

Guided Reading Activity

Economic Systems and Decision Making

Lesson 3 *The Global Transition to Capitalism*

Review Questions

Directions: Read each main idea and complete the statements below. Refer to your textbook as you write the answers.

A. Problems of Transition

Main Idea: Although many countries have begun the transition to capitalism, the change has presented problems that these countries must resolve before they can experience the full benefits.

- Capitalism has led many countries to an improved _____ of _____, and _____ coverage broadcasts information about the wealth capitalist countries can generate. This, plus the _____ of the Soviet Union, has inspired countries to attempt the difficult transition to capitalism.
- To help convert state-owned property to _____ property, transitioning countries have used _____, or certificates that individuals or groups can use to purchase that property.
- In Russia, after the Soviet Union's collapse, influential _____ retained power by acquiring large numbers of _____, so the ruling class gained _____ power in place of _____ power.
- Even after capitalist practices are in place, people may have trouble. They must learn to adjust to new _____. They must also learn how to take _____, interpret _____, make their own _____, and fend for themselves in the marketplace.
- Transitioning countries must take into account the costs of capitalism, because they will experience its _____, such as the Great Depression's _____ and _____, before they experience its benefits.

Guided Reading Activity *cont.*

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B. Countries & Regions in Transition

Main Idea: The process of transitioning to capitalism has varied from country to country.

1. In Russia, the economy has gone from Stalin's _____ - _____ Plans, directed by the central committee, or _____, to Mikhail Gorbachev's _____ in the 1980s. This led to increased _____ of property, which continued until _____, Boris Yeltsin's successor, took power.
2. China's 1958 Five-Year Plan, the _____, tried to communalize Chinese _____ and _____. The results of its performance led China to _____ the Soviet model.
3. Although China has adopted many _____ practices since the 1980s, two significant barriers to its growth are its _____ population and air and water _____.
4. Most countries in South America have tended towards socialism and _____. _____'s conversion to a free market has been a great success. Political instability and _____ have affected Argentina's transition, and _____ continues to resist capitalism.
5. Numerous Eastern European countries transitioned to capitalism in a relatively _____ time period after the fall of the Soviet Union. _____ was the first, with its labor union called _____. Poland joined the _____ Union, an association of European nations created to develop a single market, in 2004. Hungary's transition was helped by the fact that it had a thriving _____ where entrepreneurs and merchants sold goods illegally.

Guided Reading Activity *cont.*

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C. Other Faces of Capitalism

Main Idea: Capitalism in other countries is not identical to capitalism in the United States.

1. The main difference between capitalism in Japan and in the United States is intense _____ involvement with the private sector. Additionally, tightly-knit firms governed by a board of directors, called the _____, reduce the threat of _____.
2. War-devastated South Korea went from exporting _____ consumer goods to becoming a leader in production and export of _____ appliances, televisions, and even durable goods, such as _____.
3. Singapore's high GDP is largely due to its specialization in _____ services, _____, and _____.
4. _____ has always been a feature of the Taiwanese economy, but experts warn that the _____ will hamper growth in the future.
5. Formerly the model of European socialism, _____ now mixes high-tech _____ and generous _____.

Guided Reading Activity *cont.*

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Summary and Reflection

Directions: Summarize the main ideas of this lesson by responding to the statement below.

Contrast two economies that transitioned to capitalism and explain what factors affected the ease of their transition as well as the “face” of capitalism that each has adopted.
