

Name _____

Exploring the Marvels of Capitalism: Key Characteristics Unveiled

Short Answer Key

1. Private ownership empowers individuals and businesses by allowing them to own property and make decisions about how to use their assets.
2. Competition in a capitalist economy encourages businesses to innovate, improve quality, reduce prices, and offer competitive options, benefiting consumers through more choices and affordability.
3. The profit motive is the desire for businesses to earn more money from selling goods and services than they spend on producing them. It motivates businesses to be creative, efficient, and responsive to customers.
4. The government in a capitalist economy typically acts as a referee, enforcing rules and regulations to ensure fair play but doesn't interfere with private ownership and day-to-day business decisions.
5. Supply and demand affect prices and production in a capitalist economy by determining price levels and quantities based on consumer demand and available supply.

