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Assets No More: Racial Justice Risks in Municipal Bonds

As a bondholder, you have a fiduciary responsibility to be aware of the risks related to revenue-motivated policing. As a citizen, you have a right to demand justice and equity from your municipality.

In 1827, Louisiana agreed to back a series of bank bonds whose proceeds were used to purchase slaves.

The state pledged to use its “full faith and credit” to repay bondholders, meaning taxpayers were on the hook in the event of default. The American addiction to slavery saw to it that state-backed slavery bonds spread throughout Mississippi, Alabama, Tennessee, Arkansas, and Florida.

Black Americans were an asset class which grew to 2 million enslaved people worth over \$1 billion. However, by 1830, that “asset” started showing signs of early erosion when public tolerance of slavery started to decline. The Emancipation Proclamation eventually sealed the fate of this immoral market, leaving states like Florida with a debt of nearly \$120 per citizen.

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Generocity

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