

**Open Disclosure**

The right to voluntary exchange comes with the responsibility of giving the other person accurate information about what is being exchanged.

**Obeing the Law**

The responsibility associated with the right to private property is the responsibility of using one's property only for legal purposes. It is a responsibility to respect and abide by the law.

**Being Truthful**

The economic right to compete in a free enterprise system comes with the responsibility to compete in a truthful, legitimate manner.

Answer questions 1–4 in the Section 3 Assessment on page 70 of your textbook.

## CHAPTER 3, SECTION 3

### Just the Facts Handout

#### Ethics and Free Enterprise

**Ethics** consists of the principles of conduct, such as right and wrong, morality and immorality, good and bad. The free enterprise system needs to have certain characteristics or qualities to be considered an ethical system.

#### People Can Choose

An ethical economic system allows individuals to choose their own occupations or professions. Supporters of free enterprise state that free enterprise has this characteristic.

#### A Variety of Products

An ethical economic system produces the goods and services preferred by both the majority and the minority. Supporters of free enterprise state that free enterprise responds to both the majority and minorities.

#### Rewards Depend on Performance

An ethical economic system rewards (or punishes) producers according to how well (or poorly) they respond to the preferences of the buying public. Supporters of free enterprise state that it fits this description.

#### Numerous Freedoms

Proponents of free enterprise argue that no economic system can be ethical if it limits people's freedom. In free enterprise, they say, people have numerous freedoms: the freedom to work where they want to work, the freedom to start their own businesses if they want, the freedom to acquire property, the freedom to buy and sell the goods they want to buy and sell, and even the freedom to fail.

#### Economic Principles in Key Documents

The Constitution, the Bill of Rights, and the Declaration of Independence have a special significance to free enterprise: each document contains principles of free enterprise.

The Bill of Rights states that "private property [shall not] be taken for public use, without just compensation." This statement shows a high regard for private property.

The signers of the Declaration of Independence listed many complaints against the king of Great Britain, George III. One complaint was that the king had prevented the 13 colonies from "trad[ing] with all parts of the world." This statement emphasizes both freedom of choice and voluntary exchange—essential ingredients of free enterprise.

The U.S. Constitution favors preserving competition. Article 1, Section 8, says that "no tax or duty shall be laid on articles exported from any State." If states had been allowed to tax each other's goods, competition within each state would have been lessened.

#### Economic Rights and Responsibilities in a Free Enterprise Economy

Along with certain rights in a free enterprise economy, people have responsibilities.