

Explain the differences in industrial organization between the case of Chinese economic policies in the socialist era (1949 – 1978) and the Development state in Japan and South Korea (1955-1990).

In the socialist era from 1949 to 1978, China abandoned China's traditional household base and choose to develop industrialization through government control. China neglected labor-intensive sectors in which they turned to capital-intensive factories that produce metals, machinery, and chemical instead. The idea of China to invest in the heavy industry came from the Soviet Union which China has as a role model as well as a trading partner and technology. China use Big Push Strategy and command economic system as a socialist development in the socialist era. The Big Push Strategy focuses heavily on industry development and the Chinese government investment rate has been rising, which most investments going to heavy industry. As a result, the GDP of industry share rises, and agriculture's share decline. The heavy industry priority strategy of China focuses on the upper and middle stages of the industrial economy with them have linkage to other industries such as steel industries. Furthermore, the command economic system in China also developed a system from the Soviet Union. One of the characteristics of the command economy is that the government-owned all large factories, transportation, and communication enterprises and they also control the price system. All of the economic control was by the communist party through a hierarchical personnel system only. The price system was also controlled by the government in which the products of industry were high, but the agriculture products were low, which make the state-owned industrial enterprise extremely profitable. The socialist state-maintained term of trade between the household sector and the state-enterprise sector. During the socialist era, the Soviet Union

has a massive impact on China's society which the Soviet industrial technology and organizational design were in China as well as the Soviet Union provide training and technical assistance to China as well.

On the other hand, Japan's economy consists of a business group known as financial keiretsu and an enterprise group that consists of large manufacturing firms and their suppliers. The financial keiretsu is a business network that consists of different companies which include manufacturers, supply chain partners, distributors, and financiers. The enterprise group or Kigyou Shudan is the group of suppliers, wholesalers, and ad retailers in Japan's business. Moreover, Japanese businesses are more likely to form long-term relationships and trading ties. The industry is dominated by a large firms in Japan and Japan's large firm are self-organized. However, the anti-monopoly laws in Japan impose a weak penalty.

The South Korean industrial organization began with light consumer-oriented industries, however, after the Korean War it switch to high-tech industries. It is famous in the electronics industry and leading export industry. One of the important factors in the South Korean business community is Jaebeol. Jaebeol is a big family that controlled businesses that held a central role in the development of the Korean economy in which there was 40 business in Jaebeol. It engages in almost every kind of industry from heavy industry to light industry and they expand its business very fast.