

## Chapter 1 Introduction to Law

### True/False Questions

1. Decisions about what we should and should not do are guided exclusively by the law and nothing else  
**False; Easy**
2. The study of law can help a business owner understand how to start and operate a business, regulation, and liability.  
**True; Easy**
3. Frivolous lawsuits are permitted to advance in the legal system as most attorneys are committed to justice and fairness.  
**False; Easy**
4. A person violating a social norm or custom will face strict legal consequences.  
**False; Moderate**
5. Law is a set of rules that are enforced by a government authority.  
**True; Easy**
6. Inalienable law that is superior to human-made laws is known as the philosophy of natural law.  
**True; Moderate**
7. Legal positivists believe in the power of civil disobedience when a law is unjust.  
**False; Moderate**
8. Legal positivists do not believe that law is simply power, because they believe that valid law must be created pursuant to the existing rules that allow the law to be created.  
**True; Easy**
9. Insider trading is the use of public information to buy or sell a stock to make money.  
**False; Moderate**
10. For a legal realist, knowing who is enforcing the law is far more important than what the law actually says.  
**True; Easy**
11. Natural law is the idea that humans possess certain inalienable rights that are the products of human-made law.  
**False; Easy**
12. Civil rights activists never rely on natural law arguments to advance their platforms.  
**False; Moderate**

13. Uniform codes and journal articles are primary sources of law.  
**False; Moderate**
14. Secondary sources of law are created by a recognized, legitimate law-creating authority rather than by legal scholars.  
**False; Moderate**
15. Statutory law is law created by the U.S. Constitution.  
**False; Moderate**
16. Public law applies only to people who work in public positions, such as people who work for the government.  
**False; Moderate**
17. Private laws are legally binding on parties who agree to it.  
**True; Easy**
18. The requirement that a suspect be read his or her Miranda rights before being placed into police custody is an example of procedural law.  
**True; Easy**
19. A contract outlining terms of a land sale between two companies is an example of public law in action.  
**False; Moderate**
20. All examples of civil law are also considered criminal; they are merely tried in civil courts.  
**False; Moderate**
21. A state law passed in 2011 would override a federal law pertaining to the same issue in 2006.  
**False; Moderate**
22. A bicameral legislature is one in which at least two bodies exist, such as the Senate and the House of Representatives in Congress.  
**True; Moderate**
23. A system in which power is divided between multiple forms of government is called federalism.  
**True; Easy**
24. All states are granted an equal number of senators, with the number of representatives determined by the most recent census figures.  
**True; Moderate**
25. Constitutions, statutes and judicial opinions would all be examples of primary sources of law.  
**True; Easy**
26. Rule of law is a system of laws under which the people and the government are bound, which allows predictability and restraint of government action.  
**True; Easy**

27. The Founding Fathers of the United States rejected inclusion of concepts from all prior forms of government when writing the U.S. Constitution, because none of the prior governments ever worked.  
**False; Moderate**
28. The United States was the originator of the rule of law system.  
**False; Moderate**
29. Secondary sources of law in the United States include constitutional law.  
**False; Easy**
30. Rule of law systems clearly lay out an organizational structure in which it is determined who has the right to govern.  
**True; Moderate**
31. An ex post facto law is a type of law that is applied retroactively to its passage.  
**True; Easy**
32. The rule of law provides protection for property.  
**True; Easy**
33. If a person sells firearms in a retail capacity in the United States, the person would be subject to both state and federal laws.  
**True; Easy**
34. Under the Uniform Commercial Code (UCC), merchants are governed by a set of rules that anticipate and allow for flexibility in contractual terms, to facilitate business needs.  
**True; Moderate**
35. Congress has enacted antitrust legislation that precludes anticompetitive practices, such as colluding and price fixing.  
**True; Easy**
36. Since everyone is subject to the rule of law, this means that government itself cannot overextend its reach when regulating or investigating businesses.  
**True; Easy**
37. Largely as a result of the fallout from the Enron case, Congress passed the Emergency Economic Stabilization Act.  
**False; Easy**
38. A Ponzi scheme is also known as a pyramid scheme.  
**False; Moderate**
39. The Truth in Lending Act (TILA) guarantees the borrower access to capital on the basis that they have provided truthful information to the lender.  
**False; Moderate**
40. Title VII of the Civil Rights Act prohibits discrimination related to protected characteristics in hiring and employment practices.

**True; Easy**

### Multiple Choice Questions

1. A businessperson may consider the perceptions of their business practices if which of the following is questioned:
  - a. treatise
  - b. due process
  - c. color of authority
  - d. jurisprudence
  - e. fairness**e; Easy**
  
2. \_\_\_\_\_ seeks to determine the current state of the law regarding narrowly defined legal issues.
  - a. Financial analysis
  - b. Legal research
  - c. Jury tampering
  - d. Civil procedure
  - e. Jurisprudence**b; Easy**
  
3. Which of the following questions is least likely to be answered by our legal system?
  - a. Which party is responsible?
  - b. Which party should pay for this injury?
  - c. Which party is the most moral?
  - d. How can legal liability be minimized?
  - e. How can risk be minimized?**c; Moderate**
  
4. \_\_\_\_\_ is the philosophy of law.
  - a. Color of authority
  - b. Due process
  - c. Treatise
  - d. Jurisprudence
  - e. Federalism**d; Easy**
  
5. Which of the following is most likely to be true of legal positivists?
  - a. They believe that law is simply power.
  - b. They would consider any law created by an illegitimate ruler as valid law.
  - c. They do not believe that the law is what the law says.
  - d. They believe that people have intrinsic human rights other than those created by the law.
  - e. They would most certainly comply with a law that required compulsory conscription.**e; Moderate**
  
6. Legal realists believe that the:
  - a. Outcome of any issue that arises under law is not dependent on the person who is in the position to exercise power.
  - b. Law is not the product of human making.
  - c. Law is wholly separate from any consideration of ethics.

- d. Social and economic considerations of a case should be brought to bear in legal disputes.
- e. Law itself is more important than the consideration of who is in the position to enforce the law.

**d; Moderate**

7. Andy is a legal positivist who believes that all war activities are illegal. If the United States institutes the draft, and if Andy is drafted, he is most likely to:
- a. Flee the country.
  - b. Report for duty.
  - c. Try to bribe the authorities to release him from the draft.
  - d. File a suit against the government in a court.
  - e. Organize an anti-war rally to obstruct the government's plans.

**b; Moderate**

8. Legal realism is like legal positivism in the belief that the:
- a. Law is the product of human making.
  - b. Outcome of any legal dispute depends upon who is in the position to exercise power under law.
  - c. Social and economic considerations of a case should be brought to bear in legal decision making.
  - d. Judges do not use any factors other than the written law when rendering decisions.
  - e. Judicial interpretation is necessary and was contemplated by our Founding Fathers as a built-in check and balance to the other branches of government.

**a; Moderate**

9. Natural law differs from legal positivism in:
- a. belief that humans possess inalienable rights that are not the products of human making.
  - b. total rejection of human-made law.
  - c. belief that human-made law is superior to all other forms of law.
  - d. that humans are unable to discover moral truths on their own.
  - e. that humans require a sovereign power to tell them right from wrong.

**a; Moderate**

10. Civil rights activists often rely upon which theory of jurisprudence to advance their platforms?
- a. Legal positivism
  - b. Law is power backed by threats
  - c. Legal realism
  - d. Natural law
  - e. The scientific method

**d; Moderate**

11. Which of the following is NOT facilitated while studying the different theories of jurisprudence?
- a. See the same thing from many different perspectives
  - b. Find the indisputably correct answer
  - c. See several possible outcomes that are equally supportable
  - d. Identify common ground among disputants
  - e. Identify specific points of disagreement among disputants

**b; Moderate**

12. Life, liberty and the pursuit of happiness represent which philosophy?
- Legal realism
  - Legal positivism
  - Natural Law
  - Due Process
  - Color of Authority
- C.; Moderate**
13. Legal positivism argues that
- The law itself is less important than who is in the position to enforce it.
  - The law is whatever the sovereign says it is.
  - Humans possess certain inalienable rights that are not the products of human-made law.
  - Legal actions are only those which are taken under the law.
  - Courts should follow precedents.
- b; Moderate**
14. Which of the following is a common criticism of legal positivism?
- The outcome of any issue that arises under law is dependent on the person who is in the position to exercise power under the mantle of the law.
  - It limits the checks and balances of our system of government by considering factors outside of valid sources of law when making decisions.
  - It prohibits individuals from remaining true to their own consciences when their consciences conflict with the laws of the sovereign.
  - It views natural law as subordinate to human-made law if the two types of law conflict.
  - It does not consider any rule or “law” created by an illegitimate ruler as valid law.
- c; Moderate**
15. If a dispute arose under the Clean Water Act, and the defendant was a legal realist who believed that the judge was unduly harsh with environmental offenders, the legal realist is most likely to:
- Look to the actual words of the Clean Water Act itself to determine a likely outcome.
  - Hope that the judge would not consider important issues such as clean water to human health, natural environment, etc.
  - Argue that judges should not use any factors other than the written law when passing decisions.
  - View the judge’s personal and professional beliefs about water pollution as determinative factors.
  - Believe that the law itself is far more important than the consideration of those who are in the position to enforce the law.
- d; Moderate**
16. Which of the following is true about private law?
- Understood to be law that is binding on specific parties.
  - Applies only within a state and cannot be enforced outside it.
  - It has been created by some legitimate authority with the power to create law.
  - If violated, penalties cannot be levied against the violator.
  - “Handed down” to the people within its jurisdiction.
- a; Moderate**
17. Which of the following would be considered an example of a substantive law?
- A federally mandated waiting period before purchasing a gun.

- b. Freedom from discrimination
- c. A statute preventing the sale of alcohol after 9:00pm
- d. Patent infringement
- e. Tariff Act of 1789

**b; Moderate**

18. John and Sharon enter into an employment contract, which specifies that Sharon will be employed by John for one year at an annual salary of \$45,000 plus benefits. The employment contract is an example of:
- a. Private law.
  - b. Public law.
  - c. Primary source of law.
  - d. Power backed by a threat exercised by John over Sharon.
  - e. Theory of jurisprudence.

**a; Moderate**

19. The U.S. Constitution created the structure of the federal government by distinguishing which the three branches?
- a. City, state, federal.
  - b. Executive, legislative, judicial.
  - c. Legislative, judicial, administrative.
  - d. International, tribal, state.
  - e. Public, private, procedural.

**b; Easy**

20. Which of the following is an example of public law?
- a. Home Owners' Association rules
  - b. No-parking zones on city streets
  - c. Company policy that employees must report for duty at 8:00 a.m.
  - d. "Shoplifters will be prosecuted" policy in a retail establishment
  - e. "No parking in front of these gates" sign in front of a house

**b; Moderate**

21. Which of the following is an example of private law?
- a. A speed limit of 20 mph in a school zone
  - b. A city prohibition against graffiti
  - c. A USDA recommendation to eat five servings of vegetables a day
  - d. A Home Owners' Association rule that prohibits members from constructing swimming pools on their properties
  - e. A no pedestrian traffic on interstate highways

**d; Moderate**

22. Which of the following is an example of a "check and balance" that exists between the government's branches?
- a. The Supreme Court may issue an advisory opinion about any bill before Congress approves it and before the President signs it.
  - b. Congress may override a Presidential veto.
  - c. The President may veto a Supreme Court opinion.
  - d. Congress may overrule a Supreme Court opinion by issuing a "Congressional Overruling of Judicial Opinion" statement.
  - e. The Senate has the power to declare war.

**b; Hard**

23. Which of the following statements about the Congress is true?
- a. Congressional power is unlimited with respect to creating laws.
  - b. Congress is the legislative body at the state level.
  - c. Congress cannot act outside of its enumerated powers.
  - d. Congress only considers bills that originate in the Senate.
  - e. Congress only considers bills that originate in the House of Representatives.

**c; Moderate**

24. Which of the following is an express power of the president?
- a. The president has the power to declare war.
  - b. The president has to comply with any new rule the Congress wants to implement.
  - c. The president can veto any bill passed by Congress.
  - d. The president can be overthrown by the Senate.
  - e. The president no longer has the power to sign bills passed by Congress.

**c; Moderate**

25. Chris, Travis, and Pav move in together. The rules of their apartment prohibit more than three unrelated people from living together in the same apartment. After they move in, they invite Patrick to move in with them. None of them are related to each other. After Patrick moves in, they are served with eviction papers. This is an example of the enforcement of a:

- a. Private law.
- b. Public law.
- c. Jurisdiction.
- d. Jurisprudence.
- e. Stare decisis.

**a; Moderate**

26. A state may exercise which of the following to regulate the safety, health, morals and welfare of its citizens:

- a. Vice laws
- b. Enabling legislation
- c. Police powers
- d. Stare decisis
- e. Jurisdiction

**C; Moderate**

27. A system divided between two or more forms of government is an example of:

- a. Bicameral.
- b. Statutory law
- c. Federalism
- d. Common law
- e. Jurisdiction

**c; Moderate**

28. Secondary sources of law are created by:

- a. Senators
- b. Representatives
- c. Judges
- d. State legislatures



- e. Legal scholars
- e; Moderate**

29. After a particular legal issue has been decided in a jurisdiction, there is a high probability that subsequent cases that present the same legal issue will use the same rule of law generated from already-decided cases regarding the same legal issue. This policy is known as \_\_\_\_\_.
- a. staredecisis
  - b. bicameral
  - c. precedent
  - d. vice laws
  - e. enabling legislation
- a; Easy**

30. Which of the following states is home to the Death with Dignity Act?
- a. Wisconsin
  - b. Utah
  - c. Maine
  - d. North Carolina
  - e. New York
- e; Moderate**

31. The population numbers from the census determine how many seats each state receives in the:
- a. Senate.
  - b. House of Representatives.
  - c. Joint subcommittee.
  - d. Ways and Means committee.
  - e. Executive cabinet.
- b; Moderate**

32. The powers of Congress are enumerated in:
- a. Magna Carta
  - b. Article II, Section 8 of the U.S. Constitution
  - c. *Common Sense*
  - d. Executive Branch
  - e. Article I, Section 8 of the U.S. Constitution
- e; Moderate**

33. \_\_\_\_\_ is a system of laws under which the people and the government are bound.
- a. Stare decisis
  - b. Natural law
  - c. Rule of man
  - d. Enabling legislation
  - e. Rule of law
- e; Easy**

34. Identify the primary goals of rule of law systems.
- a. Ensure that all states attain maximum financial growth.
  - b. Use vigilante justice and physical strength in dispute resolution.
  - c. Governance of conflict and the attainment of peace among the governed.
  - d. Ensure uniform treatment of commercial and noncommercial transactions.

e. Systems wherein power should be divided between two or more forms of government.  
**c; Moderate**

35. A rule of law does not accomplish which of the following?
- a. Legitimizes the law
  - b. Creates or captures precedent
  - c. Prevents citizens from breaking the law
  - d. Prevents any defense suggesting an ignorance of the law
  - e. Establishes clear rules of behavior
- c; Moderate**

36. The \_\_\_\_\_ contains the basis for many concepts contained in the U.S. Constitution, including the rights of the people to limit the sovereign.
- a. English Bill of Rights
  - b. Code of Hammurabi
  - c. Magna Carta
  - d. Act of Settlement
  - e. Charter of Liberties
- a; Easy**

37. “We the people” is a very important part of the preamble to the U.S. Constitution. Why?
- a. It is a government of laws and not of men.
  - b. It focuses purely on individual rights.
  - c. It allows unlimited government action.
  - d. It confers power on the people as well as on the states.
  - e. It confers all legislative powers in the Congress of the United States.
- d; Moderate**

38. In the IRAC model, the “A” stands for:
- a. Assessment
  - b. Analysis
  - c. Abatement
  - d. Automatic
  - e. Abide
- b; Moderate**

39. After analyzing the facts by comparing elements of the rule of law, what can then be asserted via the IRAC model?
- a. Abatement
  - b. Conclusion
  - c. Reasoning
  - d. Logic
  - e. Relevant issues
- b; Moderate**

40. Which of the following is a type of law that is applied retroactively to its passage?
- a. Ex post facto law
  - b. Judgment non obstante veredicto law
  - c. Bicameral law
  - d. Stare decisis law
  - e. Vice law

**a; Easy**

41. What is the mission of the U.S. Securities and Exchange Commission (SEC)?
- To undermine capital formation that is necessary to sustain economic growth.
  - To allow people to protect tangible property without having to go to extraordinary measures.
  - To prohibit discrimination related to protected characteristics in hiring and employment practices.
  - To practice and promote the highest standards of ethical behavior in government.
  - To protect investors and to maintain a fair market.

**e; Moderate**

42. Which Act requires creditors to accurately provide information concerning the costs involved in offers of credit?
- The Fair Credit Reporting Act
  - Title VII of the Civil Rights Act
  - The Truth in Lending Act
  - The Sarbanes-Oxley Act
  - The Federal Trade Commission Act

**c; Moderate**

43. The Truth in Lending Act (TILA) is implemented by:
- Title VII of the Civil Rights Act
  - Regulation Z
  - Federal Trade Commission
  - Securities and Exchange Commission
  - Sarbanes-Oxley Act

**b; Easy**

44. \_\_\_\_\_ prohibits discrimination related to protected characteristics in hiring and employment practices.
- Executive Order 11246
  - The Magna Carta
  - The Charter of Liberties
  - Title VII of the Civil Rights Act
  - The Sarbanes-Oxley Act

**d; Easy**

45. Marketers must take great care not to engage in deceptive advertising practices, lest their employer run afoul of the:
- Privacy Act.
  - Sarbanes-Oxley Act.
  - Wheeler-Lea Act.
  - False Claims Act.
  - Federal Trade Commission Act.

**e; Moderate**

**Short Answer/Essay**

- Discuss how the legal system could have averted or mitigated the damage from the 2008 credit crisis.

There are many ways the legal system could have averted the damage from the 2008 credit crisis. If the laws regulated the incentive structures that existed within private industry, the individual incentive to make profit would not have been allowed to overtake the financial institutions' need to self-preserve by limiting risk. If banking regulations limited the types of services that banks could offer, perhaps the exotic financial instruments that were created as a precursor to the credit crisis would not have been permitted in the first place. If the size of our financial institutions had been limited by law, the dangerous fallacy that the financial institutions were too large to fail could not have been perpetuated. If compensation packages were legally restricted by limitations on size or severed from linkages to performance, then individual incentives to maximize profit could have been restrained.

**Moderate**

2. On December 1, 1955, Rosa Parks refused to obey the order of a bus driver to give up her seat in the colored section to a white passenger in accordance with the law of the time. To what legal philosophy would you attach Ms. Parks' actions?

**Moderate**

In the case of Ms. Parks, her act of disobedience reflected natural law, which is the philosophy that all humans possess inalienable rights that are not subject to human-made law. The framers of the United States Declaration of Independence and Constitution emphasized that there were certain rights that no government officials or government branches could take away. If a law rejects the inalienable rights of humans, then natural law supposes that the human ability to reason and discover moral truths will override human-made laws.

3. Discuss whether the law is best defined as power backed by threats.

While the law certainly has the force of power behind it, many criticisms exist of understanding law as nothing more than power backed by threats. For example, some point out that if law is nothing more than power then the subjects of the law are simply at the mercy of whoever is in power. But many people in the United States generally do not feel that they are "at the mercy" of the government. This is because people also have power, and those in power are accountable to the people. Other criticisms include the fact that not all law requires the exercise of or threat of overt power. For instance, many of our laws rely on economic incentives to encourage compliance, rather than the force of power. Though penalty provisions may exist for violating those laws, those penalties may not be driving compliance itself.

**Hard**

4. Differentiate between legal positivists and legal realists. Illustrate with an example. Legal positivists believe that the law is what the law says. The laws are written, human-made rules. The law is not drawn from any source higher than man. Legal positivists do not try to read between the lines. They may disagree with the law as it is written, but they will acquiesce to the sovereign power and follow the law as it is written. Positivists believe that law is wholly separate from any consideration of ethics. Legal realists believe that the law itself is far less important than the consideration of who is in the position to enforce the law. They believe that law is the product of human making, and that the outcome of any given issue that arises under law is dependent upon the person who is in the position to exercise power under the law.

A tax protester who is a positivist would pay the taxes. A legal realist would weigh whether or not the tax law would be enforced against him based upon who was enforcing the law, and he would determine his actions based upon that analysis.

**Hard**

5. Differentiate between procedural law and substantive law.  
Some law is procedural and some law is substantive. Procedural law describes the legal rules that must be followed. In other words, it details the process or rules that are legally required. Substantive law refers to the actual substance of the law or the merits of the claim, case, or action. Substantive law embodies the ideas of legal rights and duties and is captured by our different sources of law, like statutes, the Constitution, or common law.

**Easy**

6. Identify and describe the primary sources of law in the United States.  
Primary sources of law in the United States include constitutional law, statutory law, common law, and administrative law. Statutory law is created by a legislative body. Common law is created by judges. Common law is a feature of most countries previously colonized by Great Britain, where it originated. Local legislative bodies, administrative rules and regulations, executive orders, and treaties are also important primary sources of law.

**Moderate**

7. Describe at least two ways in which American citizens can reject laws that they feel overreach or are not in their best interests.

The U.S. System of government affords its citizens opportunities to put their opposition to laws in action. One way to do so is by voting out elected officials who they feel have not crafted effective or beneficial laws. Every citizen is granted one vote, and when large blocks of citizens act in coordination, they can create great change. Another way citizens can oppose laws is to appeal their legitimacy to different courts, the highest being the United States' Supreme Court.

**Moderate**

8. How do the consequences differ between violating social customs or norms, and violating the law?

There are usually negative social or professional consequences to violating social customs. People may try to avoid someone who violates social customs, because people who violate social customs or norms make other people uncomfortable. However, no legal repercussions follow violating social customs.

Violations of law carry penalties, such as financial liability or loss of liberty, depending upon the type of violation. While people may generally decide whether or not to conform to social customs, they are compelled to obey the law under threat of penalty.

**Moderate**

9. What is the difference between private law and public law? Classify the following types of law as public or private:
  - a. Contract between two people for the sale of a boat.
  - b. A state statute that recognizes same-sex marriage.
  - c. Company policies regarding disciplinary procedures for employees at Microsoft.

- d. The Fourth Amendment requirement to obtain a search warrant prior to searching a private home.

Public law applies to everyone. It is law that has been created by some legitimate authority with the power to create law, and it has been “handed down” to the people within its jurisdiction.

Private law is typically understood to be law that is binding upon specific parties. For instance, parties to a contract are involved in a private law agreement. The terms of the contract apply to the parties of the contract, but not to anyone else.

- a. Private law
- b. Public law
- c. Private law
- d. Public law

**Moderate**

10. Discuss how a bill becomes a federal law.

A bill is introduced to Congress through the Senate or through the House of Representatives. After a bill is introduced, it is sent to an appropriate committee in the side of the Congress where the bill originated. If the committee moves forward with the bill, it modifies the bill as it sees fit to do, and then it sends the bill to the house of origination (either the Senate or the House of Representatives) for a vote. If the bill passes, then it is sent to the other house (again, either the Senate or the House of Representatives), where it undergoes the same process. If the other house votes to approve the bill, then the bill goes to the joint committee, which comprises both members of the House of Representatives and the Senate, where final work is completed. After that, the bill is sent to Congress for a full vote. If the bill passes, it is sent to the president. If the president signs the bill, then it becomes a statute.

**Moderate**

11. Discuss how precedents are formed and its importance to the legal system.

After a particular legal issue has been decided in a jurisdiction, there is a high probability that subsequent cases that present the same legal issue will use the same rule of law generated from already decided cases regarding the same legal issue. This is known as stare decisis, or “let the decision stand.” This is how precedents are formed, though precedents may shift or change over time. Precedents may be entirely overturned, though that is rare. Precedents and stare decisis allow us to anticipate the behavior of others and to gauge the legality of our own actions. However, in some cases, the judge distinguishes the facts from prior cases, so that precedents need not be followed. This is done when the facts at bar (that is, in the current case being decided) are sufficiently different than the facts in the prior case or cases that gave rise to the precedents.

**Moderate**

12. Briefly describe the U.S. rule of law system.

The U.S. rule of law system contains many elements of prior rule of law systems. Rule of law systems establish authority, create expectations for behavior, and establish redress for grievances and penalties for deviance. Governance of conflict and the attainment of peace among the governed are primary goals of rule of law systems. For example, securing peace is a goal within the U.S. rule of law system. The rule of law of the federal government in the United States is composed of many different sources of law, including constitutional law, statutory law, rules and regulations promulgated by administrative agencies, federal common

law, and treaties. Additionally, within the United States, several state and local jurisdictions exist, each having its own rule of law systems. The U.S. system of governance is one of federalism, which allows different rule of law systems to operate side by side. In the United States, these systems are the federal government and the state governments. The U.S. Constitution organized the U.S. government by creating the legislative, executive, and judicial branches. These models minimally provide order and, in some cases, provide opportunities for the governed to participate in government, both of which create role expectations of the governed.

**Moderate**

13. How does the rule of law provide protection for property?

Suppose people did not have protection for intangible property, such as intellectual property like trade secrets, trademarks, or copyrights, it would be very difficult to protect this type of property if they did not know the rules of the game. People would not have the incentive to create or share new intellectual property if they had no reasonable expectation of being able to protect it or of being rewarded for their creations. Likewise, the rule of law allows people to protect tangible property without having to go to extraordinary measures. For instance, if there was no rule of law system to convey and maintain legal ownership to people for real or personal property, they might be forced to hire expensive private security forces to guard their property when they could not be there to physically protect it themselves.

**Moderate**

14. How does the rule of law protect businesses from government? Explain with an example.

Since everyone is subject to the rule of law, this means that government itself may not overextend its reach when regulating or investigating businesses. Government must play by the rules, too. For example, imagine that the government could do anything, without any limits or jurisdictional restraints. A business operating in such a climate might find itself subject to government closure on a whim, or excessive taxes, or requirements to pay bribes to gain permits to do business. The rule of law system prevents such abuses.

**Moderate**

15. Briefly describe five questions that can be used to analyze a situation to determine if it is “right” or “wrong.”

There are five questions that can be used to help gauge whether a situation is “right” or “wrong.”

The first would involve questioning whether you would engage in a certain activity differently if you knew you were being observed, by family, friends or employers. Secondly, the ethics of a situation can quickly be assessed by determining how a decision will impact others? Does it cause harm? Can that harm be avoided?

Third, one should ask how an action will measure up against the standards of different ethical theories: utilitarian, deontological, or virtue.

An individual should determine if there is truly only one “right” or “wrong.” Situations are rarely black and white, and determining how many “rights” there are may help an individual weigh other options. In conclusion, one should always ask in what ways the decision conflicts with the law, religious beliefs or philosophical or moral standards.

**Moderate**

### Fill in the Blank

1. Different \_\_\_\_\_ of law exist, and it is important to understand them so that multiple outcomes can be explored.  
**philosophies; Easy**
2. Actions taken under the law are said to be under the color of \_\_\_\_\_.  
**authority; Easy**
3. \_\_\_\_\_ is a belief that the law is whatever the sovereign says it is; the law is written, human-made rules.  
**Legal positivism; Easy**
4. \_\_\_\_\_ is a belief that humans possess certain inalienable rights that are not the products of human-made law.  
**Natural law; Easy**
5. The dual system of government present in the United States, in which the federal and state governments coexist through a shared power scheme, is known as \_\_\_\_\_.  
**federalism; Easy**
6. Any powers not expressly granted to the federal government by the U.S. Constitution are reserved to the \_\_\_\_\_.  
**states; Moderate**
7. \_\_\_\_\_ is a term used to describe a legislature in which two bodies exist, such as the U.S. Congress, which is comprised of the Senate and the House of Representatives.  
**Bicameral; Easy**
8. An area where power may be exercised is a \_\_\_\_\_.  
**jurisdiction; Easy**
9. \_\_\_\_\_ powers are reserved to the states to regulate the safety, health, and welfare of its citizens.  
**Police; Easy**
10. A system of laws under which the people and the government are bound is known as a \_\_\_\_\_ system.  
**rule of law; Easy**
11. A(n) \_\_\_\_\_ is a term used to describe a type of law that is applied retroactively to its passage.  
**ex post facto law; Easy**
12. “I didn’t know the law” is no \_\_\_\_\_ at all!  
**Defense; Easy**
13. In \_\_\_\_\_ Lending, an advance is provided on a paycheck when a person is in urgent need of cash.  
**Payday; Easy**



14. Maine is considered a \_\_\_\_\_ state, in that it allows payday loans, but maintains exacting requirements.

**Hybrid; Moderate**

15. Serving the greatest good to the greatest number is an example of a \_\_\_\_\_ standard in ethical decision-making.

**Utilitarian; Easy**