

Holding Wall Street Accountable with Public Banks

The Great Prosperity: 1947-79

Pay Rose With Productivity ...

Wages and overall compensation, for production and non-supervisory workers (now about 82 percent of the private sector work force), tracked steadily upward alongside gains in productivity.

The rising value of goods and services per worker meant rising pay. But that relationship ended in the 1970s.

BASELINE IS 1947

'50 '60 '70 '80 '90 '00

The Great Regression: 1980-Now

... And Then It Didn't

CHANGE, 1979-2009

+80%

PRODUCTIVITY

CHANGE, 1979-2009

+8%

AVG. HOURLY COMPENSATION

+7%

AVG. HOURLY WAGE

CHANGE, 1947-79
+119%

+100%

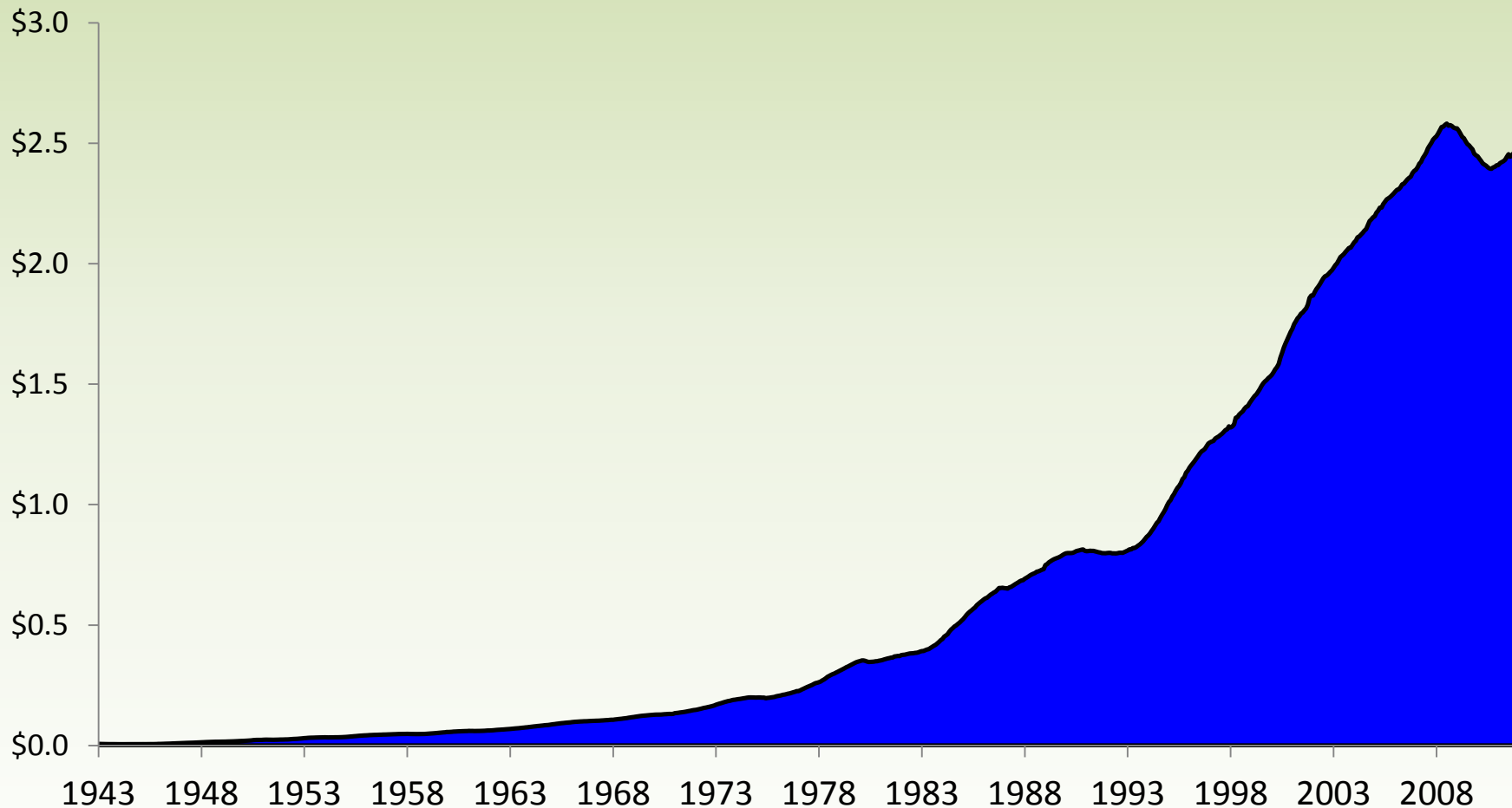
+72%

Source: Robert Reich. New York Times. 9/4/2011

People Earning less, Borrowing More

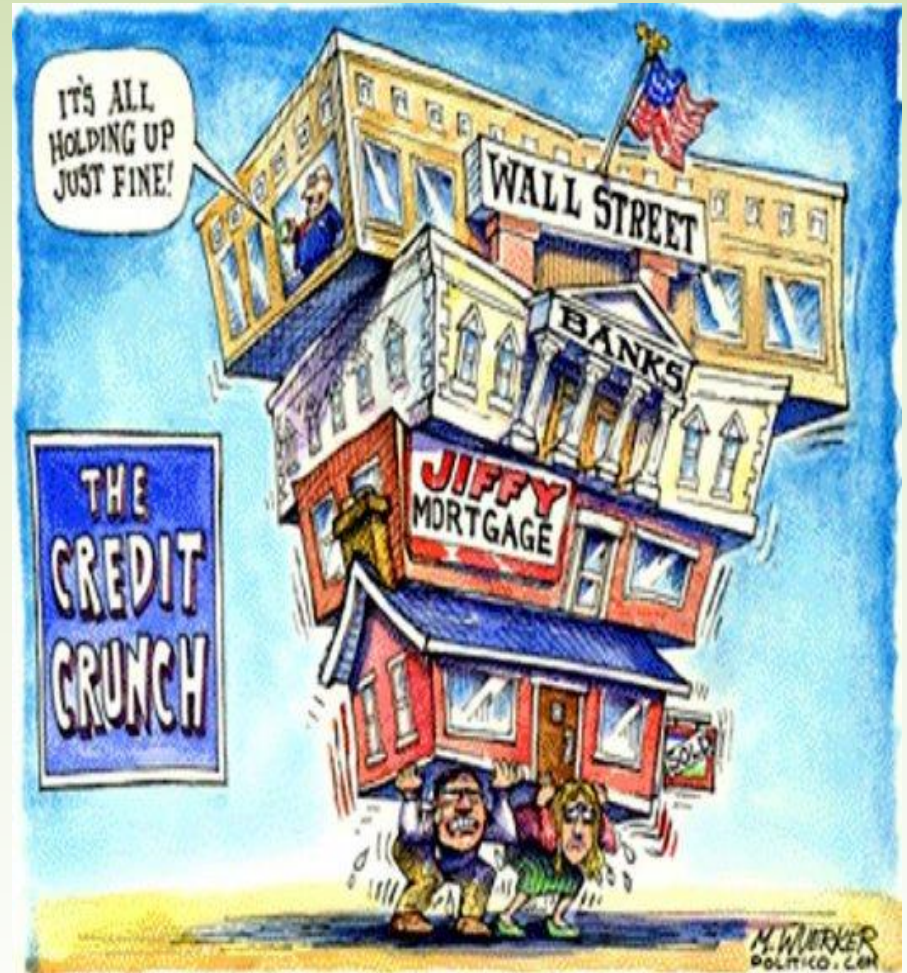
Consumer Debt Exploding Since 1970's

(Total consumer debt, in trillions)



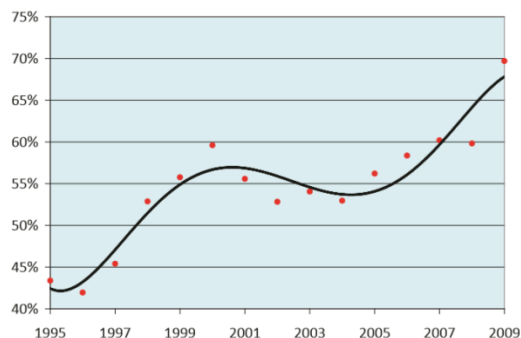
Household Debt

- Mortgage debt
- Student debt
- Credit card debt



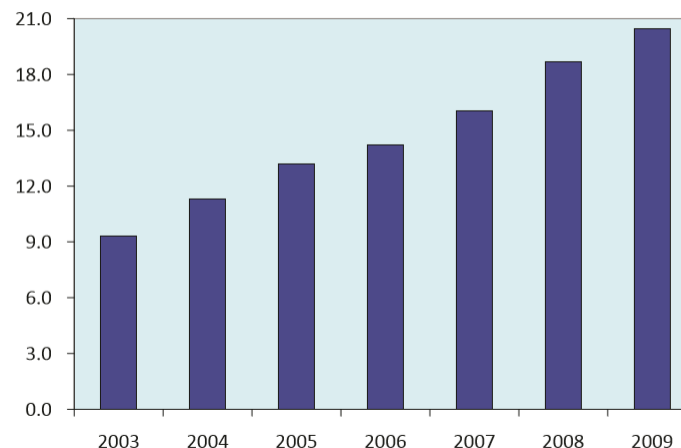
New Fee-Based Business Model for Banking

GRAPH 3: Reliance on Noninterest Income at Top Three Commercial Banks* (1995–2009)

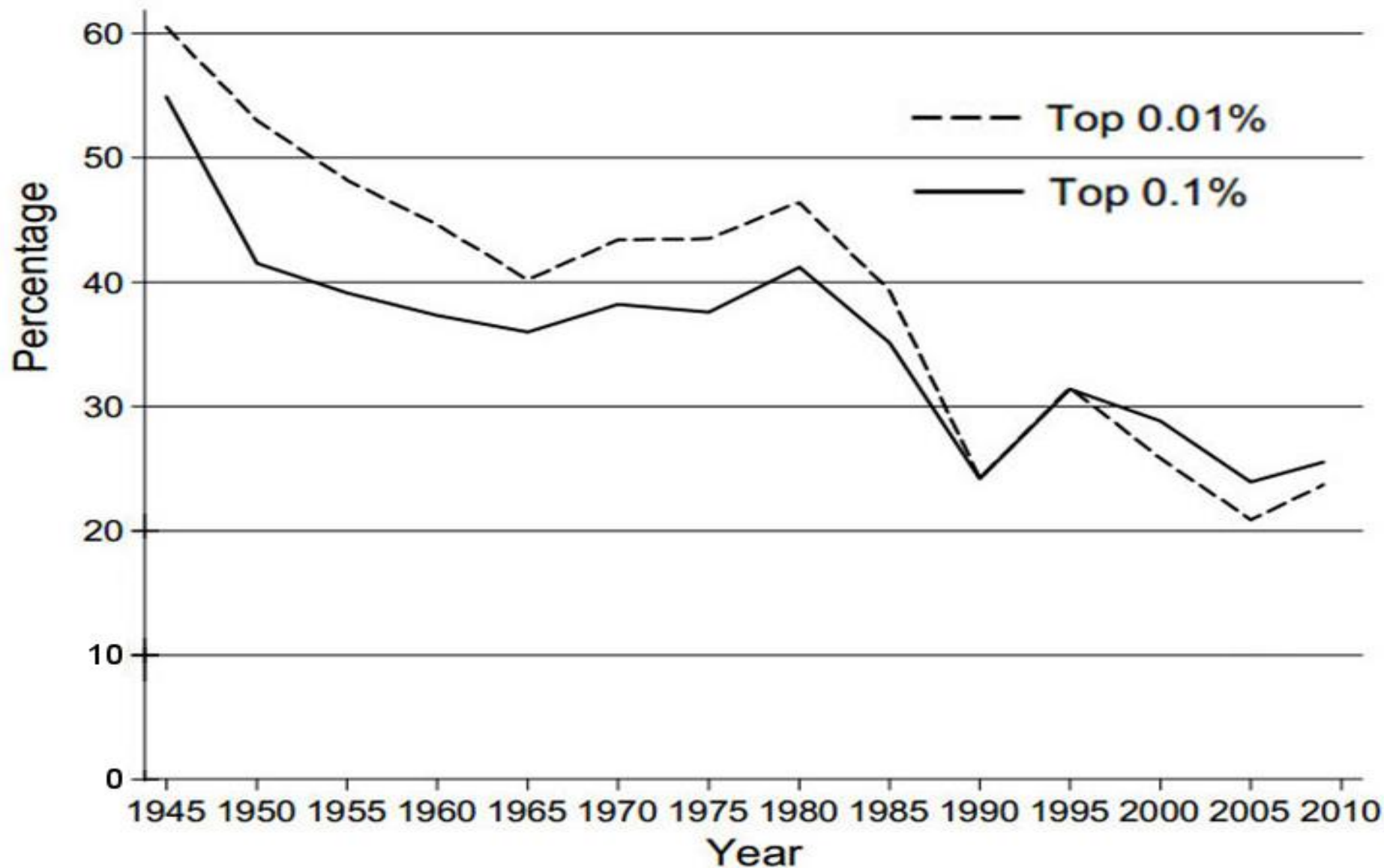


**Includes Bank of America, JPMorgan Chase, and Wells Fargo.
Citigroup was excluded because it has a large global presence and while it is a major commercial bank domestically, commercial banking makes up a substantially smaller portion of its business globally.*

GRAPH 4: Fee Income at the Top Four Commercial Banks, in Billions of Dollars, (2003–2009)

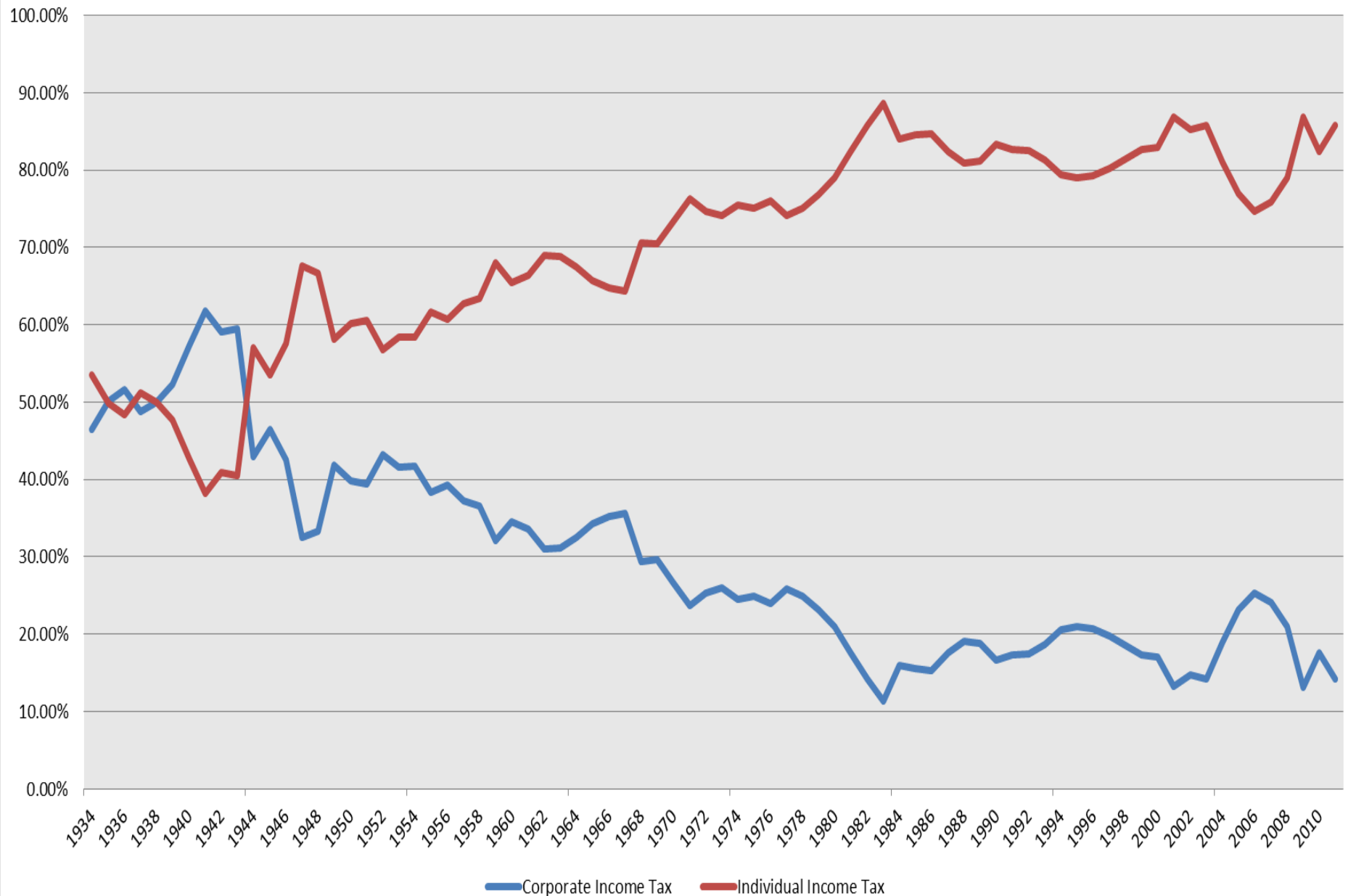


Average Tax Rates for the Highest-Income Taxpayers, 1945-2009



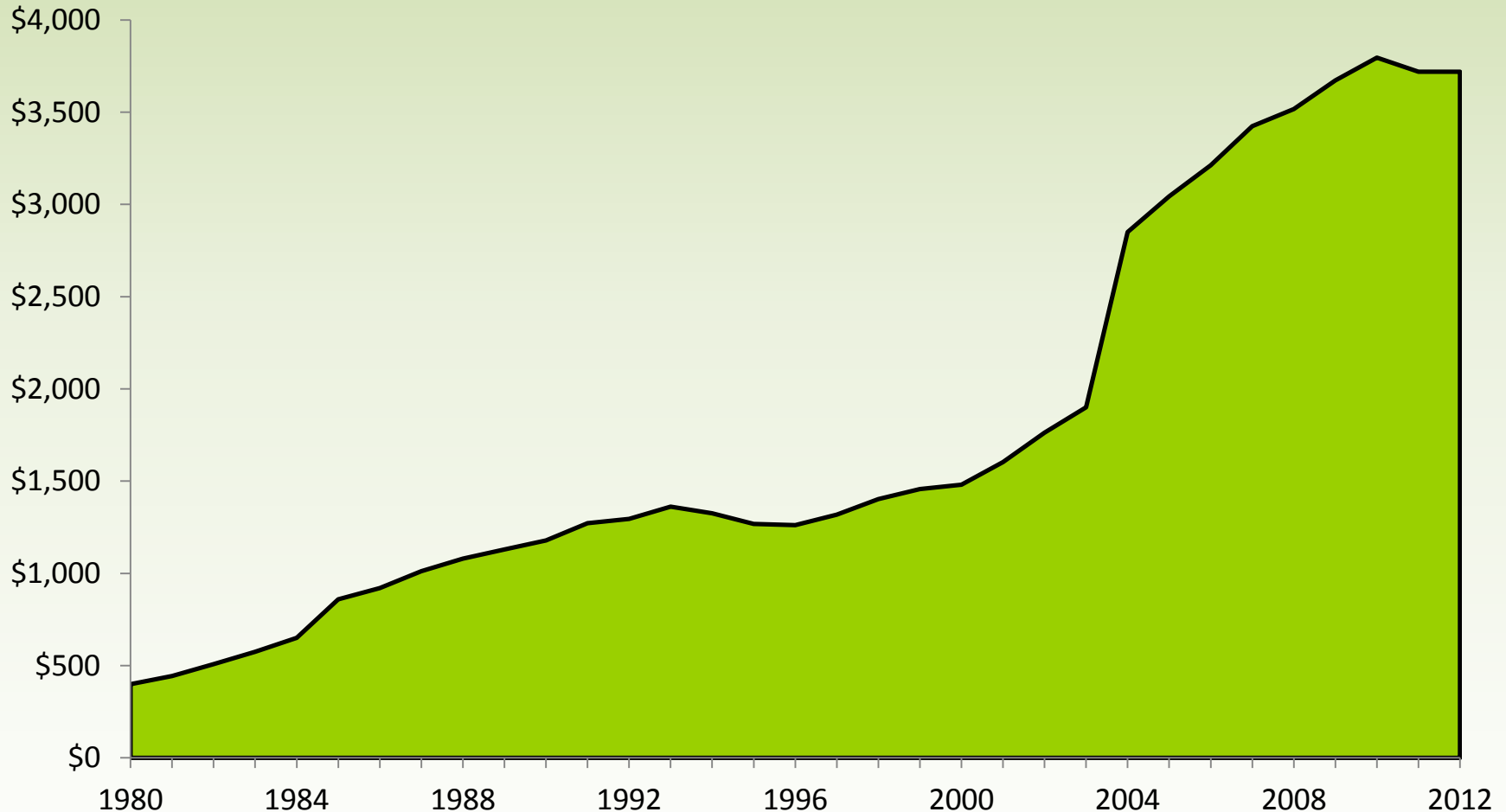
Source: CRS calculations using Internal Revenue Service (IRS) Statistics of Income (SOI) information.

Percentage of Income Tax Paid by Individuals versus Corporations 1934-2011



As Corporate Taxes Go Down, Government Borrowing Going Up!

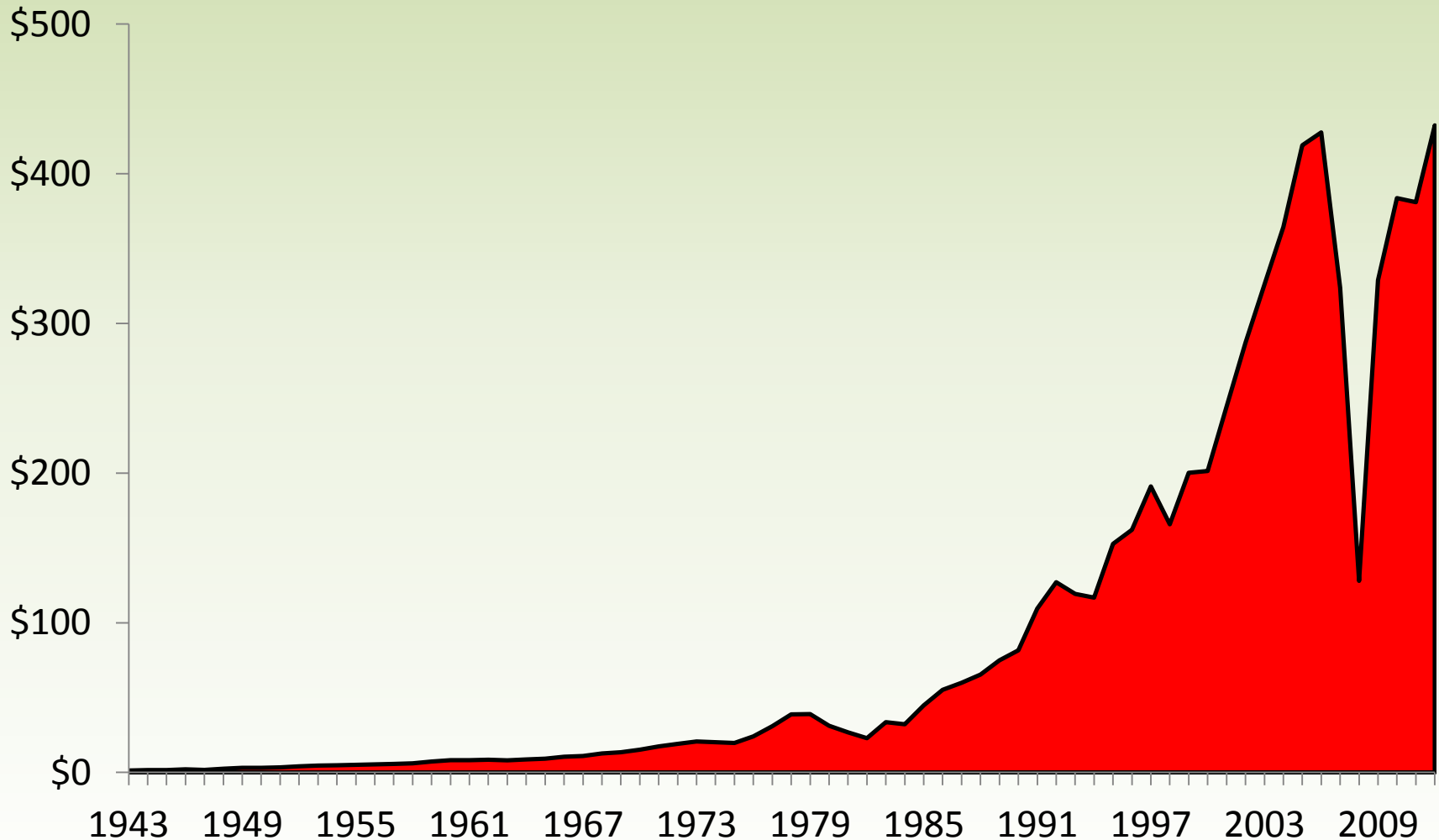
(Outstanding municipal bonds, in billions)



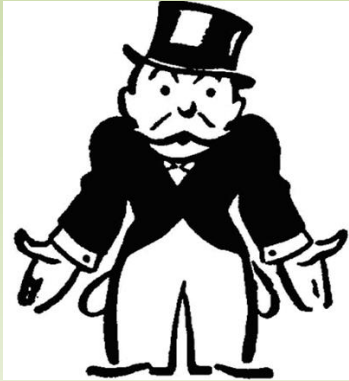
Wall Street Made a Killing

Financial Sector Profits

(in billions)



So, the ***SAME PEOPLE:***



- Force us to cut and borrow by not paying taxes...



- ...Then make profit when we borrow from them...



- ...Then tell us we have to “live within our means” and cut even more!

Predatory Municipal Finance

- High-cost
- High-risk
- Overly complex
- Designed to fail

Predatory Finance Deals

Tax-Increment Financing

**Social Impact
Bonds**

Interest Rate Swaps

Capital Appreciation Bonds

Liquidity

**LETTERS OF
CREDIT**

**AUCTION RATE
SECURITIES**

Facilities

Phantom Bonds **Certificates of Participation**

Standby Purchase Agreements

Tobacco Bonds

Continuous Refinancing Bonds

Pension Obligation Bonds

~~Interest Rate Swaps~~

toxic

Toxic Swaps Banks Gouging Taxpayers For Hundreds of Millions of Dollars



New York's Toxic Swaps

Thus far, New York City's swaps have cost taxpayers:

\$1.3 billion

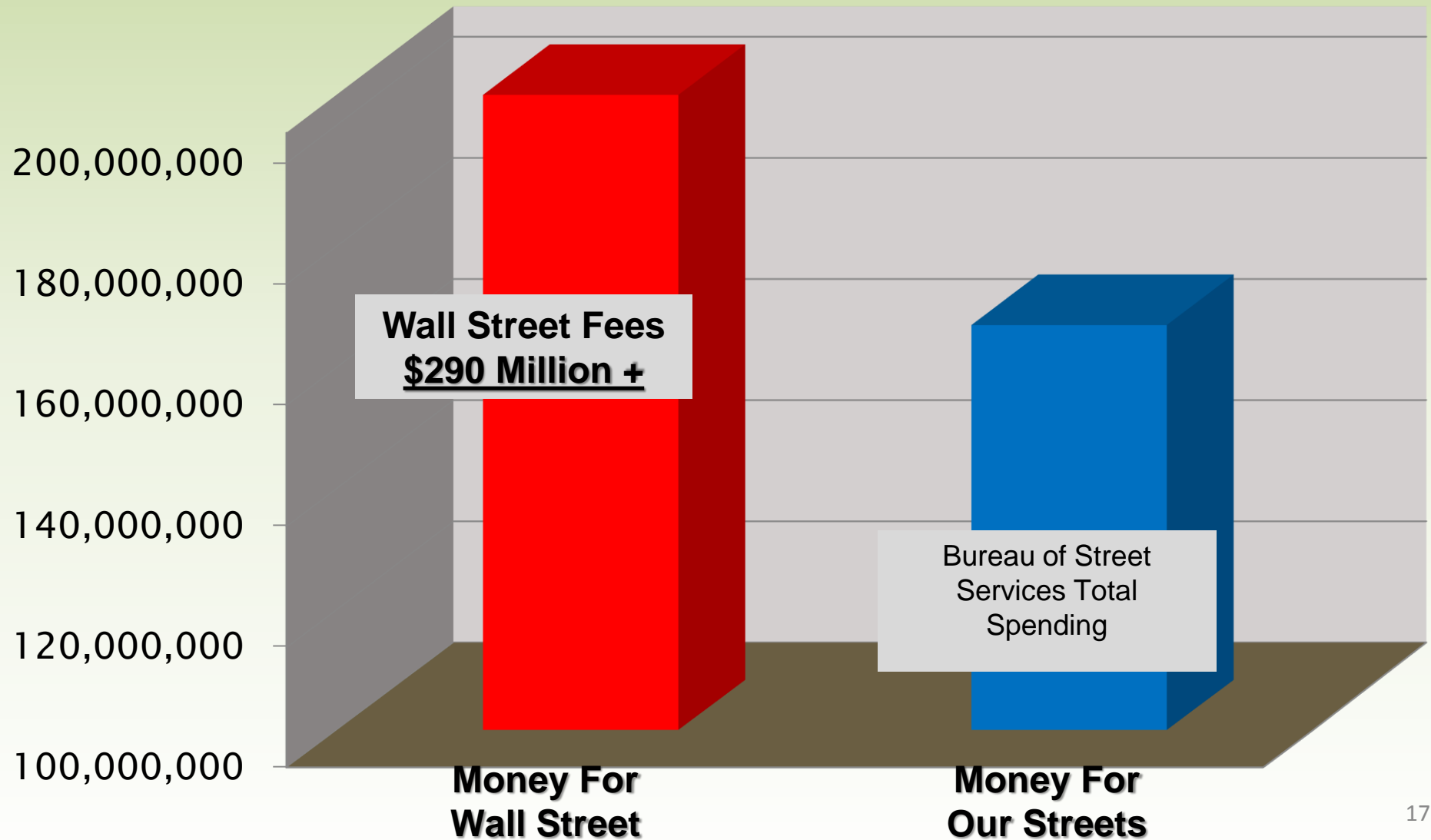
Agency	Swap Payments
City of New York	\$96 million
NYC IDA – Yankee Stadium	\$11 million
New York Dormitory Authority	\$23 million
NYC Water Authority	\$83 million
City University of New York	\$167 million
Metropolitan Transportation Authority	\$940 million
TOTAL	\$1.3 billion

Predatory Fees

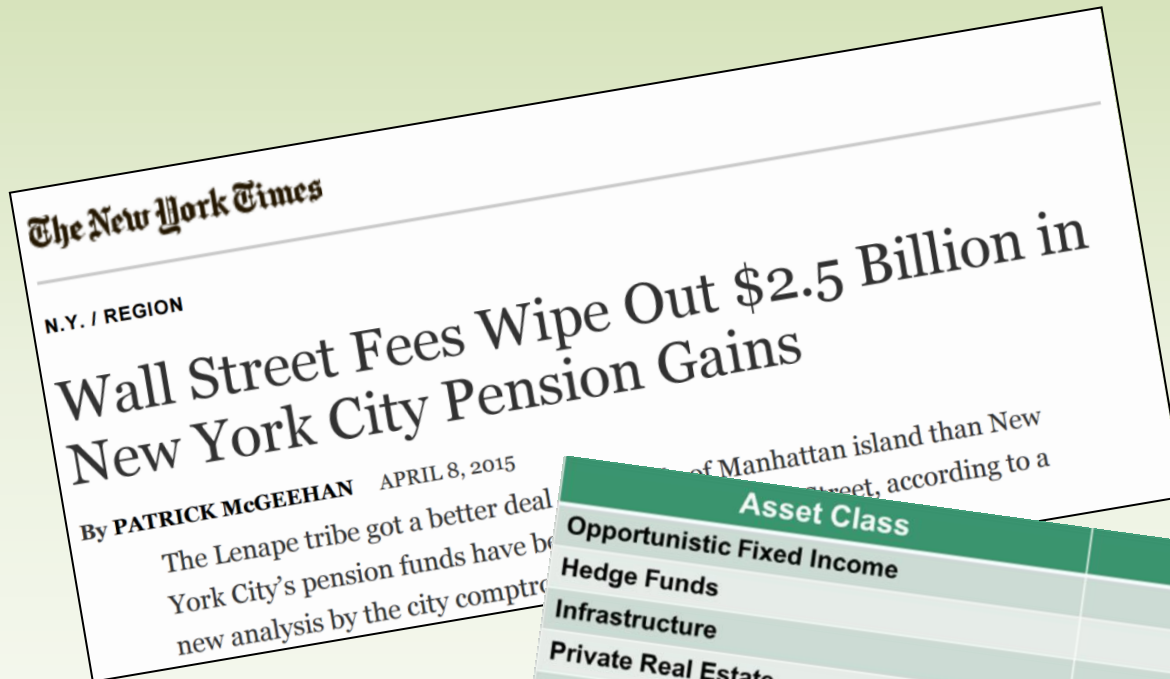
Account Activity		Details
Date	Payment type	
7 Sep 07	Direct Debit	BALANCE BROUGHT FORWARD
10 Sep 07	Charge	LOANS DIRECT
10 Sep 07	Charge	100050195780
10 Sep 07	Fixed Serv Chg	0/DRAFT INTEREST
12 Sep 07	Deposit	0/DRAFT EXCESS FEE
		ACCOUNT CHARGE
		INTL SERVICES CTR
		BALANCE CARRIED FORWARD

FEE NOTICE-U.S.
THE OWNER OF THIS
FEE OF \$4.00 FOR A
THIS CHARGE IS IN A
ANY FEES THAT MAY AD
BY YOUR FINANCIAL
THIS ADDITIONAL
AND TO

Los Angeles Pays Massive Fees To Wall Street



Pension Fund Fees



Asset Class	Total Value Added
Opportunistic Fixed Income	\$0.061 billion
Hedge Funds	\$0.051 billion
Infrastructure	\$0
Private Real Estate	- \$0.934 billion
Private Equity	- \$1.734 billion
Net Value Added – Private Assets	- \$2.55 billion

Policies to Make Our Money Work for Us

- Demanding transparency around municipal finance
- Holding banks accountable for illegal and/or unethical behavior
- Collective bargaining with Wall Street
- Creating public options for financial services
- Establishing public banks