rise in prices but, in reality, is a reflection of the declining value of everyone's dollars.



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Other than a counterfeiter, no one but the Federal Reserve system increases the supply of currency. But our government stops at nothing to prevent private counterfeiting, while at the same time permitting the counterfeiting regularly practiced by the Fed.

After misinforming readers about inflation, another booklet dealing with this topic points out that “hyperinflation” is very bad. Is that supposed to be a revelation? It claims that the Fed is constantly fighting to keep inflation at an “acceptable” level. That’s like saying some amount of cancer is tolerable. The deception provided proceeds with assurance that the best way to measure inflation is to turn to the federal government’s consumer price index (CPI), not to the Fed’s flooding the nation with more unbacked paper currency.

*The Story of Money* relates a few basic truths about the history of money and then concludes that the “job of the Federal Reserve System [is to] make sure that the U.S. money supply grows at the right rate.” Sadly, many Americans would accept that summation without question. But the kind of power held by the Fed enables it to create national booms and busts at will (although some busts, as now, cannot be controlled), cause praise or disapproval to be heaped on the nation’s leaders, and even affect the choices of America’s voters. It’s no surprise that none of this is admitted in the Fed’s colorful but deceitful presentation.

Another comic book tells us where the Fed supposedly gets its power: “The U.S. Constitution gives Congress the power to coin money, and Congress has decided to delegate that power to the Fed.” From “power to coin money” to power to create the Fed? Could any greater distortion of the Constitution exist? This same comic book stresses the importance of the Fed retaining its “independence.” What’s important to the Fed is secrecy. This is why no audit of the Fed has ever been conducted, and why the need for such an audit isn’t mentioned in any of the comic books.

Another book praises fractional reserve banking, itself a contributor to inflation. Still another claims that Fed independence is absolutely necessary so it can fight inflation without being bothered by Congress. It would make as much sense to say that burglars should become policemen.

For free copies of the Fed’s self-serving distortions of reality, each book invites everyone to go to [www.newyorkfed.org/publications](http://www.newyorkfed.org/publications). Recommendation: Don’t share what you receive with unwary fellow citizens.



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