

Handout B: Economics-Related Clauses in the U.S. Constitution (1787)

Background: *Written in 1787 in the midst of the Enlightenment and soon after publication of Adam Smith's *The Wealth of Nations*, the United States Constitution is a historic cornerstone of liberty, including economic liberty. Quite significantly, the US Constitution, a document specifically designed to limit the powers of government, addresses economic issues in very few clauses and often, treats them peripherally. Just over 100 years from the US Constitution's signing, the United States had become the world's largest and most dynamic economy. By 1991, it was the world's sole remaining superpower and is still the world's mightiest and most dynamic economy.*

Directions:

1. Divide into two groups. One will analyze the Soviet Constitution; the other will examine the United States Constitution.
2. Your group will carefully read the attached excerpts from the United States Constitution.
3. As a group, answer the Questions to Consider below.
4. When complete, compare your answers with the other group and then fill out the chart on Handout D together.
5. Finally, answer the concluding questions on a separate sheet of paper. Answer each question in well-written, well-organized paragraphs.
6. Be prepared to share your group's answers with the class.

Questions to Consider:

When reading these constitutional clauses, consider the following:

1. What is the significance of the fact that the U.S. Constitution has so few articles directly related to economics (consider the Founders' original objective for the Constitution)?
2. By 1994, much of Europe created a free trade (no taxes on internal trade) area. The United States accomplished this similar unification between the states in 1787. What role did the Commerce Clause play in this, and why was it so important to the United States' economic development?
3. What is the role of the U.S. Constitution in creating limited government powers over the economy? Why might the Founders have written it this way?

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4. How do the economic systems and individual freedoms of the United States and the Soviet Union differ?
5. How did the Founders defend the rights of private property and personal ownership? Why did they do so?
6. Can you have freedom if someone else tells you how to spend your time?

Excerpts from the U.S. Constitution

The Commerce Clause

Article 1, Section 8 states that Congress shall have the power “To regulate commerce with foreign nations, and among the several states, and with the Indian tribes...”

The federal government regulated commerce in order to simplify and facilitate trade with foreign countries, among the states, and with Native Americans.

The Coinage Clauses

Article I, Section 8 states that Congress shall have the power “To coin Money, regulate the value thereof...” and “To provide for the Punishment of counterfeiting the Securities and current Coin of the United States.”

The power to coin money was to facilitate trade among the states. A single, universally-acceptable, currency would make it much easier to trade among states.

Article I, Section 10 gives Congress the power exclusively to coin money by stating that “No State shall...coin Money.”

The Copyright Clause

Article I, Section 8 states that Congress shall have the power “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writing and Discoveries.”

Copyright law enables artists to keep property rights over their works for a certain time. The Founders realized that this was a necessary incentive to encouraging innovation.

The Contract Clauses

Article I, Section 9 states, “No Bill of Attainder or ex post facto Law shall be passed.”

These clauses ensure that the state may not make contracts.

Article I, Section 10 states, “No state shall...pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligations of Contracts.”

The Export Clauses

Article I, Section 9 states, “No Tax or Duty shall be laid on Articles exported from any State.”

These are the key clauses that supported the world’s first modern

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Article I, Section 10 states, “No State shall without the Consent of the Congress, lay any Imposts or Duties on Imports or Exports.”

The Searches and Seizures Clause

Amendment IV states, “The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated.”

Due Process of Law Clauses

Amendment V states, “No person shall...be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

free trade zone and lead to the incredibly rapid growth of the U.S. economy to become the world’s most powerful.

This amendment makes it clear that the state may not violate private, personal property.

This amendment makes it clear that the state may not arbitrarily take private property and, if it must, it must compensate the owner appropriately.