

***Business Its Legal Ethical and Global Environment
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Chapter 01: Introduction to Law

True / False

1. Violations of civil laws can result in imprisonment.

- a. True
- b. False

ANSWER: False

2. If conduct is a criminal violation, it cannot also be a civil violation.

- a. True
- b. False

ANSWER: False

3. There are no criminal laws at the federal level.

- a. True
- b. False

ANSWER: False

4. Terms of a consulting contract are an example of private law.

- a. True
- b. False

ANSWER: True

5. Substantive laws provide the means and mechanisms for the enforcement of laws.

- a. True
- b. False

ANSWER: False

6. *Stare decisis* is Latin for "let the decision stand."

- a. True
- b. False

ANSWER: True

7. The common law in each state is the same.

- a. True
- b. False

ANSWER: False

8. Jurisprudence is legal philosophy.

- a. True
- b. False

ANSWER: True

9. Zoning laws are substantive only.

- a. True
- b. False

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ANSWER: False

10. The scholars of jurisprudence generally agree on the theory of law.

- a. True
- b. False

ANSWER: False

11. Statutory law exists at all levels of government.

- a. True
- b. False

ANSWER: True

12. The United States Code includes laws on anticompetitive activities as well as laws regulating the sale of securities.

- a. True
- b. False

ANSWER: True

13. Ordinances are generally found in state legislative codes.

- a. True
- b. False

ANSWER: False

14. The Code of Federal Regulations includes the enactments of federal administrative agencies.

- a. True
- b. False

ANSWER: True

15. States do not have administrative laws.

- a. True
- b. False

ANSWER: False

16. City ordinances generally cover the legal aspects of incorporation and securities registration.

- a. True
- b. False

ANSWER: False

17. Citations are a form of legal shorthand for referring to statutes, ordinances, and cases.

- a. True
- b. False

ANSWER: True

18. Constitutions exist at both state and federal levels.

- a. True
- b. False

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ANSWER: True

19. The Internal Revenue Code is part of federal statutory law.

- a. True
- b. False

ANSWER: True

20. Equitable remedies are not available in courts of law in the United States.

- a. True
- b. False

ANSWER: False

21. Laws' flexibility allow adjustments for technology changes.

- a. True
- b. False

ANSWER: True

22. A personnel manual is an example of private law.

- a. True
- b. False

ANSWER: True

23. Union/management laws demonstrate the role of law as a compromiser.

- a. True
- b. False

ANSWER: True

24. Criminal laws are generally enforced by individuals.

- a. True
- b. False

ANSWER: False

25. The Uniform Commercial Code and the Uniform Partnership Act are both enactments of Congress.

- a. True
- b. False

ANSWER: False

26. Once a court decision is issued, it cannot be reversed without legislative action.

- a. True
- b. False

ANSWER: False

27. A curfew is an example of the type of law that would be found in city or town ordinances.

- a. True
- b. False

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ANSWER: True

28. The uniform laws on partnerships and corporations are found codified in the United States Code.

- a. True
- b. False

ANSWER: False

29. There are agency regulations at both the state and federal levels.

- a. True
- b. False

ANSWER: True

30. Courts create and apply the common law.

- a. True
- b. False

ANSWER: True

31. If you run a red light and hit and injure a pedestrian, both civil and criminal laws will apply.

- a. True
- b. False

ANSWER: True

32. The Uniform Commercial Code (UCC) has been adopted in all 50 states.

- a. True
- b. False

ANSWER: False

33. The CISG is another name for the UCC.

- a. True
- b. False

ANSWER: False

34. Scalping ordinances are an example of criminal laws.

- a. True
- b. False

ANSWER: True

35. Context is a factor in types of legal systems.

- a. True
- b. False

ANSWER: True

36. Courts interpret all levels of statutes and regulations.

- a. True
- b. False

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ANSWER: True

37. Zoning is an example of private law.

- a. True
- b. False

ANSWER: False

38. A question about a licensing exam for a real estate agent is best answered by going to federal laws.

- a. True
- b. False

ANSWER: False

39. Statutes that eliminate constitutional protections are still valid if they are federal statutes.

- a. True
- b. False

ANSWER: False

40. The U.S. Constitution does not apply to the states.

- a. True
- b. False

ANSWER: False

41. Judicial review is one means for clarifying the meaning of laws.

- a. True
- b. False

ANSWER: True

42. A violation of a civil law is a wrong against society.

- a. True
- b. False

ANSWER: False

43. The adage "No one is above the law" means that enforcement is consistent regardless of what parties are involved.

- a. True
- b. False

ANSWER: True

44. The law can infringe on individual freedoms or become so complex that it is difficult to enforce.

- a. True
- b. False

ANSWER: False

45. Constitutions are not statutes because they cannot be added to, amended, or repealed with the same ease as can statutes.

- a. True

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b. False

ANSWER: True

Multiple Choice

46. Which of the following is a purpose of law?

- a. shaping moral standards
- b. influencing economic growth
- c. promoting capitalism
- d. providing compromises

ANSWER: d

47. Several states have recently enacted legislation to permit casino gambling on river boats docked in their states. Gambling is permitted only while the boats are traveling in the rivers surrounding or inside the states. One governor issued the following statement: "It wouldn't matter how many gaming statutes are passed or how many legislatures passed them, the fact of the matter is that commercial gambling is wrong." This governor's views:

- a. indicate that he follows the positive law theory.
- b. indicate that he follows the natural law theory.
- c. indicate that he is against principles of justice.
- d. are most parallel to those of Oliver Wendell Holmes.

ANSWER: b

48. Bill Blackburn is the new mayor of Oceanside, Washington. He discovered that the city-run utility requires a deposit of \$50 from new customers in homes. However, new customers who reside in apartments, condominiums, or townhouses must pay a \$500 deposit. Mayor Blackburn proposed that the utility deposit be \$100 for all new customers. Blackburn's change fits best under which theory of law?

- a. positive law theory
- b. natural law theory
- c. theory of justice
- d. theory of custom

ANSWER: c

49. Which of the following is not an example of a law that promotes equality?

- a. employment discrimination laws
- b. antisegregation statutes
- c. Social Security statutes
- d. trespassing statutes

ANSWER: d

50. Which of the following has a citation with a structure similar to that of a U.S.C. cite?

- a. CFR
- b. SEC
- c. USCFR
- d. RFC

ANSWER: a

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51. Which of the following is not part of the United States Code?

- a. 1933 Securities Act
- b. Sherman Act
- c. Equal Employment Opportunity Act
- d. Uniform Commercial Code

ANSWER: d

52. Which is the proper cite for Congressional law?

- a. CFR
- b. USC
- c. E.O.O.C.
- d. SEC

ANSWER: b

53. The UCC has been adopted by:

- a. all 50 states.
- b. over half the states.
- c. 49 states.
- d. a quarter of the states, but it is rapidly gaining in adoptions.

ANSWER: c

54. Enactments of federal administrative agencies are found in:

- a. the United States Code.
- b. the Code of Federal Regulations.
- c. the U.S.C.
- d. the U.C.C.

ANSWER: b

55. In "cite 15 U.S.C. sec. 77," the 15 represents:

- a. the page number.
- b. the volume number.
- c. the session of Congress when enactment occurred.
- d. the section number.

ANSWER: b

56. Uniform laws are:

- a. required to be adopted by states.
- b. written to make interstate business less complicated.
- c. found in USC.
- d. passed by Congress.

ANSWER: b

57. Legal and equitable remedies:

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- a. are available in all courts in the United States.
- b. are awarded by separate courts of equity and law.
- c. are the same remedies.
- d. exist only in the United States.

ANSWER: a

58. Which is not an example of private law?

- a. lease on a residential home
- b. lease on a commercial building
- c. zoning ordinances
- d. contract for the sale of a car
- e. employer regulations

ANSWER: c

59. Which of the following is not true regarding constitutional law?

- a. exists at the state and federal levels
- b. establishes government structure
- c. establishes individual rights
- d. can be changed by Congress

ANSWER: d

60. Phil's Corner Mart is a convenience store and gasoline station. A representative from the Environmental Protection Agency (EPA) has just notified Phil that there is some leakage from his underground gasoline storage tanks. The EPA representative explains to Phil that he will be issuing a citation for violation of federal environmental laws and that Phil could be liable for clean-up costs and penalties. Which of the following statements is true?

- a. Phil has been charged with a crime.
- b. Phil has been charged with violation of a state statute.
- c. Phil is facing civil penalties for the violation.
- d. The EPA promulgates USC provisions.

ANSWER: c

61. A state statute that prohibits "baby buying" regardless of circumstances is a law that most closely follows which theory of jurisprudence?

- a. justice
- b. natural law
- c. positive law
- d. custom

ANSWER: b

62. Administrative regulations are promulgated by:

- a. Congress.
- b. constitutional conventions.
- c. administrative agencies.
- d. state legislatures.

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ANSWER: c

63. Which of the following subjects is not generally covered by local ordinances?

- a. zoning
- b. curfews
- c. dog licensing
- d. partnerships
- e. traffic

ANSWER: d

64. Criminal laws:

- a. carry fines and/or imprisonment penalties.
- b. are enforced by individuals.
- c. are generally not enforced by government agencies.
- d. are the same as private laws.

ANSWER: a

65. On faxed documents, it is often difficult to tell if a signature is authentic, both because clarity is a problem and also because signatures can be cut and pasted onto new documents from old documents. The Uniform Commercial Code provides that anything placed on a document with the intent to authenticate it is a binding signature for a valid contract. The UCC definition:

- a. did not anticipate the technology problems arising from the fax.
- b. will apply even in these fax situations.
- c. is a common law definition.
- d. is part of federal law.

ANSWER: a

66. Which of the following is not an example of a law that promotes order?

- a. disclosure statutes for securities sales
- b. curfew
- c. speed limits
- d. trespassing laws

ANSWER: a

67. Changes in laws that are made because of changes in technology illustrate which characteristic of law?

- a. consistency
- b. pervasiveness
- c. flexibility
- d. morality

ANSWER: c

68. Which of the following is an example of a law that provides compromises?

- a. curfews
- b. antitrust laws

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- c. traffic laws
- d. union/management laws

ANSWER: d

69. The federal statute that carries imprisonment as a penalty for trading securities on inside information is an example of a:

- a. private law.
- b. civil law.
- c. procedural law.
- d. criminal law.

ANSWER: d

70. Common law:

- a. no longer exists today.
- b. began in England.
- c. exists only in England.
- d. was eliminated with the courts of equity.

ANSWER: b

71. Which of the following is not a source of international law?

- a. custom
- b. treaties
- c. private law
- d. Code of Federal Regulations

ANSWER: d

72. Ellen Benson has been operating a small catering business out of her home. Business growth is now requiring an office and kitchen facilities. Before expanding facilities, Ellen wishes to incorporate her business. Where would Ellen find the laws of incorporation?

- a. state statutes
- b. zoning ordinances
- c. Code of Federal Regulations
- d. county ordinances

ANSWER: a

73. Which of the following is not a source of private law?

- a. lease
- b. employment agreement
- c. ordinance
- d. marriage prenuptial agreement

ANSWER: c

74. Anna Elleson has just opened her plumbing business in a small industrial park located within the boundaries of the city of Tempe, Arizona. Upon opening her plumbing business, Anna receives a notice from the landlord that her largest pieces of equipment (backhoes) may not be parked in the parking lot of the industrial park overnight. Anna asks why and

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the landlord explains that there is a restriction in her lease. The restriction against parking equipment in the complex is:

- a. enforceable as a private law.
- b. unenforceable unless a city zoning ordinance prohibits such parking.
- c. an unconstitutional regulation of private property.
- d. unenforceable unless signs are posted.

ANSWER: a

75. Anna would like to incorporate her plumbing business, which is located in Tempe, Arizona. Where can she find out the requirements for incorporation?

- a. Tempe city ordinances
- b. her rental agreement
- c. Arizona Revised Statutes
- d. U.S.C.

ANSWER: c

76. Anna feels, after negotiating her first few plumbing contracts, that there is a pricing conspiracy involving other plumbing contractors that keeps her from really breaking into the market. Her business is located in Tempe, Arizona. Where would Anna find the law on anticompetitive behavior?

- a. Arizona Revised Statutes
- b. United States Code
- c. Tempe city ordinances
- d. count ordinances

ANSWER: b

77. Juan Renfro was recently downsized as part of a corporate restructuring at the jet propulsion firm where he works. Juan is confused, "Do I have any rights on my health insurance? What about unemployment?" Which sources of law would have information for Juan in answering his questions?

- a. jurisprudence
- b. ordinances
- c. executive orders
- d. federal statutes (U.S.C.)

ANSWER: d

78. Jane Dixon is going to create a limited liability company for operating her business that does billing for physicians and medical laboratories. Jane is unsure whether her state allows for the creation of limited liability companies. Advise Jane on the best place to look for finding whether she can create a limited liability company in her state:

- a. United States Code
- b. Code of Federal Regulations
- c. municipal ordinances
- d. state statutes

ANSWER: d

79. Wexler Corporation has established a new policy on employee e-mails. The policy reads: "All e-mail sent using the company server is the property of the company and is not private. Supervisors and managers shall have the right to review such e-mails. Inasmuch as the company is liable for e-mail content, it reserves the right to review it." The policy:

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- a. is an example of private law.
- b. is an example of statutory law.
- c. is an example of constitutional law.
- d. is never enforceable.

ANSWER: a

80. Which of the following is an example of law not enacted by an elected body?

- a. municipal law
- b. administrative regulations
- c. state codes
- d. United States Code

ANSWER: b

81. Jim Ream is a freshman at Woise State. Jim is a computer whiz and has found a way to download movies from DVDs and then transfer the files to others. "But, Jim," you tell him, "that Grokster thing made all that illegal." Jim responds, "That was music, this is movies. Completely different. No legal problems." Jim:

- a. is correct because federal law does not apply to movies.
- b. is correct because the precedent can be distinguished.
- c. is incorrect because there is an infringement issue and Grokster is precedent.
- d. is correct because he is just doing it for friends.

ANSWER: c

82. Frank Zelco is a manufacturer's rep who represents the product lines of several manufacturers. Frank has worked with his brother, Dion, in their two-person firm for almost five years. They have no written contract, but they split the profits. Frank would like to create a business organization and put their arrangement in a written contract. Which sources of law will Frank need to help him do this?

- a. ordinances
- b. the UCC
- c. state laws on business organizations
- d. the U.S.C.

ANSWER: c

83. During 2003, the White House asked its legal counsel for an interpretation of what constitutes torture of prisoners of war and who is considered a prisoner of war. What sources of law will the legal counsel need to consult?

- a. federal statutes
- b. federal administrative regulations
- c. ordinances
- d. state laws

ANSWER: a

84. The term "common law" has been in existence since:

- a. the end of the Civil War.
- b. the end of World War I.
- c. 1492.

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d. 1066.

ANSWER: d

85. When the music companies filed suit against the peer-to-peer file sharers on copyrighted music, they wanted legal and equitable remedies. Which of the following is an equitable remedy?

- a. money damages for the loss of royalties on the downloaded copyrighted songs
- b. injunction against the facilitating software provider for the downloading
- c. civil penalties for the infringement
- d. closure of all peer-to-peer file sharers

ANSWER: b

86. A court of chancery:

- a. is another name for a court that provides equitable remedies.
- b. is another name for a court that provides legal remedies.
- c. never existed in the United States.
- d. handles decisions regarding lottery disputes at the state level.

ANSWER: a

87. The laws on copyright ownership and infringement were passed by the U.S. Congress. Where would you find those laws?

- a. in the Uniform Commercial Code
- b. copyright is governed by the common law
- c. in the Federal Register
- d. in the United States Code

ANSWER: d

88. Jane Simms had a number of files on her computer that consisted of drafts of speeches that her supervisor had planned to give at an industry conference. Jane had a problem with many of her files being destroyed when she upgraded her operating system. Her supervisor did not give his speech at the industry conference, but was subsequently indicted, along with others in the industry, for price-fixing. The Justice Department has subpoenaed Jane's computer files, and Jane explains that the files no longer exist. Jane has been charged with a violation of 18 U.S.C. § 1519 for destroying "records and documents." Which of the following statements is correct?

- a. Jane cannot be charged because the speeches were not hers.
- b. Whether Jane can be charged is controlled only by the language of the statute.
- c. Jane cannot be charged because computer files are different from "records and documents".
- d. A court determines whether the statute applies to Jane.

ANSWER: d

89. Which of the following would not be an example of public law?

- a. state constitution
- b. federal constitution
- c. a state's lease of an office building
- d. county property tax laws

ANSWER: c

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90. You did not obtain a license for your bicycle. The city ordinance requiring bike licenses carries a \$50 fine for the failure to obtain a license. Which of the following is true?

- a. This is an example of a criminal law.
- b. This is an example of a private law.
- c. This is an example of a state regulation.
- d. This is an example of tort law.

ANSWER: a

91. Rachel Salazar is a writer of children's books who is well known and appears on television talk shows on a regular basis. The magazine, *Literary Guild*, wrote an article that compared passages of her children's books to those of other authors to show that she had plagiarized her work. The examples *Literary Guild* used were from books written after Ms. Salazar's works. What type of law affords Ms. Salazar a way to recover damages for the errors in the article?

- a. criminal law
- b. civil law
- c. code law
- d. agency law

ANSWER: b

92. Which of the following is a part of common law?

- a. statutes in England
- b. religious diversity
- c. capitalism
- d. *stare decisis*

ANSWER: d

93. Chao Gee developed a software program that helped retail stores better manage their shelf inventories. Gee has discovered that a student who worked stocking shelves at Highland Grocery Store obtained a bootleg copy of the software and has been selling it from his dorm room at State University. Gee wishes to know what types of remedies he has available.

- a. He has no remedies, but he could report the activity for criminal prosecution.
- b. An injunction to stop the sales of his program.
- c. There are no remedies for him if the program can be downloaded because that is only criminal activity.
- d. Getting the student expelled from school.

ANSWER: b

94. Taye Knopf is an auditor who has been asked to provide an audit and financial statement certification for a company that is going public on the New York Stock Exchange. Knopf wants to know his personal liability if the company provides him with inaccurate or false information. Which of the following sources of law will help him answer that question?

- a. the city ordinances where the company headquarters is located
- b. the state constitution of the state where the company is incorporated
- c. Code of Federal Regulations
- d. U.S.C.

ANSWER: c

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95. Where would you find the Uniform Commercial Code?

- a. United States Code
- b. Code of Federal Regulations
- c. state legislative law
- d. city legislative law

ANSWER: c

96. Someone who violates a civil law must compensate the harmed party. This is known as:

- a. restitution.
- b. adjudication.
- c. injunction.
- d. rescission.

ANSWER: a

97. Common law came about as judges in different areas settled disputes in similar ways by consulting their fellow judges on their previous decisions before issuing new decisions. This principle of following other decisions is referred to as:

- a. *ex post facto*.
- b. *stare decisis*.
- c. *caveat emptor*.
- d. *quid pro quo*.

ANSWER: b

98. Which of the following schools of thought is subscribed to by people who believe that the critical part of the law is obedience so that people can have an orderly society?

- a. Common law
- b. Neutral law
- c. Natural law
- d. Positive law

ANSWER: d

99. The United States of America's form of government is grounded in the natural law theorists' views that:

- a. acting as a compromiser is not the function of law.
- b. law must not change even if the society changes.
- c. one has certain unalienable rights that cannot be taken away by any law.
- d. law is a highly specialized form of social contract that must be unregulated.

ANSWER: c

Essay

100. Ralph Waters is a developer who is interested in developing a planned adult mobile home community in Mesa, Arizona. Ralph will need to incorporate and then learn the procedures necessary to begin the development. What levels of law will affect Ralph? What types of laws will apply to him?

ANSWER: Students should discuss the following:

- County ordinances - zoning
- City ordinances - zoning, permits

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State statutes - incorporation
Federal statutes - mortgages (FHA, VA)
Federal regulations - HUD
Private law - contracts for homes

101. Give a sample citation for each of the following statutes/regulations:

- a. United States Code
- b. Code of Federal Regulations

ANSWER: 15 U.S.C. sec. 77
12 C.F.R. sec. 226

102. In confirmation hearings of nominated judges and justices, what role may *stare decisis* play in the questioning of the nominee?

ANSWER: *Stare decisis* means to “let the decision stand.” A judge is supposed to apply the law as written by a legislature. By following *stare decisis*, a judge will not disregard established precedent simply because the judge does not like it. Since Senators are not supposed to ask nominees about specific case holdings, the questions can try to avoid that by, for example, asking a nominee if they believe *Roe v Wade* is a legal precedent and then asking if the nominee believes in *stare decisis*.

103. Discuss the differences between public and private law.

ANSWER: Criminal versus civil penalties
Private enforcement versus public enforcement
Governmental enactment versus individual enactment

104. Give an example of the type of law found at each level of government noted.

- a. U.S. Constitution
- b. congressional enactments
- c. state legislation
- d. federal administrative regulations

ANSWER: U.S. Constitution: Bill of rights protections like First Amendment; structure of government
Congressional: Antitrust statutes
Securities laws
Internal Revenue Code
State legs: Uniform Commercial Code
Uniform Partnership Act
Corporations laws
Federal regs: IRS regs
Truth-in-lending regs
Securities regs

105. The Family Leave Act was passed by Congress in 1993. The Act requires certain employers (those of a certain size) to give 12 weeks of leave to their employees for the birth or adoption of a child or the care of an ill spouse, parent, or child. Answer the following questions:

- a. In which set of statutes will this new law be found?
- b. Is the statute a civil or criminal law?
- c. Is the statute an example of legislating natural law?

ANSWER: a. United States Code
b. Civil Law
c. Yes, in a way. The law legislates the right to be with family members when we are needed most.

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106. Name three types of business arrangements governed, at least in part, by private law.

ANSWER: Leases; employment contracts; consulting contracts; sales contracts

107. Draw the pyramid of laws and label each level of the pyramid with the appropriate source of law.

ANSWER: The students should reproduce the pyramid figure from chapter one with the sources of law from bottom to top being: constitution; federal legislative enactments; federal agency regulations; state constitutions; state legislative enactments; state agency regulations; county, city, and borough laws; private laws; and the pyramid is surrounded by case law; all statutes are subject to interpretation.

108. Give the source of statutory law for each of the following topics:

- a. Uniform Revised Limited Partnership Act
- b. 1933 Securities Act
- c. law requiring bikes on public streets to be licensed
- d. no taking of property without just compensation
- e. establishment of the House of Representatives

ANSWER: a. state law
b. federal law
c. ordinance
d. constitution
e. constitution

109. For each of the following actions, describe the sources of law the individuals should consult:

- a. obtaining a bicycle license
- b. incorporating a company
- c. determining how many feet of set back are required for residential construction
- d. selling securities on a national exchange

ANSWER: a. ordinances
b. state law
c. ordinances
d. federal statutory law - U.S.C. and SEC regulations, C.F.R.

110. Following the 1999 tragedy at Columbine High School in Littleton, Colorado, when 13 students were killed by two of their armed classmates, there was discussion of Second Amendment rights and gun control regulations were passed by Congress. What sources of law were part of the discussions and legislation?

ANSWER: Second Amendment is part of U.S. Constitution and Congress passed laws that became part of U.S.C.

111. Give an example of an executive order.

ANSWER: The book gives several examples such as executive branch agencies being required to first try alternative dispute resolution, the "gag rule" on abortion counseling, ban on federal funds for abortion, the classification of executive branch documents and the use of minority workers in federal contracting. Others that are topical and in the news include the use of federal funds for stem-cell research and the declaration of national preserves.

112. In 2006, Congress passed the Pension Reform Act. The act amended the Employee Retirement Income Security Act (ERISA). The act was passed when several companies declared bankruptcy and were discharged from paying their pension obligations to retired employees. Discuss how the Pension Reform Act illustrates the purpose of law and what purposes emerge from the new legislation.

ANSWER: The pension reforms accomplished several purposes that are part of the law. First, the law restored stability to the economy as well as the lives of the retired workers by not eliminating their only source of income. Second,

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the law was used to enforce expectations and provide reassurance that we can plan on the basis of promises and law in existence at the time we were employees and savings funds in the pension plan. With this reassurance that pensions would be honored. Congress also imposed some new requirements on employers that required them to honor their promises. In all likelihood the reforms had a secondary goal of keeping order because there were threatened strikes and protests when the pensions were discharged.

113. Write the type of law (federal, state, city or county, private) for each of the following:

HOA regulations

Dog licenses

Internal Revenue Code

Model Business Corporation Act

Real estate licenses

Emissions permits

Securities registration

ANSWER: HOA regulations - Private

Dog licenses - City or county

Internal Revenue Code - Federal

Model Business Corporation Act - State

Real estate licenses - State

Emissions permits - Federal

Securities registration - Federal

114. Describe the purpose of law to act as the great compromiser.

ANSWER: An important purpose of law is to act as the great compromiser. Few people, groups, or businesses agree philosophically on how society, business, or government should be run. Law serves to mesh different views into one united view so that all parties are at least partially satisfied. When disputes occur, the courts apply the law to the parties' situation in an attempt to strike a compromise between two opposing views. The U.S. Supreme Court has provided compromises for the rights of businesses to be involved in the political process and make donations to candidates.

115. Describe the role of constitutions as the law of the people.

ANSWER: Constitutions are the law of the people and are changed only by lengthier and more demanding procedures than those used to repeal statutes. Constitutions tend to protect general rights, such as speech, religion, and property. They also provide a framework for all other forms of laws. The basic rights and protections afforded in them cannot be abridged or denied by the other sources of law. In other words, statutory boundaries are formed by constitutionally protected rights.

116. Describe the features of state administrative law with examples.

ANSWER: Just as at the federal level, state governments have administrative agencies with the power to pass regulations dealing with the statutes and powers given by the state legislatures. For example, most states have an agency to handle incorporations and the status of corporations in the state. Most states also have a tax agency to handle income or sales taxes in the state. State agencies control professional licensing for physicians, real estate agents, cosmetologists, and so on.