Money by ***Fiat***

the demand for Government debt

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A bill *to* the treasury of the British Government at 8.875% interest.

Fractional Reserve Banking

As the minimum capital requirement (minimum bank reserve) for all reserve banks, who meet the tier 1 requirements of the Basel Accord (the Basel Committee - the Bank of International Settlements), is a Tier 1 capital ratio of 6% as of the time of writing.

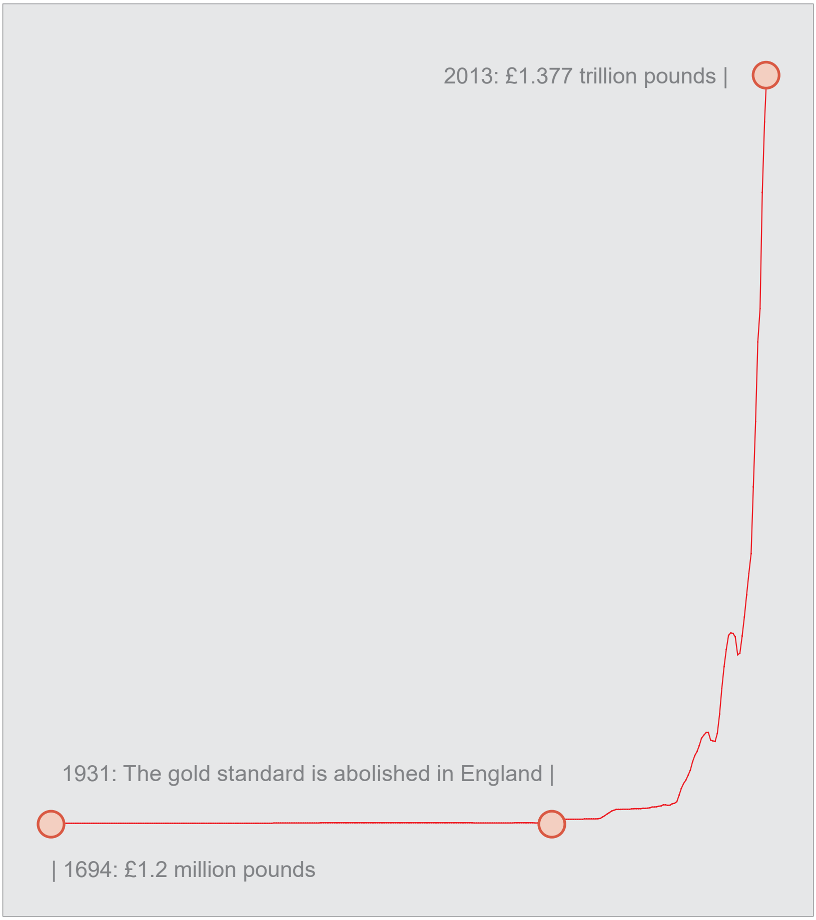
Using a bank reserve of 10% for the sake of simplicity, and for every $1,000 worth of demand deposits a bank holds an additional $9,000 worth of new loans and re-deposits can then be created from the $1,000 worth of bank reserves that was started with.

Meaning that for every $1,000 in demand deposits held with the countries banks, once an initial $900 worth of bank loans can then be made; for every $900 of demand deposits loaned after being borrowed at interest from a bank, once spent $900 can then be deposited, with the same or another bank as a demand or term deposit.

Once 10% of the same $900 has been held in reserve with the countries central bank, a further $810 worth of bank credit, can then be been borrowed into existence. Further inflating the countries total money supply and maintaining $1,000 worth of reserves held with the sole issuer of the countries bank notes (the countries central bank).

If more than 10% of the banks customers try to withdraw their demand deposits from the same bank at the same time, a run on the same bank ensues and the lender of last resort may be required to intervene.

For only under the rules of double entry book keeping can one million dollars worth of capital, be simultaneously known as one million dollars worth of liabilities.



a 1,147,500% increase in British Government debt over 319 years

The Bank of England

Defeated in naval engagements against France at the battle of Beachy Head in 1690, and in arrears due to the ongoing financial cost of defending England's shores from the nine years war (1688 to 1697), *and* the number of British naval ships destroyed in this particular encounter (Beachy Head); led to the British Government seeking a loan of £1.2 million pounds of gold, at the rate of repaying £100,000 pounds in interest per annum, for the purpose of building a far more powerful navy, at a time when its financial resources stood in disarray.

Followed shortly thereafter by the Government of England's draft of the bill that is now informally known as the 'Tunnage Act' (the Bank of England Act 1694):

> *['An act for granting to their Majesties several Rates and Duties upon Tunnage of Ships and Vessels and upon Beer Ale and other Liquors…';]*
>
> – Bank of England Act 1694[1]

with creation of £1.2 million pounds' in Government of England bonds in exchange for subscriptions with incorporation to:

> *"…all and every such Subscribers and Contributors theire Heires*

1 Great Britain. 'Bank of England Act 1694.' Web: http://www.legislation.gov.uk/aep/WillandMar/5-6/20/introduction

> *Successors or Assignes to be one Body Corporate and Politick, by the name of The Governor and Company of the Bank of England;"*
>
> – Bank of England Act 1694[2]

was adjoined in due haste by the purchase of £1.2 million in Bank of England shares from Mercers chapel within twelve days of invitation, by 1,268 subscribers (to rebuild England's naval fleet) in return for incorporation as The Governor and Company of the Bank of England and £1.2 million pounds worth of British Government debt as collateral for share subscription.

Allowing for tunnage to be charged to merchant traders upon arrival at port, of the 1,268 people who purchased ownership of the Bank of England's first share issue, eight people purchased the maximum amount permissible of £10,000 of Bank of England stock each – with John Houblon a Royal Commissioner to the British Navy, and King William III and Queen Mary II amongst these eight of 1,268 subscribers.[3]

In 1965, John Houblon served as the Lord Mayor of the City of London incorporation after election, with the City of London Corporation retaining its position as the municipal authority, that is responsible for governing the area that encompasses London's central financial district (as of the time of writing / the square mile).

Granted passage into law by royal charter on 27 July 1694 (the Bank of England), as an incorporated loan with remuneration for perpetuity, as dividends on shares on any publicly listed corporation, have no date of expiration (1694 to 1706 at £100,000 pounds of interest per annum equals £1.2 million pounds in interest). From 1694 to 1697 the Bank of England was governed by John Houblon

2 Ibid, XIX

3 The Bank Of England. Index to the Book of Subscriptions 1694. London. 1-41. http://www.bankofengland.co.uk/archive/Documents/archivedocs/originalsubs/Typed_transcript_original_subscribers_1694.pdf

(the Nine Years' War) – with all investors who purchased no less than £500 worth of Bank of England stock, qualified to elect the 24 members of the Bank of England's court of directors at Mercers Hall which is a trade association in London (the Worshipful Company of Merchants).

Joined by Charles Montague the then secretary of the British Treasury (John Houblon), and Robert Harley, a then Minister of Parliament; Robert Clayton President of the Honourable Artillery Company, and Gilbert Heathcoate a prominent buyer of government treasuries, as shareholding directors of the Bank of England; with a pre-requisite of holding £4,000, £3,000 pounds or £2,000 pounds worth of Bank of England stock required respectively, to stand for the position of Governor or as deputy Governor, or as a director of the Bank of England's court (of directors).

Was adjoined the Bank of England's offer of £1.2 million worth of British Government bonds, as collateral to private banks in exchange for £1.2 million pounds in term deposits – held in the form of coin by members of the British public with banks in England:

> *"The said Corporation shall not borrow above £1,200,000, except upon Parliament Funds."*
>
> – *The Statutes of the Realm, 488. Vol: 7.*[4]

Allowed (allows) for the Bank of England to purchase a further £1,200,000 of new British Government treasuries (new British Government debt), and for private banks that are members of England's central bank, to pay interest on the general public's term deposits from the genreal public's payment of taxes, by holding British Government bonds as collateral in return for loaning term deposits to the British government (a Ponzi scheme).

4 Raithby, John. 'XXV.' In Statues of the Realm, 483-95. Vol. 6. London: Great Britain Record Commission, 1819. Web: http://www.british-history.ac.uk/statutes-realm/vol6/pp483-495#h3-0025

Removing the inconvenience imposed on the country's politicians in consulting with more than one financier to raise additional monies for the government to spend (the creation of a central bank); with *Bank of England* notes backed by the security of being overseen by royalty and highly esteemed entrepreneurs (John Houblon and Gilbert Heathcoate for example). Left few people in doubt towards the use of checks printed by this incorporation, or towards safekeeping coin with the Bank of England for a fee, or towards making term deposits with this newly created entity.

By November 10th 1696, the Bank of England had issued of £764,196 in running notes, for which there was only £35,664 pounds of gold to back (running notes are receipts for demand deposits of coin held with a bank *not* term deposits of coin held with a bank / fractional reserve banking).[5] In 1697 new legislation was passed into law by the British Government, for the purpose:

> *"...of making good the Deficiencies of several funds therein mentioned and for enlarging the capital stock of the Bank of England and for raising the Publick Creditt";*
>
> – *the British Government*[6]

Allowing for the sale of additional Bank of England stock *(enlarging the capital stock of the Bank of England)* to *in turn* give the British Government's lender of last resort the opportunity to purchase more British Government treasuries, to give the British Government more finance to expend; with the amount of tax payable to the Government of England raised by the same act *(raising the Publick Creditt).*

5 The Bank Of England. Bank of England Liabilities and Assets: 1696 Onwards, 1972, 159. Web: http://www.bankofengland.co.uk/archive/Documents/historicpubs/qb/1967/qb67q2159163.pdf

6 Raithby, John. 'XXV. Statues of the Realm, 218-38. Vol. 7. London: Great Britain Record Commission, 1820. Web: http://www.british-history.ac.uk/statutes-realm/vol7/pp218-238

Under the same legislation all investments in the Bank of England were exempted from taxation,[7] with no member of the bank to be adjudged a bankrupt.[8] Also, under the same act:

> *"...dureing the Continuance of the Corporation of the Governor and Company of the Bank of England no other Bank or any other Corporation Society Fellowshipp Company or Constitution in the nature of a Bank, shall be erected or established permitted suffered or countenanced, or allowed by Act of Parliament within this Kingdome..."*

– The Statutes of the Realm, 488. Vol: 7[9].

Followed, in 1697 by the suspension of the ability to redeem notes for demand deposits of coin in England, and the grant of the 'temporary' right to the England's central bank to issue the country's bank notes exclusively unbacked by gold, to give 'the value of gold' to that which costs the costs of printing to manufacture. Enacted the rapid deflation of the buying power of all bank notes circulating throughout England's economy, due to the uncertainty of being able to redeem them, for their demand deposits of coin at any future point. Granted the sole right to 'compensate' for this recession (the Bank of England):

> *["dureing the Continuance of the Corporation of the Governor and Company of the Bank of England...;"]*10

and relocated to Threadneedle Street, in 1734, with its charter first renewed in 1708 and again in 1713, 1742, 1764 and 1781.[11] In 1797 the

7 Ibid, XXXI
8 Ibid, XLVII
9 Ibid,
10 Ibid.
11 Broz, Lawrence J., and Richard S. Grossman. 'Paying for Privilege: The Political Economy of Bank of England Charters, 1694-1844,.' Explorations in Economic History 41, no. 1, 52. Web: http://pages.ucsd.edu/~jlbroz/pdf_folder/broz_grossman_EEH.pdf.

'Bank Restriction Act' was passed into law in England four years after Government of England's declaration of war against France, to protect the Bank of England's reserves from the ensuing increase in redemptions of notes for coin by domestic and foreign note holders.

By 1814, enough bank notes had been loaned into circulation in the United Kingdom, to claim on 28.4 million pounds of gold for which there was only 2.2 million pounds worth of gold to back. Thirty years later in 1844, the Bank of England's charter was renewed again:

> *'...be it enacted, that on upon the thirty first day of August One thousand eight hundred and forty-four, there shall be transferred, appropriated, and set apart by the said Governor and Company to the Issue Department of the Bank of England Securities to the Value of Fourteen million Pounds, whereof the Debt due by the Public to the said Governor and Company shall be and be deemed a Part.'*
>
> – The Statutes of the Realm[12]

Eighty-four years later, the Currency and Bank Notes Act was passed into law in England:

> *"with a view to the concentration of the gold reserves and to the securing of the economy in the use of gold;"*

12 "Bank Charter Act 1844." N.p., n.d. Web. 17 Aug. 2015. <http://www.legislation.gov.uk/ukpga/1844/32/pdfs/ukpga_18440032_en.pdf>

"any person in the United Kingdom owning any gold coin or bullion to an amount exceeding ten thousand pounds in value shall, on being required so to do by notice in writing from the Bank, forthwith furnish to the Bank in writing particulars of the gold coin and bullion owned by that person, and shall, if so required by the Bank, sell to the Bank the whole or any part of the said coin or bullion."
– Currency and Banknotes Act 1928[13]

Three years later in England the gold standard was abolished:

The bank of England are hereby discharged from all liabilities in respect of anything done by the Bank in contravention of the said subsection (2), at any time after the eighteenth day of September, nineteen hundred and thirty one, and no proceedings whatsoever shall be instituted against the Bank, or any other person in respect of anything so done as aforesaid.
– The Gold Standard (Amendment) Act, 1931[14]

Passed into law one year after the incorporation of the Bank for International Settlements, which was (is) incorporated under the Hague Agreements of 1930; on the 21st of March 1939 five days after the German army's invasion and occupation of Czechoslovakia, a request was received by the Bank of England from the Bank for International Settlements, to transfer approximately £5.6 million of gold from Bank for International Settlements no. 2 account (presumed by the Bank of England to be the Czech national bank), to the no. 17 of the Bank for International Settlements (presumed

13 Currency and Banknotes Act 1928, § 13-11. http://www.legislation.gov.uk/ukpga/Geo5/18-19/13/section/11/enacted

14 Great Britain, Parliamentary Papers, House of Commons, 1930-1931, 227, vol. 1, p. 763.

by the Bank of England to a German Reichsbank).[15]

> *"Between the 21st and 31st of March the gold received on the No.17 Account was disposed of, about £4 million going to the National Bank of Belgium and the Nederlandsche Bank and the remainder being sold in London."*
>
> – Bank of England[16]

Seven years later (1946) the Bank of England was nationalized (monetized), and:

> *"the Treasury shall issue to the person who immediately before the appointed day, is registered in the books of the Bank as the holder of any Bank stock, the equivalent amount of stock created by the Treasury for the purpose (hereinafter referred to as the "Government stock)".*
>
> – Bank of England Act 1946[17]

Allowing for all shareholders in the Bank of England to exchange their holdings of stock in the Bank of England, for the equivalent in new British Government treasuries (Government stock) so that they can supply the Government with the country's bank notes at interest; each and every bank note issued by the country's central bank (the country's lender of last resort) are legal tender for all debts public and private.

15 The Bank of England. 'IX.' In Unpublished War History (1939-45), 1293. Web: http://www.bankofengland.co.uk/archive/Documents/archivedocs/wwh/2/p3c9p1292-1301.pdf

16 Ibid.

17 Bank of England Act 1946, § 27-1. http://www.legislation.gov.uk/ukpga/Geo6/9-10/27/section/1

John Houblon – Governor

Michael Godfrey – Deputy governor

William Paterson

Abraham Houblon

John Smith

Henry Furnese

William Gore

Theodore Hansen

James Houblon

Gilbert Heathcoate

John Lordell

Thomas Abney

Thomas Goddard

John Lordell

James Denew

Thomas Goddard

John Ward

James Bateman

George Doddington

Edward Clerke

Samuel Lethullier

Oradiah Sedgwick

Nathaniel Tench

Brook Bridges

John Huband

Robert Raworth

‘I think if you were to go back and try to find and review the ratification of the 16th amendment, which was the internal revenue, the income tax, I think if you went back and examined that carefully, you would find that a sufficient number of states never ratified that amendment.’

– U.S. District Court Judge James C. Fox[1]

1 Sullivan v. United States (United States District Court for the Eastern District of North Carolina March 21, 2003).