

# GUIDED READING Activity 18-3

For use with textbook pages 501–507

## THE TRANSITION TO CAPITALISM

### FILLING IN THE BLANKS

**Directions:** Use your textbook to fill in the blanks using the words in the box. Some words may be used more than once. Use another sheet of paper if necessary.

benefits	Solidarity	black market
privatization	private property	unemployment
entrepreneurs	vouchers	Great Leap Forward

#### Introduction/Problems of Transition

A key feature of capitalism is **1** \_\_\_\_\_, especially capital. The process of converting state-owned factories to private ownership is called **2** \_\_\_\_\_. Some communist governments gave or sold its people **3** \_\_\_\_\_, certificates that were essentially corporate shares in companies that were privatized. In other cases, state-owned companies were sold to foreign investors. The transition to capitalism transferred power from political leaders to capitalists and **4** \_\_\_\_\_. However, there are disadvantages in making the transition from communism to capitalism. Disadvantages of capitalism include instability and **5** \_\_\_\_\_. Nations in transition may experience the instabilities of capitalism before they experience its **6** \_\_\_\_\_. People in these countries must learn to think for themselves.

#### Countries and Regions in Transition

The newest nations to embrace capitalism are those that were unwilling members of the Soviet bloc. These include Poland, where freedom began with **7** \_\_\_\_\_, the independent and sometimes illegal union that Lech Walesa established in 1980. Hungary was well on its way to capitalism, in part because it had a flourishing **8** \_\_\_\_\_—a market in which entrepreneurs and merchants sold goods illegally. In China the **9** \_\_\_\_\_ of 1958 was a disaster. Although other plans followed, the government eventually recognized that the country was too big for large-scale centralized planning. By the 1980s, some parts of China were following free market practices. Today China is allowing the **10** \_\_\_\_\_ of industry and introducing market reforms in a decidedly capitalistic manner.

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