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FOREWORD

Under the Tenth Amendment to the United States Constitution, all powers not delegated to the federal government "are reserved to the States respectively, or to the people." Given this structure, it is more often state governments—as opposed to the federal government—with whom people interact on a daily basis. State and local governments provide most of the essential functions and services on which individuals regularly rely: police departments, fire departments, schools, roads, and even waste and recycling services. The problem, of course, is that these services cost millions of dollars and impose serious obligations on state and local governments—obligations that those governments are often unable to meet.

Although the state debt crisis was largely overshadowed by the European debt crisis during the first half of 2012—in June, Cyprus became the fifth member of the Euro zone to request a bail-out from the European Union—state debt is relentless, systemic, and perennial. It deserves our attention and concern. In October 2011, the city of Harrisburg, Pennsylvania, filed for bankruptcy and listed debts in excess of $400 million. Another Pennsylvania city, Allentown, is fighting lawsuits filed in March 2012 by surrounding cities that accuse the city of using residents as the unknowing guarantors of bonds for a new hockey arena. On June 29, 2012, Stockton, California—with a population of approximately 300,000—became the largest U.S. city to declare bankruptcy in federal court. And Illinois, which has struggled to pay for government services on time, is on track to end its 2012 fiscal year with a $508 million operating deficit.

State governments—which must meet obligations to investors, employees (for wages, pensions, and healthcare), and citizens (for welfare programs, infrastructure, and other government services)—

have taken different approaches to solving, or at the very least *stalling*, the debt crisis. They have attempted to renegotiate with unions to redefine their obligations, resulting in protests in places like Madison, Wisconsin; they have paid creditors and other obligees with IOUs; and they have resorted to austerity measures and tax increases. In New York, Mayor Bloomberg proposed laying off thousands of teachers after the 2011 school year to bridge gaps left by other state spending cuts. But all of these measures are short-term solutions that have arisen in a contentious political climate; politicians who make the kind of difficult decisions that can genuinely cut deficits are thrown out of office when citizens see long-term reductions in services or increases in taxes, making debt issues as much a tool for partisan politicking as substantive debate.

In the *Duke Journal of Constitutional Law and Public Policy*'s seventh annual symposium, "The Consequences and Constitutional Dilemmas of State Debt," our goal was to create a forum in which to discuss, analyze, and understand the challenges facing our society and our legal community stemming from the continuing state debt crises. The articles in this issue explore a variety of topics concerning state indebtedness, ranging from the constitutional limitations on suits against states to a proposal for involuntary state bankruptcy. The participants in this year's symposium debated policies and proposals, examined federalism and moral hazard concerns, and highlighted the broad societal implications of state insolvency. We hope that those discussions, and the articles that follow, are helpful contributions to the dialogue about how best to address these problems now and in the future.

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