

geographical area has been the question as to whether such a limitation could be made effective. Several local spending agencies may be coordinate branches of government, each independent of the others. It is not likely that any one will subordinate its capital improvement program in order to make the aggregate debt structure of all such units more balanced. It would be difficult to set up machinery to coordinate the contraction of indebtedness of such units in their present state of organization. Even those few statutes which have been enacted with a view to setting up an inclusive limitation have not, so far as observation indicates, produced a result substantially better than the previous non-inclusive laws which they replaced.

2. CONSOLIDATION OF OVERLAPPING UNITS

Consolidation of multiple and overlapping jurisdictions appears to be the only practical device to curb the pyramiding of local indebtedness and even that solution is hedged about with many difficulties. Consolidation of small and overlapping units would produce benefits in other fields of governmental financial operations as well as simplifying problems of bonded indebtedness. Some step in the direction of consolidation has been taken by such large metropolitan areas as New York, Philadelphia, St. Louis, Baltimore, Boston, San Francisco, New Orleans and Denver, which have dispensed with county and some other subordinate governments, but the instances are so few that they can not be interpreted conclusively as indicating a trend toward consolidation.

Paradoxically, the constitutional limitations upon local bonded indebtedness which consolidation of overlapping units would be intended to make really effective are one of the chief barriers to such consolidation. The tendency, in the presence of excessively severe constitutional limitation on incurrence of local debt, has been to create a new unit of government for each new public function, so that no one unit would have to increase indebtedness in excess of the limit. Some statutory debt limitations might present the same obstacle but they are not so difficult to revise to meet changing conditions.

Although it might not be advisable to dispense entirely with constitutional limitations upon local indebtedness, they might be broadened sufficiently to permit the development of larger local

Counties and
Cities Combined

Constitutional
Barriers to
Consolidation

Broadened Debt
Limits