

State bankruptcies: politics, not legislation, remain top obstacle

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Partner Larry Larose spoke with *Debtwire* about how even if Congress carves a legal path to permitting sovereign states to seek bankruptcy protection, the political path would be blocked by fights over federal control and pension cuts.

According to Larry, "If a distressed state does not seek protection, the question would become what kind of a consent mechanism would pass constitutional muster. Do they need the governor's approval? Does it have to go to legislature? A referendum of the populace? You're talking about one sovereign placing itself under an equal sovereign. It's not beyond the pale to think that it could work, but what's the consent mechanism?"

Attorneys

Lawrence A. Larose

Practice Areas

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