

Public banking supporters provide survey

A contingent of community members is garnering support for a public bank to make an affordable credit resource in Nevada County.

There has been speculation that regular banks offer unaffordable interest rates and credit unions are restricted from being able to make large loans to satisfy the needs of small businesses.

“It’s really interfered with the development of businesses,” said Pamela Hall, doctor of chiropractic at State of the Art Healing and member of Economic Liberty for Main Street, a coalition of public banking supporters.

Hall is working with other supporters to establish a local chapter of the Public Banking Institute and is circulating a confidential consumer credit needs survey, which can be reached at <http://tinyurl.com/nccredit>, which will be presented to the county to reflect the credit needs of the community.

“When people realize what a public bank can do, that it can really democratize money and bring us prosperity, even people not at all interested can get public banking fever,” Hall said.

According to the Public Banking Institute website, public banks are able to reduce taxes within their jurisdictions because their profits are returned to the general fund of the public entity, and the costs of public projects undertaken by governmental bodies are also greatly reduced because public banks do not need to charge interest to themselves.

Because of the reduction in interest rates, banks can offer affordable credit to home owners and low-interest student and agricultural loans, Hall said.

“So it’s not just good for big businesses but our local government,” Hall said. “If the local government, county and city could put their money in a local public bank, there wouldn’t be any fees, and the interest would be low, and whatever profits garnered could be returned back to the county.”

The public banking model is taken from the Bank of North Dakota, which has the lowest foreclosure, unemployment and bank failure rates in the country because the public bank works with the local community bank and provides support to offer larger loans, Hall said.

“The public bank wouldn’t make loans directly to small businesses but would work in concert to help them do that,” Hall said.

According to Rick Robins, member of Economic Liberty for Main Street, Nevada County has about \$200 million that is currently held in a regional bank as a checking account and a majority in federal funds and long-term investments that do nothing to stimulate the local economy.

“If Nevada County has its money deposited in federal funds or Wall Street banks, that money is being invested elsewhere,” Robins said, adding that putting investment elsewhere allows for “risky” financial decisions, which have led to things like the housing crisis. “By putting the money here, you can control the risk, and that’s one of our main objectives.”

The other benefits would be an increase to economic activity locally with more jobs and tax and fee revenue so the county can provide more services, Robins said.

Community programs could also be established, like student loan offerings to Sierra College students, which could create expansion at the college.

“The county would generate funds for the county. When you get businesses getting credit, they can start investing in their business, expand, make more money and pay more taxes, and you employ more people,” Robins said. “It has a bit of a self-feeding effect.”

Public banks can also respond to crises more efficiently than federal emergency funds can, Robins said.

“At Grand Forts, N.D., in 1997 the Red River flooded, and there were two communities, and the one with a public bank you could hardly tell (had) a flood because the bank made sure there was money available for people to borrow to rebuild.”

The other community had to rely solely on Federal Emergency Management Agency and was shut down, Robins said.

“Here if we have a major fire, FEMA could come along and say, ‘We’ll give you money,’ but that can take months. If we had our own bank, we could respond much more quickly, willing to provide for loans and whatnot,” Robins said.

“It gives our county more local control and sovereignty with less dependence on the state and federal government.”

For information, visit <http://mainstreetforumnc.org/>

“I think if we get this word out about the value it would be to our community, we could break through and get enough people to do what they need to do to make this happen,” Hall said. “The more information and support, the more the county is going to feel willing to go ahead with it.”

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