

The Bank of England Settlement

The Bank of England Act of 1946 and the nationalisation of the BoE

At the close of World War II, the United Kingdom was more or less bankrupt. It had accumulated a debt balance to such an extent that it could no longer afford to hold on to most of its overseas territories, nor did it possess the funds to pay back its lender of last resort—the Bank of England.

The United Kingdom also owed debts to its northern American allies, Canada and the United States. The United States loaned out U.S. \$4.33 billion (£2.2bn) in 1945, while Canada loaned out U.S. \$1.19 billion (£607m) in 1946 at a rate of 2% annual interest. Both of these loans were paid off in 2006 after the UK paid the last of 50 instalments, U.S. \$83.25 million (£42.5m) to the United States, and U.S. \$22.7 million (£11.6m) to Canada. The post-war transatlantic agreements that were forged provided some relief to the UK's debt problems which had been stretched with debt exceeding 200 per cent of GDP. Faced with little liquidity to rebuild its infrastructure and economy, the UK, needing more money, was in grave danger of defaulting on its debts owed to the Bank of England. A radical and creative solution was going to be the only way forward for both parties. The United Kingdom's coffers may have been depleted, but, it still held vital assets by virtue of its growing taxpayer base.

The shareholders of the Bank of England (then still a private corporation before 1st of March, 1946) reached a settlement with the UK government; to surrender all of their stock in the Bank of England to HM Treasury and liquidate their entire shareholding in the bank in return for cash. In other words, a stock swap took place at a ratio of 1:1, and what was formerly "Bank stock" thus became "Government stock" under the new accord, called the Bank of England Act of 1946 [see link:].

<http://www.bankofengland.co.uk/about/Documents/legislation/1946act.pdf>

The entire stock in the Bank of England was transferred over to the Treasury Solicitor on behalf of HM Treasury. The former shareholders were compensated with a further allocation of 3% Treasury stock as part of their settlement [see link:].

<http://www.bankofengland.co.uk/publications/Pages/foi/disc111220a.aspx>

The Bank of England explains as follows: *"The Bank of England is a corporate body, though not a PLC, and was established by Royal Charter pursuant to the Bank of England Act 1694. Prior to nationalisation in 1946 the Bank was privately owned. It has been in public ownership since 1946, when it was nationalised pursuant to the Bank of England Act 1946. The 1946 Act provided for the transfer of the whole of the Bank's capital stock of £14,553,000 to HM Treasury. Holders of Bank stock were compensated by the allocation of an amount of stock created by HM Treasury for the purpose, known as "3% Treasury Stock". In accordance with the 1946 Act and the related Bank of England (Transfer of Stock) Order 1946, the capital stock is now held by the Treasury Solicitor on behalf of HM Treasury."*

The 1946 Act of Parliament makes reference to the 3% allocation of Treasury stock as dividends, rather than as stakes: *"The Government stock shall bear interest at the rate of three per cent per annum;..."*

The act goes on to say: *“The Government stock may be redeemed at par by the Treasury on or at any time after the fifth day of April, nineteen hundred and sixty-six, after giving not less than three months’ notice in the London Gazette of their intention to do so.”*

So far, no such notice of intent has ever appeared in the London Gazette newspaper. We can thus imply that the former shareholders of the bank still control a 3% share in Treasury stock, of which dividends are made payable twice per annum as per the Act: *“The interest on the Government stock shall be payable on the fifth day of April and the fifth day of October in each year.”*

The above is confirmed by Paul Morran, an employee at HM Treasury [view source:]: https://www.whatdotheyknow.com/request/named_and_unnamed_shareholders_o

In 1977, a wholly owned subsidiary was set up by the Bank of England called BANK OF ENGLAND NOMINEES LIMITED, (BOEN); a private limited company that is independent of government. According to its Memorandum & Articles of Association, its objectives are: *“To act as Nominee or agent or attorney either solely or jointly with others, for any person or persons, partnership, company, corporation, government, state, organisation, sovereign, province, authority, or public body, or any group or association of them...”*

Bank of England Nominees Ltd was granted an exemption by Edmund Dell, Secretary of State for Trade and Industry, from the disclosure requirements under Section 27(9) of the Companies Act 1976 for the stated reason that: *“it was considered undesirable that the disclosure requirements should apply to certain categories of shareholders.”* In a nutshell, the stated purpose of BOEN is to conceal the identity of individuals who privately hold assets in Government stock by way of acting as an asset protection trust or, as Ben Norman puts it [a Deputy Secretary of the Bank of England], as a nominee company, to: *“...hold securities on behalf of certain customers...”* [view source:]: https://www.whatdotheyknow.com/request/bank_of_england_nominees_ltd

It is rumoured that the royal family form part of the clientele at BOEN. The powers of the money trust in Great Britain have not waned since the Bank of England became a nationalised corporation in 1946; quite the contrary. Collectively, with their 3% share in Treasury stock, they are "partners" in parliamentary circles and, with their financial clout, have influence in government policy. The fact that the Bank of England became nationalised does not really matter one iota. Whilst the Chancellor of the Exchequer has the vested powers to appoint the bank’s Governor and Deputy Governors, as well as four out of nine members of the bank’s Monetary Policy Committee among several others, it is the people behind the bank who make recommendations and ensure that their candidates ascend to their respected key positions. So too has little changed with regard to the creation of liquidity. Whenever the government has to inflate the money supply in the economy by means of Quantitative Easing (QE), the government issues gilt-edged securities (bonds), and, entrusts pension funds and other asset managers to trade these in return for money. Through fractional-reserve lending, most of the bonds are purchased by the central bank. Tangible money need not change hands, as all that is necessary is for the money supply to be digitally inflated on a computer database to replenish the bank’s coffers, with it being backed, not by anything solid but, by credit. Fractional-reserve lending entails banks providing financial liquidity to borrowers on which an inflated money supply is created as a fraction of reserves of bank assets.

As per the Consumer Price Index (CPI), the Bank of England is tasked with keeping inflation below 2% per annum. Should inflation exceed this threshold by 1% or more, all that happens is, the Governor of the BoE is charged with having to write a letter to the Chancellor of the Exchequer explaining his reasons for the failures, and what steps the bank will take to remedy the situation. The bank is operationally independent from government, with little to no accountability for managing monetary policy. Not ever have sanctions of any substance been laid on the Bank of England.

The people behind this system are the same money trust that owned the bank prior to its nationalisation on the 1st of March, 1946. The underlying issue is not so much who owns the bank as it is about the bank's modus operandi. Without implementing sound monetary reforms to redress the balance, sovereign debt will perpetually rise; and will not subside so long as fractional-reserve lending persists with interest bearing debt.