

Keeping Deposits Safe, Local, and Working for Local Economies...with Public Banks

By [Public Banking Institute](#)

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Two months after the [Public Banking 2013 Conference](#), awareness of Public Banking continues to increase. Folks are waking up to the fact that the Big Banks are extracting much wealth from our communities via usurious and rigged interest rates at all levels—individual, business, and government—and burdening our communities with debt. It is no longer safe even to keep our individual and local governments' deposits in the Big Banks, as “bail-outs” are being replaced by “[bail-ins](#).” Even Detroit's [bankruptcy](#), fleecing pensioners to save the banks, is looking suspiciously like the bail-in template originated by the G20's Financial Stability Board in 2011, which exploded on the scene in Cyprus in 2013 and is now becoming the model globally.

If ever there was an argument for public banking, this is it: Keeping deposits safe, local, and working for local economies. The Public Banking Institute has released a new [video](#) stating that there is a serious threat, in the event of another derivatives debacle, that deposits are vulnerable to confiscation in Wall Street banks, making the point that government officials have a fiduciary responsibility to keep our local governments' funds safe and accessible.



Some local governments are fighting back. [Philadelphia](#) is the latest of a number of U.S. municipalities to sue these banks for financial losses incurred due to Libor interest rate rigging, claiming that they “have cost state and local governmental entities hundreds of millions or even billions of dollars, depleting treasuries, ruining budgets, and hindering the delivery of public services.” The city of [Richmond](#), CA, in an effort to stabilize the community and prevent foreclosures, has offered to buy 624 underwater mortgages at discounts to the homes' current value, concentrating on ones that are held in Wall Street instruments called private securitization trusts, and threatening to use the power of eminent domain to seize the mortgages if its offers are spurned. The idea of “[eminent domain](#) for the people” is also gaining traction with the city of [El Monte](#). Predictably, [Wall Street](#) is fighting back by directing a lawsuit at blocking Richmond's proposed use of eminent domain to write down mortgage loans for certain residents.

Efforts toward promoting and establishing publicly-owned banks also continue at both the local and national levels. A [city-owned bank](#) in San Francisco has been given the green light, with a legal opinion that a charter city likely would not be in violation of state law if it were to form its own bank. About one quarter of California cities are charter cities. A national [infrastructure bank](#) through the post office is proposed by the president of the National Association of Letter Carriers in his July address.

Equipped with the knowledge of “[The Public Bank Solution](#),” people are realizing there's an

equitable and sustainable alternative to our current system—that banking and credit should become public utilities, feeding the economy rather than feeding off it. Please continue to spread awareness of Public Banking as we work to achieve a sustainable and shared prosperity.

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Highlights of the Public Banking 2013 Conference are still available for viewing on the Public Banking Institute's website [here](#) and on the Public Banking's Youtube channel [here](#).

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