The Kingdom of Moltz
A Tale by Irwin Schiff
About Inflation and Where It Comes From
SECOND INTRODUCTION

THIS SECOND "INTRODUCTION" WAS WRITTEN FOR THE 1999 REPRINTING OF THE KINGDOM OF MOLTZ WHICH HAS BEEN OUT OF PRINT SINCE 1985, HOWEVER, NOT A WEEK GOES BY WITHOUT SOMEONE INQUIRING ABOUT THE BOOK. IT IS A DELIGHTFUL TALE ABOUT THE MOST MISUNDERSTOOD WORD AND PHENOMENON IN THE ENGLISH LANGUAGE—"INFLATION". IT DOES SO WITH HUMOR SO THAT EVEN A CHILD OF TEN IS ABLE TO UNDERSTAND WHAT THE WORD ITSELF MEANS AND WHAT CAUSES IT.

"I LAUGHED SO HARD I CRIED. SCHIFF'S BOOK IS THE GREATEST THING SINCE SLICED BREAD", SAID ECONOMICS PROFESSOR, DR. CAMILLE CASTORINA.

THIS BOOK ITSELF DEMONSTRATES THE RAVAGES OF INFLATION, SINCE WHEN IT WAS FIRST PUBLISHED IN 1980, IT SOLD FOR $2.50. SO WITHOUT FURTHER ADIEU, LET US HURRY OFF TO THE LAND OF MOLTZ."
The Kingdom of Moltz

by
Irwin Schiff

art by
Andrew Ice
THANKS, VIVIEN KELLEMS, FOR THE INSPIRATION
To write of "inflation" is to write of people's infinite capacity to be tricked by politicians. Read the Kingdom of Moltz for a good laugh--and then a good cry.
The
KINGDOM
of
MOLTZ
In the sleepy Balkan kingdom of Moltz, people paid taxes according to the height of their houses. Those living in houses under 15 feet paid no tax, but a tax of 5 gold pieces was levied on every foot over that.

In addition, a surtax of 10% was added on houses over 20 feet, 20% on houses over 25 feet, and 30% on houses over 30 feet, with a maximum surtax of 40% on houses over 35 feet.
YOU CAN SEE IMMEDIATELY THAT THE PEOPLE OF MOLTZ WERE TRULY PROGRESSIVE IN THE MATTER OF TAXATION. THE POOR PEOPLE IN MOLTZ (THOSE OBVIOUSLY LIVING IN THE SMALLEST HOUSES) ESCAPED TAXATION COMPLETELY.

While those living in the biggest houses (obviously the more affluent) paid progressively higher taxes, the surtax, of course, added a truly sophisticated feature to the system.
While this method of taxation was exceedingly fair and progressive, it did nonetheless exert an influence on the life-style (as taxes often do) as well as on the housing styles that existed in Moltz.
Many houses in Moltz were constructed exactly 14 feet, 11 inches high, while most others were built exactly 19 feet, 11 inches, 24 feet, 11 inches, 29 feet, 11 inches, etc., etc.
IT MUST ALSO BE OBSERVED THAT PEOPLE IN MOLTZ GENERALLY BUILT HOUSES SOMewhat SMALLER THAN THEY WOULD HAVE PREFERRED. FOR THESE REASONS THE CITIZENS OF MOLTZ LIVED A BIT MORE CRAMPED THAN NECESSARY—BUT THAT’S KINGDOM BIZ!
ONE DAY, AS FATE WOULD HAVE IT, THE KING OF MOLTZ, IGOR II, WAS INFORMED BY THE ROYAL TREASURER THAT THE ROYAL BANK ACCOUNT WAS PRACTICALLY DEPLETED.
A conference of the king's advisors was hurriedly called to determine why there was such a royal money shortage. Going over the royal books it became evident that King Igor was spending too much money in relation to tax revenues.
IGOR, THEREFORE, WOULD HAVE TO DO ONE OF TWO THINGS. HE WOULD EITHER HAVE TO CUT HIS SPENDING ON THE ROYAL COURT AND ON HIS ROYAL FOOLING AROUND—
- or he would have to raise taxes. Of course, cutting down on wasteful and unnecessary royal spending was unthinkable, so Igor did what all kings and politicians do in situations like this.

and that is to—
CALL FOR
MORE TAXES
Igor explained to his ministers there was no alternative but to raise taxes. Henceforth, taxes would be 6 gold pieces a foot instead of 5, the housing exemption would be lowered to 13 feet, and all surtax brackets lowered accordingly.

There was some general agreement on these proposals, but then Prinshick, the minister of interior, spoke up. "Your kingship," he said, "I think that it would be a terrible mistake to raise taxes now. There is discontentment among your subjects, possibly due to their cramped state of mind. A tax increase at this time would, I suggest, release considerable resentment and could set off a rebellion."
SEVERAL MINISTERS EXPRESSED AGREEMENT WITH PRINSHICK'S ASSESSMENT. PERPLEXED AND FRUSTRATED, IGOR LOOKED AT HIS MINISTERS AND ASKED, "BUT HOW CAN WE RAISE REVENUE WITHOUT RAISING TAXES"?

SILENCE FELL AS EACH MINISTER PONDERED THIS DIFFICULT QUESTION. SUDDENLY KERTZOFF, THE LITTLE MINISTER OF TAXATION, JUMPED UP ONTO THE LONG OAKEN TABLE AND BEGAN TO SHOUT, "I GOT IT, I GOT IT!"
"You've got what?" Igor asked.

"How we can extract more taxes without increasing taxes."

"Well, let's hear it," said Igor, displaying some annoyance at Kertzoff's unministerly behavior.

"It's really simple!" said Kertzoff. Since by tradition, your majesty makes all of the yardsticks and rulers used in the kingdom, we need only call in all existing yardsticks and rulers, and issue new ones—built ten inches to the foot instead of twelve—"
— BY MAKING A FOOT TWO INCHES SHORTER, ALL RULERS AND YARDSTICKS WILL BE SHORTENED BY 16.25% WHICH WILL ACCOMPLISH THE FOLLOWING —

1. ALL BUILDINGS WILL IMMEDIATELY BE 16.25% HIGHER, AND THUS SUBJECT TO MORE TAXES

2. MANY BUILDINGS WILL NOW FALL INTO HIGHER SURTAX BRACKETS, THEREBY INCREASING TAXES SUBSTANTIALLY MORE THAN 16.25% AND

3. ALL BUILDINGS BUILT 14 FEET 11 INCHES HIGH TO ESCAPE TAXATION WILL NOW MEASURE OVER 15 FEET AND BE SUBJECT TO TAX —

"BY THIS MEANS," CONTINUED KERTZOFF (WHO HAD SINCE CRAWLED DOWN FROM THE TABLE) "ROYAL REVENUE WILL DOUBLE, AND WE WOULDN'T HAVE RAISED TAXES ONE LICK!"
"You can't be serious," said Orloff, minister of Royal Celebration, "one would only have to compare an old ruler with a new one to see that we changed the unit of measurement. The idea is preposterous."

"No, it isn't," explained Kertzoff. "First of all, when we call in all the old rulers, we'll do it in the name of some national emergency."
"We will declare that after that date, anyone caught with an old ruler in his possession will be regarded as an enemy of the state and subject to severe punishment, perhaps banishment to the salt mines of Cryberia. No one will dare own up to having an old ruler."
"But" observed Clunker, Minister of Palace Decorations, "If we measure their houses with a smaller ruler, they will surely recognize that their houses haven't grown any taller. Thus they must see through this whole scheme."

"But they won't" again insisted Kertzoff. "People have short memories. They will have forgotten how big their houses were."
"BESIDES, BEFORE WE MEASURE A CITIZEN'S HOUSE, WE WILL MEASURE THE CITIZEN. HE WILL BE PLEASED TO DISCOVER THAT HE'S TALLER THAN HE REMEMBERS BEING, AND THIS WILL PUT HIM IN A HAPPIER, MORE RECEPTIVE FRAME OF MIND."
"WHY, OUR NEW RULERS WILL ELIMINATE ALL SHORT MEN FROM MOLTZ!"
"The people will even feel better about living in bigger houses and psychologically may even feel less cramped."
“BESIDE’S, THE MEASUREMENT WILL BE THERE FOR ALL TO SEE. SINCE YOUR SUBJECTS, YOUR ROYAL KINGSHP, ALL ASSUME YOU TO BE AN HONEST AND HONORABLE MAN, IT WOULD SIMPLY NOT OCCUR TO THEM THAT YOU COULD BE GUILTY OF SUCH A DESPICABLE AND DISHONEST ACT AS TO SHORTEN OUR NATIONS TRADITIONAL UNIT OF MEASUREMENT—"
—AND THIS BETRAY THE TRUST AND CONFIDENCE THAT THE PEOPLE HAVE PLACED IN YOU. BELIEVE ME, YOUR HIGHNESS, IT WILL WORK.

“I THINK THE IDEA IS INSANE,” CHIMED IN OBIKOFF, MINISTER OF ROYAL TRAVELLING, “IT WILL BE IMPOSSIBLE TO PULL THAT MUCH WOOL OVER THE EYES OF SO MANY PEOPLE.”
GORKEY, THE MINISTER OF JUSTICE, WHO HAD BEEN LISTENING QUITE INTENSIVELY, INTERRUPTED AT THIS POINT. “MAYBE IT CAN WORK AT THAT— I HAVE BEEN READING ABOUT A COUNTRY CALLED AMERICA, WHERE THEY CALCULATE WEALTH AND PAY TAXES IN “DOLLARS.”
"IN DOLLARS'? INQUIRED IGOR.
WHAT ARE 'DOLLARS'?"

"DOLLARS, YOUR HIGHNESS" EXPLAINED GORKEY, "ARE WHAT THEY USE FOR MONEY."

"YOU MEAN THEY DON'T USE GOLD OR SILVER?" QUESTIONED IGOR.

"NO, YOUR HIGHNESS."
"WHAT ARE 'DOLLARS' MADE OF?"
"PAPER, YOUR KINGSHIP.
"PAPER!" REPLIED THE
KING INCREDULOUSLY,
"YOU MEAN THEY PREFER
PAPER TO GOLD
AND SILVER?"
"I couldn’t say for sure, Your Highness. I do know that at one time they did use gold and silver, though now they use only paper and a little bit of copper."

"Well, what happened to their gold and silver?" questioned Igor.

"Their government took it all," replied Gorkey.
"But how can they transact business and pay taxes without gold and silver?"

"Well," replied Gorkey, "the government gave them these paper 'dollars' for their gold and silver—

—and then told them to transact their business and pay their taxes with these paper 'dollars.'"
"But," said the king, obviously impressed with another monarch's ability to acquire all of his subject's gold and silver simply for bits of paper. "That must have required the use of a great deal of force. I mean was there much fighting and resistance? How many soldiers had to be dispatched to the people's houses to force them to accept paper for their gold and silver?"
"No, your kingship, you don't understand Americans," explained Gorkey. "Americans are really quite docile, and will do anything their government tells them."

So when the government told them to accept paper for their gold and silver, they simply did it."
Americans regard obedience to government edicts as a sign of patriotism. There is nothing their government cannot get them to do, so long as it comes in an official envelope.

For instance, while we dispatch our tax collector's throughout the kingdom to figure and collect our taxes.
—Americans figure up their own taxes and pay them right to the government. Why the government even has them collecting taxes from each other—often at great expense to themselves!
“INCREDIBLE,” said Igor, “but tell me more about their paper dollars. How many pounds of these paper dollars would it take to buy a horse, for instance?”
"Well, it doesn't work like that, your kingship," replied Gorkey. "They don't weigh their paper as we weigh our gold. When they make their paper 'dollars,' they put numbers on them,—

—and the bigger the number on it, the more value it has.—
—SO YOU COULD CONCEIVABLY BUY A HORSE IN AMERICA WITH ONLY ONE PIECE OF PAPER, PROVIDING IT HAD A BIG ENOUGH NUMBER ON IT."

IGOR, STILL A BIT CONFUSED, QUESTIONED FURTHER. "WHAT PRECISELY IS THE DIFFERENCE BETWEEN FIVE 'DOLLARS,' AND FIFTY 'DOLLARS'?"
"Well, Your Highness," answered Gorkey, "a fifty 'dollar' piece of paper has an extra 'o' following the five, which the five 'dollar' piece of paper does not have."

50

"And that one little 'o' makes it worth ten times as much?"

"That is correct, Your Majesty."
"Both pieces of paper weigh the same?"

"Yes, your highness."

"Both pieces of paper measure the same?"

"Yes, your highness."
"That being the case, I still don't see why one should be more valuable than the other."

"Well," said Gorkey, "in America, people will simply exchange more goods for pieces of paper having bigger numbers on them than they will for pieces of paper having smaller numbers."
"That is why larger numbered pieces of paper are more valuable than smaller numbered pieces of paper."

"Where do the pieces of paper—these 'dollars' come from," asked Igor.

"Well, in America, the government is responsible for making 'dollars', much in the same way, sire, as in Moltz, you make the 'rulers.'"
"That is why," continued Gorkey.
"I was thinking that Kertzoff's suggestion might work—

Because in America, the government is always making 'dollars' smaller by making more and more of them to use to pay some of its own bills. Naturally, each new 'dollar' made buys less and so it is indeed 'smaller'. So why can't we, in Moltz, make rulers smaller?"
"Why, in America, when they make their 'dollars' smaller, they even herald the event by official proclamation! Then the government tells the people to calculate their wealth in these smaller 'dollars.'"
"AND THEY DO IT?"

"NATURALLY - THEIR WEALTH NOW APPEARS TO BE LARGER SO THEY PAY MORE TAXES AND THE GOVERNMENT DOESN'T HAVE TO RAISE TAXES!"
"Also, in this manner—the populace can be fooled into believing they are growing richer, even as they are being made poorer."

**Saturday 1950**
Saturday 1970

$36,000

Saturday 1980

$32,000

Wife Working

Paycheck $260

Husband and Wife

Out Working Brand

New Work, Can't

Afford Gas

$75,000

$5,600

Combined Pay Checks

$600

(before taxes)
"AMAZING," SAID KING IGOR, SCRATCHING HIS HEAD IN UTTER DISBELIEF, "AND THE GOVERNMENT CAN REALLY GET AWAY WITH THAT?"

"IT DOESN'T SEEM TO PRESENT ANY PROBLEM YOUR KINGSHIP." REPLIED GORKEY.

"BUT" OBSERVED IGOR, "THE KING OF AMERICA MUST BE A REALLY POWERFUL FELLOW TO GET AWAY WITH A STUNT LIKE THAT."
"They don't have a king, your Kingship, they govern themselves."

"You mean they play this trick on themselves?"

"Yes, your Kingship."

"Then," laughed King Igor, "America must truly be a land of simpletons."
"No, your highness, Americans are not simpletons," said Gorkey. "As a matter of fact, Americans spend a lot of time and money on education. Why, in America, education amounts to a national fetish."
SCHOOLING IS COMPULSORY UNTIL AGE 16 - THOUGH MOST CONTINUE TO AGE 18, WITH MANY CONTINUING TO AGES 22 AND 30.
"I think that it is quite possible that, in America, more time is spent in study than in work."
"Well," said King Igor, now feeling somewhat encouraged and relieved. "If they can get away with that in America, since in Moltz we have no schools at all—"
MAYBE - WE CAN GET AWAY WITH IT TOO!"
THE FEDERAL MAFIA is the latest of a series of books written by Irwin Schiff which expose how the Federal Government has been criminally extorting income taxes from the American public. In this book Schiff reveals how every aspect of the Government’s collection of this tax is based on fraud and deceit. He also explains how you can not only stop paying this tax, but also how you can get back all the income taxes you might have already paid - both Federal and state. The book reveals a secret that the Federal Government has managed to keep hidden for over 50 years: the taxes taken from your pay each week are not income taxes, but represent an unapportioned direct tax on your wages, which would be unconstitutional, if not for the fact that, by law, such taxes must be refunded to you as covered in this book and attachments. 304 pages, $38.00
The Great Income Tax Hoax
It was the publication of this book in March, 1985 that caused the author's arrest in April of 1985. It contains the most comprehensive analysis of the income tax ever written, and uniquely explains why the income tax was declared unconstitutional in 1895, why the 16th Amendment was passed, and how that Amendment (which "amended" nothing) has been totally ignored by the government. The book thoroughly details the historic and constitutional development of the income tax from its earliest direct taxing roots, through the income tax passed during the Civil War, to its modern counterpart. It contains the only accurate dissection of the legal meaning of "income" ever to appear in print. In reviewing this book for the Copley News Service, Ralph de Toledano stated: "Puts to shame our economists, our legal profession, our great law schools, the federal judiciary, and Justice Department...should be in every university library and on the bookshelves of every congressman and senator." The book reveals how the Supreme Court has so emasculated the constitution as to render that document practically meaningless today. Numerous tactics for frustrating the IRS and combating its illegal procedures are presented. Extensive appendix materials also provides an eye opening understanding of the illegal nature of all U.S. coin and currency. Must reading. An indespensful companion to The Federal Mafia. 569 pages, index.$28.00

The Biggest Con- How The Government Is Fleecing You
Over 100,000 copies of Schiff's first book, an economic classic, are in print. The book will give you a thorough understanding of economics and is guaranteed to make you an expert on the subject—even if you read nothing else! It will convince you that most American "economists" don't know what they are talking about— which is why this country is in such deep economic and financial trouble. It provides irrefutable proof of how the federal government has been continually undermining the American economy and forcing a lower standard of living on us all. The book covers many complex topics. Such as: why all U.S. coin and currency is counterfeit; how the U.S. declared bankruptcy in 1971; how the government hides and doesn't report 90 percent of it's debts; and the absurdity of its gross national product statistics. The Biggest Con explain this in the humorous and entertaining style of Irwin Schiff. "The single most important book on the status of this nation that I have ever read," said Howard Ruff, editor of The Ruff Times. Soft cover, 359 pages $15.00
A comprehensive and extremely readable expose’ of Social Security, the biggest chain-letter of them all. The book thoroughly refutes every actuarial, economic and social claim ever made for this socialistic scam, and reveals the absurdity of any belief that future Social Security “surpluses” will be able to pay future claims. The continual misrepresentation by the government, of the real Ponzi-like nature of this scam, is fully documented. The fraudulent basis upon which the Supreme Court upheld the constitutionality of this swindle (after it had been correctly held as being unconstitutional by the First Circuit Court of Appeals) is alone worth the price. Hardcover, 256 pages. $16.00

Put on your own Video Seminar, and help spread the word regarding the Government’s illegal enforcement of the income tax.

Irwin Schiff’s Secrets to Living an Income Tax Free Life is Irwin Schiff’s latest video seminar. It contains information developed through January 1999. Included are 37 supporting exhibits and provides dramatic and irrefutable evidence (presented in an entertaining format) concerning the Government’s illegal enforcement of the income tax and how the public can legally avoid it. Includes never before released information for getting back all “withholding” taxes. This one piece of information will be worth the price of the video. Perform a vital, public service; help publicize the Federal Government’s criminal enforcement of the income tax. Public knowledge of this duplicity is essential if America is ever to return to the constitutional republic we are supposed to be, rather than the fascist state to which we have largely become. $151.00

THE CASSETTE SEMINAR
Irwin Schiff’s 5 1/2 Hour Cassette Seminar is a reproduction of an actual seminar conducted in April 1998. It comes with over 25 supporting documents. Many people do not have time to read, so you can become an expert in all phases of the income tax simply by listening to these tapes while driving in your automobile - and they will liven up (while appearing to shorten) your drive time. It is impossible to republish a book every time you uncover a new piece of information or develop a better way of dealing with the IRS, and the last time The Federal Mafia was updated was in 1992. Therefore, new information had to be communicated to the public in seminars and workshops conducted in cities throughout the U.S. and in information supplied in Irwin Schiff’s “Audio Reports.” This 5-1/2 hour Seminar contains highlights from The Federal Mafia and important information taken from Series 1 through 4 of the Audio Reports (see below). If you were happy with The Federal Mafia, you will be thoroughly delighted with this 5-1/2 hour cassette seminar. $45.00. ($25.00 if purchased with the video seminar).
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 indeference.

In 1968, he testified before the Senate 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 lead to economic disaster, he wrote THE BIGGEST CON: HOW THE GOVERNMENT IS FLEECING YOU. The was the first of a series of books devoted to exposing the destructive and criminal character of the Federal government. The latest book in the series, THE FEDERAL MAFIA: How it Illegally Imposes and Unlawfully Collects Income - not only reveals in shocking detail how this tax is being illegally collected, but show you how you can legally avoid paying it. Get your copy today, and start living an income tax free life.

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PUZZLED BY INFLATION?

WAGE-PRICE SPIRAL?  
PRICE-WAGE SPIRAL?  
DEMAND PULL INFLATION?  
DEMAND PUSH INFLATION?  
INFLATIONARY PROFITS?  
INFLATIONARY WAGES?  
PRICE CONTROLS-YES?  
PRICE CONTROLS-NO?  
CAUSED BY OPEC?  
NOT CAUSED BY OPEC?

THIS BOOK PROVES THAT ANY 10 YEAR OLD CAN EXPLAIN WHERE INFLATION COMES FROM AND WHY!