THE CONSTITUTION

I. CONTENTS:
   A. Social Security
   B. The constitutional context of American politics

II. SOCIAL SECURITY:
   A. Reprinted
   B. Overview of the program
      1. Pay-as-you-go and prepaid plan.
      2. Beneficiaries.
      3. Progressive Benefits (OASDI) paid for by payroll taxes (FICA), a regressive tax.
         i. Payroll taxes are regressive: “poor” pay higher percent than rich.
         ii. Benefits are regressive: poor receive relatively more than rich.
         iii. It is social security. .
         iv. Surpluses are saved.
      4. It is meant to be a social benefit, not a system of individual retirement accounts.
         i. An inter-generational social compact.
         ii. It can be interpreted as an effort to promote social harmony, defuse anger against capitalism, foster legitimacy, and add to consumption.
   C. Entitlement (mandatory) program.
      1. Expenditures are determined by formulas established by law.
      2. Amounts are not determined by Congress.
      3. “Conditions” determine spending levels.
   D. Structure
      1. Payroll tax (FICA)
      2. Benefits.
         i. Must be used to buy government bonds.
         ii. These bonds appear in the books as income for the government.
         iii. They really represent a promise (an IOU) that one part of government (Congress) will repay another part (Social Security trustees) the “loan” plus interest.
   E. The debate
      1. Myths:
         i. It is going broke.
         ii. Government is stealing from funds.
   F. Situation and trends under current law.
1. By 2037 trust fund will be empty.
2. Social security will only be able to pay 70 percent or so of what it currently promises.

G. Bush proposal.
   1. Allow individual, voluntary retirement accounts.
      i. Some of current payroll taxes would be diverted to individual retirement accounts.
   2. The fears: it will speed up date at which outlays exceed income.

H. Alternative proposals: divert money from general revenue into social security.
   i. Use some of surplus from non-mandatory budget to fund social security.

III. THE CONSTITUTION AND THE POLITICAL SYSTEM:
   A. Four key points:
      1. Proposition 1: The written constitution embodies a conflict between the desire to protect liberties and the need to deal with collective action problems.
      2. Proposition 2: these two constitutional goals are at odds with each other and partly account for the particular (and peculiar) flavor of American politics.
      3. Proposition 3: In their zeal to guard against the abuse of power while protecting the commonwealth the framers created a system that incapacitates the political system process at times.
      4. The constitution also hinders accountability and hence weakens democracy as defined earlier.
         i. This is an intended and unintended effect of the Founders.
   B. The constitution works much as its authors perhaps intended.

IV. THE FOUNDERS CONCERNS:
   A. Concern with political power: Madison's two "tyrannies":
      1. Control minority in power to ensure that it does not abuse the rights of its citizens.
      2. Control majority: there was a perceived need to protect minorities (e.g, property owners) from majorities and ochlocracy.
         i. Remember our discussion of democracy and republics.
         ii. The founders had some concerns about direct democracy and created a republic.
   B. The Constitution embodies these concerns, but in so doing it sets up a conflict between the need to govern (capacity) and the need to protect liberties.

V. WHAT THE CONSTITUTION DOES:
   A. Creates a republic, not a democracy.
   B. A system of controlled power.
      1. Very little about social and economic rights.
2. But, it does mention the common good.

C. Creates a presidential system
   1. Ours differs from a parliamentary or unified government.

D. A “moat” around “representatives”
   1. The electoral college and the indirect election of the president.

E. Fragmentation of power and the shattered sword:
   1. Separation of powers: three semi-autonomous branches
      i. Article 1: The Congress
         1) Bicameral legislature - two houses of Congress
      ii. Article 2: The President
      iii. Article 3: An independent judiciary
         1) Judicial review
            a) The Supreme Court has extraordinary power.
            b) Marbury Vs Madison
   2. Checks and balances (e.g., veto, advise and consent, tax legislation, etc.)
      i. Impeachment
   3. Federalism
      i. National and state governments.
      ii. Enumeration of specific powers; others left to the states.
      iii. The Bill of Rights: restraints on national government.
         1) Incorporation controversy
         2) Recall the discussion of the Fourth Amendment.
   4. Independent constituencies
      i. Members of different branches have different “bosses” they need to listen to.
   5. Geographical representation

F. Madison’s extended republic
   1. Pit interest against interest
   2. See Federalist Paper No. 10

G. Assessment:
   1. Advantages
      i. Gradual change.
      ii. Protection of rights.
      iii. Flexibility: it has adapted to changing circumstances, maybe.
   2. Disadvantages
      i. Hinders accountability
      ii. Delays, even prevents collective action.
      iii. Thwarts majority rule.
      iv. Rewards or gives advantage to those with most resources.
      v. May not be adaptable.

VI. NEXT TIME:
    A. How the mass media cover the news and affect enlightened understanding.
       1. Film, “Illusions of News”
B. Reading: