

Name _____

Fueling Innovation and Entrepreneurship: The Influence of Economic Systems

Short Answer Key

1. Competition in a capitalist system can drive innovation among businesses by motivating them to create better products or services to attract customers and outdo their competitors.
2. Collective ownership of major means of production in a socialist system often directs innovation towards addressing societal needs, such as healthcare and education.
3. Advantage: Entrepreneurs in a capitalist economy have the potential for high profits and success. Disadvantage: They may face intense competition and financial risks.
4. In a mixed economy, government regulations can support innovation by ensuring fair competition and protecting consumers while also addressing social and environmental concerns through policies and incentives.
5. Access to essential services in a socialist system can foster entrepreneurship by providing a safety net, reducing the risks associated with losing access to necessities like healthcare and education.

