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How California Could Get Its Money Out of Wall Street.

The world's fifth largest economy could keep the money in a state-owned bank to fund local infrastructure.

California needs to spend more than \$700 billion on infrastructure over the next decade. Where will this money come from? The \$1.5 trillion infrastructure initiative unveiled by President Trump in February includes only \$200 billion in federal funding for infrastructure projects across the U.S., and less than that after factoring in the billions in tax cuts in infrastructure-related projects.

The rest is to come from cities, states, private investors, and public-private partnerships. And since city and state coffers are depleted, that chiefly means private investors and PPPs, which have a shady history at best.

At the same time, California has over \$700 billion parked in private banks earning minimal interest, private equity funds that contributed to the affordable housing crisis, and “shadow banks”—unregulated financial institutions of the sort that caused the banking collapse of 2008. If California had a public infrastructure bank chartered to take deposits, some of these funds could be used to generate credit for the state while remaining safely on deposit in the bank.

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by Ellen Brown

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