

The differences in industrial organization between China and Japan and south Korea

Start with China, China is a communist country, so they has government as a command center to control their money supply and budget. As a communist country, government control value of product that they want to produce. In 1949-1952, after recover from hyperinflation government start to reform their land. To make economic growth government takes over Japanese factory in the north eastern China. In that era China gain money from government company that have Japan support the Russian occupation and those Russian occupation is a Chinese government ownership. In 1953-1957, China industrial model is following soviet model. The goal of this model is to set up technologically sophisticated, large scale industry and capital intensive plant. Many industries were built with soviet technological and soviet advisor. In this period it also have a struggle in industrialize by war between soviet and China, This war called sino-Soviet split. This was create a huge impact to China because at that moment many technologies in china had soviet parts and technology, so when the war was end soviet did not support any technology, spare parts and advisor. The effect is fall of productivity. Oversea Chinese is people in china immigrants to other countries in east and south-east asia. After they live in other countries they send back some income to china, so government create more income. In terms of Japan, Japan use cross-shareholding and vertical integration. Cross-shareholding is when two company help each other by divers their company stocks and help both company in long run. Vertical integration is help in enterprise company this organization help to reduce transaction cost such as, monitoring costs, search cost and enforcement force. Cross-shareholding will prevent other hostile takes over, stale long term growth and can trade among participating company. In Japan, they invest in specify resource. For example investment in location that can create more profit, invest in human resource that support in speacilize human skills. And invest in physical asset like

computer system or machine. When Japan use vertical intregations that can sharing their technology to other company to develop, and also exchange workers to exchange their knowledge. Finally, is south Korea. South Korea is light industry country but they have a strong labor force. They try to upgrade their countries to be heavy industry, so government will choose the company to take overs.

Conclusion, China is a heavy industries, so government will order to a family factory to do, China did not use vertical organization, But for Japan and South-Korea, both country they compete with other company, and Japan also use vertical organization and cross-shareholding to make long run growth.

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