

Banking Across the Country

were repackaged into AAA bonds further fueling the sub-prime market, gave a face to the immorality of the Wall Street-driven system. Campaigns to create public banks sprang up from California to Maine. Here are three campaigns under way at the state and city levels.



Michigan Economic Stability

establishment of a publicly-owned state bank. In order for Main Street businesses to survive and begin to rebuild the lost wealth of Michiganians, a local community banking system will have to play a lead role; and a publicly-owned state bank is the lynchpin to success. In a 2012 Dallas FED report by Gunther and Klemme it was stated, "Community banks are not only a major source of credit for job-creating businesses but also a stable one."

A Michigan economic recovery will only be possible when the majority of the money which circulates through its economy, stays in Michigan, and is no longer siphoned away by Wall Street.

Dan Osterman is an engineer/program manager as well as County Coordinator of Michigan Campaign for Liberty, and current Michigan GOP State Committee member for the 12th Congressional District.

Vermont: Turning an Economic Development Agency Into a State Bank

by Ruth Caplan

Vermont's campaign for a public bank began in 2010 on the heels of the financial crisis, and is now gaining considerable steam. With an innovative approach to creating a state bank, the campaign is built on a three-legged stool: a robust economic study, a Senate bill, and a grassroots campaign focused on town meetings.

Vermonters propose to turn the Vermont Economic Development Agency (VEDA) into a state bank. This solves the challenge of capitalizing a new bank since VEDA appears to have sufficient unrestricted capital to satisfy state guidelines.

This is the recommendation of an economic study, completed in December 2013 by the Gund Institute at the University of Vermont and the Political Economy Research Institute (PERI) at the University of Massachusetts. The report recommends beginning with a pilot program using a portion of state funds. If VEDA were combined with the Vermont Housing Finance Agency (VHRA), the study found that the state could make loans up to 66% of its 2013 unrestricted cash, resulting in

- 2,535 new jobs
- \$192 million increase in Gross State Product
- \$342 million increase in state output
- \$100 million saved in interest costs for capital expenditures

Senate bill S204, introduced in 2014 by Senator Anthony Pollina and five co-sponsors, turns VEDA into a state bank and authorizes 10% of state cash reserves to be deposited in the bank.

The bank's purpose is to alleviate/prevent unemployment, raise per capita income, develop and increase industry, promote prosperity and general welfare, with specific references to abating air/water pollution, promoting renewable energy and helping small businesses.

The bank would be run by a 15-member governing committee with a seven-member advisory committee to oversee development of the bank's initial lending priorities focused on renewable energy/energy efficiency; student loans; and local infrastructure.

Vermonters for a New Economy, which has spearheaded the campaign for a Vermont public bank, has taken a savvy approach to building a political base. Taking advantage of New England style grassroots direct democracy embodied in town meetings, they got a state bank on local agendas. This spring 18 town meetings authorized resolutions directing the state to create a public bank — an impressive show of support.

Back to the future? Vermont had a successful state bank from 1806-1812. Governor Galusha's words, in addressing the Vermont House in 1809, ring true today as Vermonters mobilize for a public bank:

It is apparent that the establishment of a public bank in this State has saved many of our citizens from great losses, and probably some from total ruin..."

Ruth Caplan was AFD's first Co-chair with Ronnie Dugger and is Co-director of the DC Public Banking Center.



graphic: The Bridge