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Dirty Deals: How Wall Street's Predatory Deals Hurt Taxpayers and What We Can Do About It.

EXECUTIVE SUMMARY

The financialization of the United States economy has distorted our social, economic, and political priorities. Cities and states across the country are forced to cut essential community services because they are trapped in predatory municipal finance deals that cost them millions of dollars every year. Wall Street and other big corporations engaged in a systematic effort to suppress taxes, making it difficult for cities and states to advance progressive revenue solutions to properly fund public services. Banks take advantage of this crisis that they helped create by targeting state and local governments with predatory municipal finance deals, just like they targeted cash-strapped homeowners with predatory mortgages during the housing boom. Predatory financing deals prey upon the weaknesses of borrowers, are characterized by high costs and high risks, are typically overly complex, and are often designed to fail.

Predatory municipal finance has a real human cost. Every dollar that cities and states send to Wall Street does not go towards essential community services. Across the country, cuts to public services and other austerity measures have a disparate impact on the working class communities of color that were also targeted for predatory mortgages and payday loans, further exacerbating their suffering.

The primary goal of government is to provide residents with the services they need, not to provide bankers with the profits they seek. We need to renegotiate our communities' relationship with Wall Street. We can do this by implementing common sense reforms to safeguard our public dollars, make our public finance system more efficient, and ensure that our money is used to provide fully-funded services to our communities. Taxpayers do trillions of dollars of business with Wall Street every year. It is time we start making our money work for us.

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The Roosevelt Institute

Report by Saqib Bhatti

The Refund America Project

November 18, 2014

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