

Notes for FTE:

Constitution as an economic document

The founding fathers were motivated to write the constitution for many reasons. Of course, most of the actual document is devoted to the mechanics of how the federal government works, and its relation to the states. The parts that deal with the economy, however brief, are of enormous importance.

Some of the economic provisions in the constitution were adopted because of “economic” reasons, that is, shared beliefs that certain economic policies would be good for the country.

Other economic provisions were adopted for other reasons altogether. The need to build a stronger central government, and to control the centrifugal political forces that might tear the nation apart, often led the founders to reach compromises with economic consequences.

I use three different approaches to the constitution when I present it to students:

1) The weaknesses in the Articles of Confederation and the explicit problems in governing that the Constitution was designed to address.

- The inability of the national government to levy taxes.
- The consequent inability of the national government to repay its debts.
- Interstate competition in commerce and trade, and the disruption and barriers that ensued.

Questions:

Why did the Articles create such a weak central government?
Why didn't the Continental Congress solve these problems in 1776?
Who wrote the first American constitutions?

2) The importance of republican traditions and inherent difficulties in creating a democratic form of government.

On the “negative” side:

- The Madisonian concerns for the rights of minorities. This concerns the national level and operates through the checks and balances imbedded in the federal system.
- The original concern about strong central governments and protection of the independence of the state governments. This also operates through checks and balances at the national level (the role of the Senate), as well as explicit limits on the powers of the national

government (e.g. reserved powers clause, tenth ninth amendment).

- The relationship between taxation and representation.

On the “positive” side:

- The creation of a national free trade area. (Article 1, section 8)
- National regulation of the currency.
- Regulation of domestic and international commerce.
- Regulation of foreign affairs and the military.

Questions:

How did the Constitution tie taxation and representation together?

How were states, as governments, able to protect their interests in the federal system?

What powers of the national government were absolute, which were shared?

3) The relationship between governments and individuals:

- The Bill of Rights.
- The Contract Clause. (Article I, section 10)
- Procedural guarantees: due process, speedy trial, property rights, etc.

Questions:

Is the relationship between governments and individuals specified in the original constitution or in the Bill of Rights?

Is the relationship between states and the national government specified in the original constitution or in the Bill of Rights?