

**INSOLVENCY OF ADMINISTRATIVE TERRITORIAL UNITS -  
ARE THE PRINCIPLES OF PUBLIC LAW FULLY COMPATIBLE  
WITH THE REQUIREMENTS  
OF AN EFFECTIVE MANAGEMENT?**

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**ABSTRACT:** *The European states have introduced the mechanism of administrative territorial units (ATU) insolvency due to the influence of American law, US being the first state that recognized in 1934 the cities insolvency by Bankruptcy Act, as an answer to the financial crisis of the 1930s. Romania introduced it in two steps. Firstly, by the Law no. 273/2006 regarding local public finances. The procedure described by this law made it practically impossible to apply it, as the public law doctrine emphasized it. Secondly, by the Government Emergency Ordinance (GOU) no. 46/2013 that changed the previous law. Even if many authors emphasized the necessity of such a regulation, the results of its application are rather modest. Many ATU does not want to declare to be in financial crisis, even if the GOU no. 46/2013 describes sanctions that may be applied for non-declaring. The atomization of the local public administration - by the emergence of an impressive number of ATU without an impact study - aggravated the functioning of the administration at the local level. This atomization has not been remedied by the introduction of the TAU insolvency mechanism.*

**KEYWORDS:** *financial crisis; insolvency; local administration; management; territorial administrative units*

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