Bond Case Briefs

Municipal Finance Law Since 1971

The Big U.S. City Trying to Break with Wall Street.

In a push to divest public funds from corporate giants, Los Angeles is asking voters to approve a city-owned bank.

“Wall Street owns the country.” That was the opening line of a fiery speech by populist leader Mary Elizabeth Lease in 1890. Franklin Roosevelt said it again in a letter to Edward “Colonel” House in 1933, and U.S. Sen. Dick Durbin was still saying it in 2009. “The banks—hard to believe in a time when we’re facing a banking crisis that many of the banks created—are still the most powerful lobby on Capitol Hill,” Durbin said in an interview. “And they frankly own the place.”

Wall Street banks triggered a credit crisis in 2008 to 2009 that wiped out more than $19 trillion in household wealth, turned some 10 million families out of their homes, and cost almost 9 million jobs in the United States alone; yet the banks were bailed out without penalty, while defrauded homebuyers were left without recourse or compensation. The banks made a killing on interest rate swaps with cities and states across the country, after a compliant and accommodating Federal Reserve dropped interest rates nearly to zero. Attempts to renegotiate these deals have failed.

In Los Angeles, the City Council was forced to reduce the city’s budget by 19 percent after the banking crisis, slashing essential services, while Wall Street has not budged on the $4.9 million it claims annually from the city on its swaps. Wall Street banks are now collecting more from Los Angeles just in fees than the city has available to fix its ailing roads.

Continue reading.

Yes! Magazine

Ellen Brown posted Oct 03, 2018

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com