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.

The Great Regression: 1980–Now

... And Then It Didn’t

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.
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
- Capital Appreciation Bonds
- Letters of Credit
- Auction Rate Securities
- Phantom Bonds
- Standby Purchase Agreements
- Continuous Refinancing Bonds
- Pension Obligation Bonds
- Interest Rate Swaps
- Liquidity Facilities
- Certificates of Participation
- Tobacco 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

<table>
<thead>
<tr>
<th>Agency</th>
<th>Swap Payments</th>
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<tbody>
<tr>
<td>City of New York</td>
<td>$96 million</td>
</tr>
<tr>
<td>NYC IDA – Yankee Stadium</td>
<td>$11 million</td>
</tr>
<tr>
<td>New York Dormitory Authority</td>
<td>$23 million</td>
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<tr>
<td>NYC Water Authority</td>
<td>$83 million</td>
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<tr>
<td>City University of New York</td>
<td>$167 million</td>
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<tr>
<td>Metropolitan Transportation Authority</td>
<td>$940 million</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$1.3 billion</strong></td>
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Predatory Fees

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<th>Account Activity</th>
<th>Payment type</th>
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<td>Direct Debit</td>
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<tr>
<td>10 Sep 07</td>
<td>Charge</td>
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<tr>
<td>10 Sep 07</td>
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<td>10 Sep 07</td>
<td>Fixed Serv Chg</td>
<td></td>
</tr>
<tr>
<td>12 Sep 07</td>
<td>Deposit</td>
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The fee notice-U.S.Govt. This of $4.00 for any charge is in addition to your financial aid.
Los Angeles Pays Massive Fees To Wall Street

Wall Street Fees
$290 Million +

Bureau of Street Services Total Spending

Money For Wall Street

Money For Our Streets
Wall Street Fees Wipe Out $2.5 Billion in New York City Pension Gains

The Lenape tribe got a better deal than New York City’s pension funds have been making, according to a new analysis by the city comptroller.

### Asset Class

<table>
<thead>
<tr>
<th></th>
<th>Total Value Added</th>
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<tr>
<td>Opportunistic Fixed Income</td>
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<tr>
<td>Hedge Funds</td>
<td>$0.061 billion</td>
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<tr>
<td>Infrastructure</td>
<td>$0.051 billion</td>
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<tr>
<td>Private Real Estate</td>
<td>$0</td>
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<tr>
<td>Private Equity</td>
<td>- $0.934 billion</td>
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<tr>
<td>Net Value Added – Private Assets</td>
<td>- $1.734 billion</td>
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<tr>
<td></td>
<td>- $2.55 billion</td>
</tr>
</tbody>
</table>
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