

**Quiz Sep 4: Chapters BEE 1 & 2 and IL&EA 1**

1. \_\_\_\_\_ development meets the needs of the present without compromising the ability of future generations to meet their own needs.
2. The Earth's \_\_\_\_\_ is the thin band surrounding the surface of the Earth in which life can survive.
3. \_\_\_\_\_ knowledge is subjective; whereas receipt of notice is objective and reason to know is objective.
4. The Major Forces of Change concentrate around the year 1500 era (i.e., New World, Gun Powder, Printing Press, Labor Shortage, and Rural) as well as around the year 2000 era (i.e., \_\_\_\_\_ World, Weapons of Mass Destruction [WMD], Computer, Labor Surplus, and Urban).
5. The Elements of Capitalism (i.e., private property, prices, markets, competition, and \_\_\_\_\_) are the means of achieving the ends of the Functions of Capitalism (i.e., embody self interest, measure self-interest, coordinate self-interest, regulate self-interest, and facilitates P.P., P., M., & C.).
6. The government's two primary tools for facilitation are define rights (i.e., property, contracts, torts, and crimes) and to set \_\_\_\_\_ costs (e.g., strict liability).
7. In the History of Capitalism the current stage is \_\_\_\_\_ Capitalism.
8. Efficiency as Ethics requires \_\_\_\_\_ [1] Individualism via profit maximization, [2] social good via cost minimization.
9. If a person should act then that person \_\_\_\_\_ act.
10. If a person chooses an action that is legal but also is unethical, then that person might be action might be an action of \_\_\_\_\_.

**Quiz Sep 11: Chapters IL&ES 2 & 3 & 4**

1. There are four economic inputs and four corresponding payments. They are paired as follows: \_\_\_\_\_ is purchased with rent; labor is purchased with wages; capital is purchased with \_\_\_\_\_; and entrepreneurial ability is purchased with \_\_\_\_\_.
2. Different persons have different risk preferences at different times and in different circumstances. The difference in risk preference varies by the reward magnitude (R) and by the risk magnitude (r). A person who is risk seeking will accept a risk when the magnitude of the reward is \_\_\_\_\_ than the risk; but typically will do so when the reward magnitude is \_\_\_\_\_ relative to the assets of the risk taker. A person who is risk neutral only is willing to accept a risk when the reward magnitude is \_\_\_\_\_ to the risk magnitude, regardless of the magnitude of the risk and regardless of the magnitude of the reward. A person is risk averse when the person only will accept a risk when the magnitude of the reward is \_\_\_\_\_ than the magnitude of the risk especially as risk magnitude increases and the reward magnitude is small.
3. When taking an action the decision maker acts from a state of knowledge. Each fragment of the actor's knowledge is subject of self perception (and that self perception might not be accurate) that fits the knowledge into one of four states

- which form a two-by-two cell block with \_\_\_\_\_ and with \_\_\_\_\_ on both sides of that block. (*Hint: draw it on back.*)
4. Every supply and demand graph is a lie. Each such graph asserts that there only are two relevant variables (i.e., price and quantity), and further asserts that specific other variables do not vary (i.e., *certius paribus*). These non-varying variables are the non-price determinants of supply and of demand. The two non-price determinants of both supply and demand are \_\_\_\_\_ and prices of related goods (i.e., \_\_\_\_\_ [A and B] and \_\_\_\_\_ [A or B]). Supply and demand both look to the number of and the size of market participants but, respectively, they look to sellers and buyers. Supply has cost of inputs, taxes, and \_\_\_\_\_ as non-price determinants that do not appear on the demand side; while demand has income and tastes as non-price determinants that do not appear on the supply side. (*Hint: build the table on back.*)

### Quiz Sep 18: Chapters BEE 3 & 4 PART ONE OF TWO

- The original theory of corporate social responsibility (CSR) calls upon the private corporation to \_\_\_\_\_ within the limits of the law; but, some newer formulations of CSR also call for corporate conformity with the ethical culture.
- Adam Smith, author of *The Wealth of Nations* (1776) espoused an implementation of the ethical theory Utilitarianism and the rejection of the prevailing mercantilism. Utilitarianism recommends reliance on the \_\_\_\_\_ hand so as to achieve the greatest good for the greatest number for social optimization via the individual's free pursuit of self interest. Specialization honed by competition allows \_\_\_\_\_ advantage to generate that social optimum.
- Negative liberty is to be free from interference. \_\_\_\_\_ ethics typically requires an action (e.g., do not harm); whereas \_\_\_\_\_ ethics requires the avoidance of a consequence (e.g., prevent harm). Rarely does positive ethics require the doing of good.

### Quiz Sep 25: Chapters IL&EA 5 & 6

- The separation of powers has three levels: [1] \_\_\_\_\_ versus government; [2] federal versus State; and [3] \_\_\_\_\_ versus executive versus judiciary.
- The Police Power is the power of each USA State to regulate to protect the People's health, safety, \_\_\_\_\_, and general welfare. There is **no** federal Police Power.
- The federal government's Commerce Clause is the power to regulate commerce among the several States. The USA Supreme Court has radically altered its interpretation of the Commerce Clause. Pre - 1937 the interpretation of the word "among" was direct \_\_\_\_\_ (i.e., result); which meant the federal government had the authority to regulate transportation, but not manufacturing nor retailing. Post- 1937 the interpretation of the word "among"

- is close and substantial \_\_\_\_\_ (i.e., cause). Accordingly, post-1937 the federal government's power to regulate varies in intensity from the most powerful at its core power over \_\_\_\_\_; then less power under the penumbras of trade and the regulation of manufacturing; to its least power within the emanations of trade and the regulation of retail.
- D. Preemption is not favored, but it may be allowed if: [1] Congress manifests clear intent AND national interests outweigh State interests; OR [2] Congress manifests express intent AND there is a need for \_\_\_\_\_.
- If the federal government has been granted power by the USA *Constitution* and the State governments have not taken that power away from the States by the USA *Constitution*, then the federal government and the State governments share concurrent powers unless there is a \_\_\_\_\_ conflict.
- E. The legislature tends to react and can not be proactive. The legislature tends to react to unequal \_\_\_\_\_ power; a history of abuse; and/or disparate impact.
- F. Procedural due process requires both notice and hearing. Both the notice and the hearing must be \_\_\_\_\_ to the interest(s) involved. Constitutionally, the interests involved are life, liberty, and \_\_\_\_\_.
- G. A party has \_\_\_\_\_ to sue when the party has suffered an injury in fact and the party is within the zone of protected interests.
- H. Those that seek equity must do \_\_\_\_\_. Delay defeats equity. Equity follows the \_\_\_\_\_. Some of the remedies used in equity are: injunction; contempt; rescission; reformation; restitution; \_\_\_\_\_ performance; laches; estoppel; and unconscionability.
- I. The burden of proof in a criminal case, where the plaintiff always is the government, is beyond a \_\_\_\_\_ doubt. The burden of proof in a civil case, where both the plaintiff and the defendant typically are citizens, is \_\_\_\_\_ of the evidence.
- J. The fair market value is what: [1] a willing buyer would pay a willing seller when [2] no compulsion binds either party, and [3] with both parties having full knowledge of all relevant facts and all \_\_\_\_\_ information (i.e., knowing and voluntary) [4] in an arms' length transaction with [5] equity to both.
- K. Fair Use in Copyright requires satisfaction of four elements. Those four elements of Fair Use are [1] \_\_\_\_\_ of copy (e.g., non-profit in-class educational use); [2] nature of the work (e.g., books get more protection than data); [3] \_\_\_\_\_ of the copying (e.g., small portions versus whole) and (but, in effect, an "and/or"); [4] effect on the market (e.g., portion of the potential market for copies)

### Quiz Oct 2: Chapter IL&EA 7

- The six elements of a contract are agreement, \_\_\_\_\_, consideration, legal subject matter, reality of assent, and form.
- The highest level of required capacity is for a \_\_\_\_\_ because of the separation of powers and the need to understand harm to society rather than harm to the victim. The next two levels of required capacity are contract and tort. The lowest level of required capacity is for a person's will since the effective date of the legal transaction is the date of death.

3. Material has two definitions and those two definitions are applied in four different circumstances. The common law definition material is what would have changed the mind of a \_\_\_\_\_ person. The common law definition is used for mutual mistake, unilateral mistake, and common law fraud. The statutory definition of material is what a reasonably \_\_\_\_\_ investor would have wanted to know prior to making a decision. The statutory definition of fraud is used for security law fraud. The four contract terms that routinely are material terms are: parties, consideration, \_\_\_\_\_, and/or subject matter.

### Quiz Oct 9: Chapter IL&EA 8

1. There are three types of torts: \_\_\_\_\_ torts (i.e., defendant creates a harm); \_\_\_\_\_ torts (i.e., defendant creates a risk of harm); and strict liability torts (i.e., \_\_\_\_\_ risk allocation, rather than liability based upon a finding of fault by the preponderance of the evidence).
2. Every type of tort has the same five elements. The defendant must owe the plaintiff a duty of \_\_\_\_\_. The defendant's action must be a breach of that duty. The defendant's breach must be the proximate cause (i.e., legal cause rather than merely the \_\_\_\_\_ cause) of the plaintiff's injury. And, the defendant must fail to prove by a preponderance any defense. Proximate cause exists if the plaintiff's injury is \_\_\_\_\_ by the defendant at the time of the defendant's breach.
3. The plaintiff has assumed the risk of the plaintiff's injury if the plaintiff's acceptance of the risk of injury is both \_\_\_\_\_ and \_\_\_\_\_. In which case, the defendant is not legally liable because the defendant has a defense.
4. To Pierce the Corporate Veil often is a \_\_\_\_\_ lawsuit in equity based upon a complaint alleging wrong doing by a shareholder or director. A Pierce the Corporate Veil complaint alleges a shareholder's or a director's fraud, illegality, or injustice. For example, alleges that the shareholder(s) or director(s) has thinly capitalized the corporation, has ignored formalities, and/or has commingled corporate assets with personal assets. A successful suit to Pierce the Corporate Veil makes that shareholder and/or director personally liable.

### Quiz Oct 16: Chapter IL&EA 9

1. There are three elements of all crimes. Those three are bad \_\_\_\_\_ (i.e., *actus rea*); bad \_\_\_\_\_ (i.e., *mens rea*); and no defenses.
2. The Rule of Reason is used to measure the legality of all restraints of trade at the case of first impression. The *Per Se* Unreasonable rule might be adopted by the court if experience recommends a *per se* standard. Under the Rule of Reason a restraint of trade is lawful if the restraint is \_\_\_\_\_ to your \_\_\_\_\_ business interest(s). That \_\_\_\_\_

- is measured by the parties' purpose, the parties' intent, the \_\_\_\_\_ on the market, and the \_\_\_\_\_ conferred on the restraining party. The *Per Se* Unreasonable rule is used for a few restraints that experience teaches that the restraints always are **dis**\_\_\_\_\_ to the parties' \_\_\_\_\_ business interests. The four restraints subjected to the *Per Se* Unreasonable rule are: \_\_\_\_\_ fixing; horizontal division of territories; group boycotts; and \_\_\_\_\_.
3. A security is an investment of money in a common enterprise with the reasonable expectation of profit derived from the undeniably significant efforts of others. All securities issued within the jurisdiction of the federal government's Commerce Clause must be registered unless exempt. The three main exempt transaction securities are a \_\_\_\_\_ Issue (i.e., access to material information and investor sophistication); \_\_\_\_\_ Issue (i.e., seller, buyer, and capital comes to rest all in the same State); and \_\_\_\_\_ Issue (e.g., under \$1.0 M).

### Quiz Oct 30: Chapter BEE 5

1. The three pillars of sustainability are: \_\_[1]\_\_, \_\_[2]\_\_, and \_\_[3]\_\_.
2. Utilitarianism is the ethical compass of neoclassical economics and is fundamentally a \_\_[4]\_\_ theory of ethics. Each individual has an ethical positive, active, perfect duty to \_\_[5]\_\_ \_\_[6]\_\_ harm. No individual has any more than an ethical negative, passive, imperfect duty to \_\_[7]\_\_ [6] harm.
3. Every economy and every theory of economics focuses upon allocation of resources to production, distribution of outputs, and scale of production. Each economy and each theory of economics places a different emphasis on allocation, distribution, and scale. The neoclassical, or mainstream, theory of economics is distinctive for placing its greatest emphasis on \_\_[8]\_\_ and little emphasis on \_\_[9]\_\_. The sustainable, or ecological, theory of economics is distinctive placing its greatest emphasis on \_\_[10]\_\_ and placing far greater emphasis than neoclassical economics on \_\_[11]\_\_. The neoclassical theory of economics assumes all natural capital has a \_\_[12]\_\_ that can be created by human technology (i.e., weak sustainability). In stark contrast, the ecological theory of economics assumes all forms of natural capital are \_\_[13]\_\_ (i.e., strong sustainability). The \_\_[14]\_\_ factor in the neoclassical theory of economics is human creativity; whereas in the sustainability theory of economics the [14] factor is the regenerative ability of the biosphere.
4. Sustainability economics has borrowed the first law of thermodynamics (i.e., conservation of energy and matter [e.g.,  $e = mc^2$ ]) and the second law thermodynamics (i.e., energy available for work is lost at each transformation [e.g., entropy increases in a closed system]) from physics to understand economic systems. Sustainability economics focuses upon natural resources \_\_[15]\_\_ \_\_[16]\_\_ the economy; wastes [15] \_\_[17]\_\_ of the economy and [16] nature; and intergenerational efficiency (i.e., this generation meets its \_\_[18]\_\_ efficiently without \_\_[19]\_\_ future generations' \_\_[20]\_\_ abilities to meet their [18]).

**Quiz Nov 6: Chapters BEE 6 and IL&EA 10**

- A. Both the law and economics focus upon \_\_\_[1]\_\_\_ metrics. Fair market value does not include subjective values because fair market value is an objective value what a willing buyer would pay a willing seller when neither is under compulsion and both have full knowledge of all relevant facts and \_\_\_[2]\_\_\_ information and both are engaged in an arms' length transaction with \_\_\_[3]\_\_\_ to both. As a part of the broader concept law, equity only is available when there is no \_\_\_[4]\_\_\_ remedy at law. However, the law only offers protection to those with \_\_\_[5]\_\_\_ to sue (i.e., injury in fact and within the zone of protected interests); and, the law does provide neither the ecosystem itself with [5] to sue, nor does it allow anyone to [5] as an ecosystem's next best friend. Only if the legislative branch or the executive branch chooses to protect an ecosystem does the law protect an ecosystem. In other contexts, both the law and economics focus upon \_\_\_[6]\_\_\_ decision makers; additionally, both the law and economics are \_\_\_[7]\_\_\_ systems. Such [7] systems look to the past (e.g., law's Reasonable Person's reasonable expectations) or look to the present (e.g., economics' Rational Person's rational expectations guiding decisions in the moment). The Law of Unintended Consequences differs from the Second Law of Futurism in that the consequences are intended, but the \_\_\_[8]\_\_\_ and \_\_\_[9]\_\_\_ of the intended change are not, thus because of the lack of synchronicity the actual result was not intended.
- B. The traditional view of the relationship between business and sustainability was that of a zero-sum game. The regulation-compliance model of governmental response reflected this zero-sum game view. The new view of the relationship between business and sustainability also is a zero-sum game, but the players are different. In the new view, the zero-sum game is between the \_\_\_[10]\_\_\_ and human life; and business is but one aspect of human life. In the new view, the assumption is that it is feasible to have an ecology without an \_\_\_[11]\_\_\_, but it is not feasible to have an [11] without an ecology. The three pillars of sustainability (i.e., \_\_\_[12]\_\_\_, [11], and \_\_\_[13]\_\_\_) only views a firm as successful if that firm both sustains the [10] and is profitable. The sustainability view challenges the traditional short-term view of the [6] interests and of business profit. If a business shifts its view to the long-term, then the firm will see new ways of gaining \_\_\_[14]\_\_\_ advantage. A \_\_\_[15]\_\_\_ \_\_\_[16]\_\_\_ view of products encourages a firm to see demand as for services rather than as demand for products. To manage \_\_\_[17]\_\_\_ streams governments are likely to increase a supply chain's legal liability for the entire [15] [16] of the product. For example, *Natural Capitalism* urges use of business guidelines of eco-efficiency, biomimicry (i.e., \_\_\_[18]\_\_\_ \_\_\_[19]\_\_\_ design), services, and reinvesting in natural capital. Doing so will change the \_\_\_[20]\_\_\_ of cost and of profit for firms. Industrial ecology focuses upon design, rejecting the take-make-[17] linear model with a [16] system of symbiotic firms in an industry. The Natural Step model focuses upon four systems conditions for creating a vision then back-casting to implement that vision: reduce extraction; reduce production; harvest within limits; and socially equitable distribution.

**Quiz Nov 13: Chapter BEE 7**

- A. Many neoclassical economists and their fellow travelers view business ethics as only imposing a \_\_\_[1]\_\_\_ duty of do no harm with zero responsibility for an m \_\_\_[2]\_\_\_ duty to prevent harm. Businesses ethics in this view means that businesses act ethically by [1] responding to the demand of consumers and obeying the law. Proponents of life cycle responsibility as a part of business ethics reject that view of neoclassical economists. One reason that [1] view is rejected is that [1] view fails to account for the fact that market demand is, by definition, solely composed of the preferences of legal persons who are both \_\_\_[3]\_\_\_ to and \_\_\_[4]\_\_\_ to enter into market transactions. Another reason proponents of life cycle responsibility view business ethics as including an [2] duty to prevent harm is that the law's insistence upon \_\_\_[5]\_\_\_ has been relaxed, in part because the entire supply chain is a sequence of \_\_\_[6]\_\_\_ and \_\_\_[7]\_\_\_ relationships. Accordingly, the person in the best position to prevent the harm and the person in the best position to \_\_\_[8]\_\_\_ the externalities is the business.
- B. Sustainability requires that the current generation is [4] to meet its real needs while at the same time not compromising the [4] of future generations to meet their real needs. Because of \_\_\_[9]\_\_\_, both pollution and waste are unavoidable outputs of every human endeavor. However, both the \_\_\_[10]\_\_\_ and the \_\_\_[11]\_\_\_ of the pollution and of the waste can be, however the subject of greater control and thus efficiency than either currently is (e.g., eco-efficiency via biomimicry). One technique to achieve both sustainable products and sustainable production is \_\_\_[12]\_\_\_; which requires the business to recognize the consumer desires the \_\_\_[13]\_\_\_ provided by the product rather than desires the product. Often, but not necessarily, [12] contributes towards reaching a level of energy consumption that is sustainable; but, [12] is independent of the source of energy used in production and consumption, thus [12] is independent of sustainable energy. Sustainable energy must come from a source external to the Earth's biosphere (e.g., \_\_\_[14]\_\_\_ energy; tidal energy). Derivatives of sustainable energy (e.g., wind) might not be sustainable. For a derivative of a sustainable energy to be itself be a sustainable energy might require the level of energy consumption to be reduced to as sustainable level. Otherwise, to tap some derivatives in the magnitudes required for current energy consumption levels could generate non-sustainable feedback loops in those derivatives because of the scale of current energy consumption, and thus be mining rather than harvesting.

**Quiz Dec. 4: BEE chapter 8**

- A. In the equation  $I = PAT$ , the variables are:  
 I = environmental Impact  
 P = \_\_\_[1]\_\_\_  
 A = \_\_\_[2]\_\_\_  
 T = \_\_\_[3]\_\_\_.
- B. The word "consumption" can take multiple meanings.  
 In neoclassical economics the word consumption means \_\_\_[4]\_\_\_.  
 In sustainability economics the word consumption means \_\_\_[5]\_\_\_.

- C. An item that is consumed (e.g., car; hair cut; fish) can hold different types of value. Neoclassical economics focuses upon the instrumental value of items; and this can be seen in that form of economics focus on substitutes. Some items, in addition to instrumental value, can harbor [6] value; and those items harboring [6] value do not have substitutes.
- D. Plato, the student of Socrates, in *The Republic* notes that humans have rational, irrational, and nonrational desires. Further, Plato notes that because one's happiness comes from satisfying one's desires and one can desire something that is not ethical to desire, one must be "stronger than oneself" if one is to be both happy and [7]. Lastly, Plato asserted that three (in 360 B.C.E., obviously absurd) conditions were required to achieve [7]: equality of men and women; equality of educational opportunity; and [8] ownership

### Quiz Dec. 11: BEE chapter 9

- A. The overlap of ethics, the environment, and economics has implications for all functional areas of business. I = PAT merely hints at these implications; the businessperson must think deeply about the purpose of business to grasp many of the implications. For example, while it is true that the poor often have many unmet [1] without generating any market [2] because the poor, by definition, are [3] without being able to participate in the market the poor in [4] have the potential to generate a huge market [2] in [4]. Individually the poor often lack the capacity to consume, however, for reasons unrelated to that individual's low level of income and wealth. Generically, three structural impediments to the poor generating an [4] market [2] are affordability, access, and availability.
- B. The functional area of business known as marketing focuses upon the 4 P's of marketing: product, [5], promotion, and [6]. The marketing department via each of these 4 P's can generate significant corporate pressure for fostering a sustainable corporate net revenue stream.
- C. The law is [7] while ethics is subjective. To [7] act ethically a businessperson hewing to capitalist ethics (*i.e., individually pursued profit maximization and socially compelled cost minimization*) that businessperson must [8] externalities without the compulsion of governmental power. A sustainable business often [3] initially [7] act ethically only to thereby create a new rubric of reasonable expectations which in turn prompts government regulations that require substantially the same [8] of externalities (e.g., take-back rules and product life cycle liability). Those governmental regulations [3] tend to minimize any comparative advantage held by competitors of the [7] ethically acting businessperson, and thus [3] transform that previously [7] ethical action into merely subjectively ethical action. But note, if that businessperson was seeking long run profitability by [8] those externalities and had forecasted those governmental regulations as part of that long run pursuit of profitability, then that businessperson was not [7] acting ethically but merely was subjectively acting ethically.