Based on the notion that trade-offs in public policies form the basis of the separation of managed and entrepreneurial economies; this paper investigates the impact of policy on actual entrepreneurship activity in these two categories of economies. Using data from 19 European Union member countries, the impact that policy trade-offs in the goal, target, location and system of finance have on entrepreneurship activity is measured using ordinary least squares regression. The results indicate that while business regulation negatively impact entrepreneurship activity, the location of policy does not show any measurable impact. They suggest the need for still more supportive institutions in the effort to develop entrepreneurship and create entrepreneurial economies and realize economic benefits.