

CHAPTER 1: INTRODUCTION TO LAW

TRUE/FALSE

1. Violations of civil laws can result in imprisonment.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: civil law

2. If Susan hits Debra, and Debra sues Susan for that act, Susan cannot also be prosecuted for that same act.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: civil law

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

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: statutory law

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

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: private law

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

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: substantive law

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

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: stare decisis

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

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: common law

8. The power theory is part of jurisprudence but the justice theory is not.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: jurisprudence

9. The positive law theory provides that an individual follows ethical standards established by religious beliefs.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: natural law

10. Substantive laws are, in essence, the same thing as procedural laws.

21. Constitutions exist at both state and federal levels.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: constitutions

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

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: federal statutes

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

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: equity

24. Laws' flexibility allow adjustments for technology changes.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: characteristics

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

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: private law

26. Pervasiveness, consistency, and inflexibility are characteristics of law.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: characteristics

27. Criminal laws are generally enforced by individuals.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: criminal laws

28. A multilateral treaty is a treaty among several nations.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: international law

29. The act of state doctrine permits other countries to intervene in a nation's government when human rights are violated.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: international law

30. The EU has its own currency.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: international law

31. NAFTA is a treaty that has not yet been adopted by the United States.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: international law

32. The United States can set aside the expropriation acts of another country if there was no due process.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: international law

33. The principle of stare decisis forbids a court from changing a doctrine already established judicially.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: stare decisis

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

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: stare decisis

35. NAFTA is a trade agreement among the United States, Canada, and Mexico.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: international law

36. Nationalization is confiscation of property by a government entity.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: international law

37. Party autonomy is not permitted in international contracts.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: international law

38. The EU will be disbanded in 2009.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: international law

39. Treaties are a source of international law.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: international law

40. Custom has no impact on international law.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: international law

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

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: stare decisis

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

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: ordinances

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

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: sources of law

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

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: types of laws

45. Courts create and apply the common law.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: stare decisis

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

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: types of laws

47. Most countries follow a philosophy of *caveat emptor*.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: international law

48. Expropriation is also known as confiscation.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: international law

49. The CISG is another name for NAFTA.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: international law

50. Curfews are an example of state laws.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: types of laws

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

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: international law

52. Courts interpret all levels of statutes and regulations.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: sources of law

53. Zoning is an example of private law.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: sources of law

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

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: sources of law

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

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: sources of law

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

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: sources of law

57. The *Napster* and *Grokster* cases held that someone who makes downloading possible could be liable for copyright infringement.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: case precedent

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

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: sources of law

59. In the *Sony* case, Sony was held liable for vicarious infringement.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: case precedent

60. P2P is peer-to-peer file sharing.

ANS: T PTS: 1 NAT: AACSB: Analytic
TOP: intellectual property

61. P2P does not involve infringement issues.

ANS: F PTS: 1 NAT: AACSB: Analytic
TOP: intellectual property

MULTIPLE CHOICE

1. Which of the following is not a purpose of law?
 - a. keeping order
 - b. influencing conduct
 - c. promoting equality
 - d. providing compromises

e. All of the above are purposes of law.

ANS: E PTS: 1 NAT: AACSB: Analytic
TOP: purpose of law

2. 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 power law theory.
 - b. indicate that he follows the natural law theory.
 - c. indicate that he follows the justice law theory.
 - d. indicate that he follows the probability law theory..

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: theory of law

3. 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

ANS: C PTS: 1 NAT: AACSB: Analytic
TOP: theory of law

4. Which of the following is not a purpose of law?
- a. Honoring expectations
 - b. Keeping order
 - c. Influencing conduct
 - d. Promoting longevity

ANS: D PTS: 1 NAT: AACSB: Analytic
TOP: purpose of law

5. Which is the proper cite for the Code of Federal Regulations?
- a. CFR
 - b. USC
 - c. USCFR
 - d. none of the above

ANS: A PTS: 1 NAT: AACSB: Analytic
TOP: statutes

6. 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
 - e. All of the above are part of the United States Code.

ANS: D PTS: 1 NAT: AACSB: Analytic
TOP: statutes

7. Which is the proper cite for Executive Orders?
- CFR
 - USC
 - E.O.O.C.
 - none of the above

ANS: D PTS: 1 NAT: AACSB: Analytic
TOP: statutes

8. Which of the following is not an example of private law?
- contracts
 - Uniform Commercial Code
 - leases
 - All of the above are private laws.

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: private law

9. Enactments of federal administrative agencies are found in:
- the United States Code.
 - the Code of Federal Regulations.
 - U.S.C.
 - none of the above

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: statutes

10. In "cite 15 U.S.C. sec. 77," the 15 represents:
- page number.
 - volume number.
 - the session of Congress when enactment occurred.
 - none of the above

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: statutes

11. Uniform laws are:
- required to be adopted by states.
 - written to make interstate business less complicated.
 - found in USC.
 - none of the above

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: statutes

12. Legal and equitable remedies:
- are available in all courts in the United States.
 - are awarded by separate courts of equity and law.
 - are the same remedies.
 - exist only in the United States.
 - none of the above

ANS: A PTS: 1 NAT: AACSB: Analytic

TOP: equity

13. 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

ANS: C PTS: 1 NAT: AACSB: Analytic
TOP: private law

14. 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

ANS: D PTS: 1 NAT: AACSB: Analytic
TOP: constitutions

15. 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.

ANS: C PTS: 1 NAT: AACSB: Analytic
TOP: types of laws

16. 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

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: theory of law

17. Administrative regulations are promulgated by:
- a. Congress.
 - b. constitutional conventions.
 - c. administrative agencies.
 - d. state legislatures.
 - e. none of the above

ANS: C PTS: 1 NAT: AACSB: Analytic
TOP: statutes

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

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

ANS: D

PTS: 1

NAT: AACSB: Analytic

TOP: statutes

19. 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.
- e. none of the above

ANS: A

PTS: 1

NAT: AACSB: Analytic

TOP: types of laws

20. 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.

ANS: A

PTS: 1

NAT: AACSB: Analytic

TOP: law and statutes

21. 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

ANS: A

PTS: 1

NAT: AACSB: Analytic

TOP: purpose of law

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

- a. consistency
- b. pervasiveness
- c. flexibility
- d. none of the above

ANS: C

PTS: 1

NAT: AACSB: Analytic

TOP: characteristics

23. Law is:

- a. constant throughout time.
- b. defined consistently across cultures.
- c. a set of rules governing people and their relationships.
- d. derived from the Latin meaning a chaotic state punctuated by sporadic short-lived order.

ANS: C

PTS: 1

NAT: AACSB: Analytic

TOP: purpose of law

24. The federal statute that carries imprisonment as a penalty for trading securities on inside information is an example of a:
- private law.
 - civil law.
 - procedural law.
 - criminal law.
 - all of the above

ANS: D PTS: 1 NAT: AACSB: Analytic
TOP: types of laws

25. This means “to let the decision stand” and is used by courts to make consistent judgments.
- stare decisis*
 - statutory decisis*
 - substantive decisis*
 - scienter decisis*

ANS: A PTS: 1 NAT: AACSB: Analytic
TOP: stare decisis

26. Common law:
- no longer exists today.
 - began in the United States.
 - exists only in England.
 - was eliminated with the courts of equity.
 - none of the above

ANS: E PTS: 1 NAT: AACSB: Analytic
TOP: common law

27. Which of the following is not a source of international law?
- custom
 - treaties
 - private law
 - Code of Federal Regulations

ANS: D PTS: 1 NAT: AACSB: Analytic
TOP: international law

28. The European Union:
- was disbanded by GATT.
 - is an organization of European countries.
 - has established trade barriers.
 - has strict customs controls among the members.

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: international law

29. Zafran, a small Third World nation, has just had a change of government. The new leader has announced a government takeover of all factories. The new leader's act:
- is expropriation.
 - is a violation of the United Nations' human rights principles.
 - can be set aside in U.S. federal court.

40. 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:
- 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.
 - e. none of the above

ANS: A PTS: 1 NAT: AACSB: Analytic
TOP: sources

41. 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
 - e. all of the above are enacted by an elected body

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: statutes

42. GATT stands for the:
- a. General Agreement on Tariffs and Taxation
 - b. General Agreement on Transportation and Taxation
 - c. General Agreement on Tariffs and Trade
 - d. General Agreement on Trade and Tobacco

ANS: C PTS: 1 NAT: AACSB: Analytic
TOP: international trade

43. NAFTA is a treaty among:
- a. the EU and the United States
 - b. Britain, Canada and the United States
 - c. NATO nations
 - d. The United States, Canada and Mexico
 - e. none of the above

ANS: D PTS: 1 NAT: AACSB: Analytic
TOP: international law

44. The CISG:
- a. is an example of uniform state laws.
 - b. is an example of uniform international laws.
 - c. is an example of a war convention among several nations.
 - d. does not exist in the EU.
 - e. none of the above

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: international law

45. Southwestern states' marital property rights were influenced by laws in _____, while many Louisiana laws were influenced by laws from _____.
- a. Mexico; Spain

- b. Spain; Mexico
- c. Mexico; France
- d. Spain; France

ANS: C PTS: 1 NAT: AACSB: Analytic
TOP: legal history/origins

46. 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. both b and c

ANS: C PTS: 1 NAT: AACSB: Analytic
TOP: sources of law

47. 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. international treaties
 - c. ordinances
 - d. both a and b

ANS: D PTS: 1 NAT: AACSB: Analytic
TOP: sources of law

48. If a court is faced with an issue of infringement involving the downloading of movies from Internet through peer-to-peer file sharing, which case offers the best precedent for the film producers?
- a. *Sony*
 - b. *Grokster*
 - c. neither because precedent does not apply to new technologies
 - d. none of the above

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: precedent

49. The act of state doctrine is a theory that protects governments from reviews of their actions by:
- a. all courts.
 - b. Congress.
 - c. courts in other countries.
 - d. the International Court of Justice.

ANS: C PTS: 1 NAT: AACSB: Analytic
TOP: purpose of law

50. 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. both a and c

ANS: B PTS: 1 NAT: AACSB: Analytic
TOP: equitable vs. legal

51. Which of these countries is not a member of the EU?
- Denmark
 - Finland
 - Ireland
 - Russia

ANS: D PTS: 1 NAT: AACSB: Analytic
TOP: international law

ESSAY

1. Discuss the four basic groups of legal philosophies focusing on the issue of slavery.

ANS:

Students should discuss the following:

Natural - is it morally right to own and use others? Is the freedom of an individual a higher right that cannot be given or taken away by a law?

Justice - is it fair and equitable to enslave?

Power - the slave owners can do what they want to do

Order theory - does slavery help to control behavior and set guidelines for society?

PTS: 1 NAT: AACSB: Analytic TOP: theory of law

2. Why is constitutional law the foundation of all other types of laws?

ANS:

Students should discuss the following:

Constitutions protect general, fundamental rights that cannot be changed by other laws.

Constitutional law is the framework for all other forms of law.

Example: free speech is protected in the 1st Amendment of the United States Constitution; then other laws and court decisions have built upon that rights to expand, narrow, or attempt to clarify the right.

PTS: 1 NAT: AACSB: Analytic TOP: types of laws

3. Give a sample citation for each of the following statutes/regulations:
- United States Code
 - Code of Federal Regulations

ANS:

15 U.S.C. sec.77

12 C.F.R. sec.226

PTS: 1 NAT: AACSB: Analytic TOP: statutes

4. Discuss the rationale of *stare decisis*.

ANS:

Stare decisis means to "let the decision stand."

Stare decisis is a judicial doctrine used for consistency in the litigation and prosecution processes.

PTS: 1

NAT: AACSB: Analytic

TOP: stare decisis

5. Discuss the differences between public and private law.

ANS:

Criminal versus civil penalties

Private enforcement versus public enforcement

Governmental enactment versus individual enactment

PTS: 1

NAT: AACSB: Analytic

TOP: public law | private law

6. 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

ANS:

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

PTS: 1

NAT: AACSB: Analytic

TOP: types of laws

7. 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?

ANS:

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.

PTS: 1

NAT: AACSB: Analytic

TOP: statutory law

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

ANS:

Leases; employment contracts; consulting contracts; sales contracts

PTS: 1

NAT: AACSB: Analytic

TOP: private law

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

ANS:

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.

PTS: 1

NAT: AACSB: Analytic

TOP: sources of law

10. Give the source of statutory law for each of the following topics:
- Uniform Revised Limited Partnership Act
 - 1933 Securities Act
 - law requiring bikes on public streets to be licensed
 - no taking of property without just compensation
 - establishment of the House of Representatives

ANS:

- state law
- federal law
- ordinance
- constitution
- constitution

PTS: 1

NAT: AACSB: Analytic

TOP: statutory law

11. For each of the following actions, describe the sources of law the individuals should consult:
- obtaining a bicycle license
 - incorporating a company
 - determining how many feet of set back are required for residential construction
 - selling securities on a national exchange

ANS:

- ordinances
- state law
- ordinances
- federal statutory law - U.S.C. and SEC regulations, C.F.R.

PTS: 1

NAT: AACSB: Analytic

TOP: sources of law

12. 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?

ANS:

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

PTS: 1

NAT: AACSB: Analytic

TOP: sources of law

13. Discuss the issues of interpretation in the *Sony* and *Napster* cases.

ANS:

The issues of interpretation are whether the copyright protection extends to different technological uses of copyrighted material and whether individual use of copyrighted materials constituted fair use when that individual use was so wide spread. The cases are both ones that involve questions that would never have arisen had there not been new forms of technology.

PTS: 1

NAT: AACSB: Analytic

TOP: civil law

14. Give an example of an executive order.

ANS:

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.

PTS: 1

NAT: AACSB: Analytic

TOP: types of laws

15. 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.

ANS:

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, 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.

PTS: 1

NAT: AACSB: Analytic

TOP: purpose of law