Rules at Work

How legal protections shape a small business

E.C.4.1 "Evaluate the impact of the government's protection of private property rights and enforcement of the rule of law in a market economy."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline two ways government protection or enforcement helps Nia's business, circle one limit of enforcement, and write 1 beside the detail you think best shows its impact.

A Workshop at the Harbor

1. At a busy harbor, Nia owns a small workshop that repairs fishing boats. She wants to buy a costly lift so her crew can work faster. A recorded property title shows that the shop and its land belong to her. Because a court can protect that title against an unlawful takeover, a lender is more willing to accept the land as collateral. Nia can borrow for the lift and hire another worker. If ownership were uncertain, the lender might charge more or refuse the loan. Clear ownership helps turn a private investment into more repair services.

2. Nia also signs a contract promising to finish a boat repair by Friday for an agreed price. After she does the work, the buyer refuses to pay. Under the rule of law, the buyer and Nia must follow the same public rules, and Nia can ask a court to enforce their agreement. A reliable decision could help her pay her workers and order parts for future jobs. Enforcement can be slow or expensive, however, especially for a small shop. When legal remedies are hard to use, even a sound contract may not give a business much confidence.

3. Now suppose the town requires every repair shop to meet the same safety rules, but inspectors fine only Nia while ignoring violations at a larger rival. Nia must spend money that the rival avoids, and customers may face fewer choices if she closes. Equal enforcement would make competition fairer and give customers reason to trust shops. Public rules can protect workers and customers, but officials must apply them consistently and allow businesses to challenge errors. Secure ownership and predictable, evenhanded enforcement do not guarantee success. They make it easier for businesses to plan, compete, and serve customers.

2 ANSWER WITH EVIDENCE

Use the passage

1. How does protection of Nia's property title affect her ability to expand, compared with uncertain ownership?

2. What economic difference could enforcing Nia's contract make, and why might enforcement still fall short?

3. How does selective safety enforcement change competition between Nia and the larger shop, and what might customers lose?

4. Do property rights and the rule of law guarantee Nia's business will succeed? Evaluate their impact using one benefit and one limit from the passage.

3 YOUR TURN

Your own words

Imagine a bike-share company whose bikes are often stolen and whose customers sign rental agreements. In five sentences, evaluate how protection of bike ownership and fair enforcement of rental agreements could affect costs, customers, and growth; include a drawback of slow enforcement and make an overall judgment.

ANSWER KEY

Rules at Work

HIGH SCHOOL · E.C.4.1

PART 1 · READ AND MARK

Underline two ways government protection or enforcement helps Nia's business, circle one limit of enforcement, and write 1 beside the detail you think best shows its impact. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How does protection of Nia's property title affect her ability to expand, compared with uncertain ownership?	**A protected title makes a lender more willing to accept her land as collateral, so she can borrow for a lift and hire a worker. Uncertain ownership could make the loan cost more or prevent it.**
2	What economic difference could enforcing Nia's contract make, and why might enforcement still fall short?	**Enforcement could help Nia collect payment, pay workers, and order parts. A slow or expensive court process might still leave her without useful access to that payment.**
3	How does selective safety enforcement change competition between Nia and the larger shop, and what might customers lose?	**Nia pays fines that the larger rival avoids, giving the rival an unfair advantage. If Nia closes, customers may have fewer repair shops to choose from.**
4	Do property rights and the rule of law guarantee Nia's business will succeed? Evaluate their impact using one benefit and one limit from the passage.	**No. A protected title can help Nia borrow to expand, but slow or costly contract enforcement can still make it hard for her to collect payment.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

If the government helps the company recover stolen bikes, it will spend less on replacements. Fair enforcement of rental agreements could reduce unpaid fees, keeping rental prices lower for customers. Lower costs could let the company add bikes and reach more neighborhoods. If resolving disputes takes months, the company may still lack cash to repair bikes promptly. Overall, the protections would likely help growth, but delays would weaken that benefit.

Accept other supported judgments about the relative importance of ownership, contracts, and even enforcement. Responses should explain an economic effect rather than simply name a protection.