

Overall, we could see the primary difference in industrial organization between the case of Chinese economic policies in the socialist era compared to the development state in Japan and South Korea is the command economics in China, copying from the Soviet Union system, where anything needs to be centralized around the government; they set the target and planning everything by government only.

In my opinion, I could see the point that could create a huge problem is price setting by the government which means there is no role for price mechanism. These would imply that a whole industry is likely to be a monopoly which is not efficient. We could see that what China did benefits only one small group of people, which is the government to control people in the country easily, but could make the living standard of people getting better.

Furthermore, China has arguments with many countries which lead to the lack of consistency to make whole things succeed. For instance, Russia gave a lot of support to heavy industry, especially on technical and financial assistance, so things that look like going to be better turn out to get even worse after the Sino-Soviet split.

Although, during 1971 to 1978 that Deng Xiaoping attempted to stabilize the economy in China together with rebalancing investment to the coastal regions by Zhou Enlai, then 1978 turned to a dual-track system, we could see they turn to the good way where other countries did. We could see from the rise in nominal gross domestic product that grow exponentially by the multiplier effect from private firm to be the part to move the industry rather than only the government.

For the development state in Japan and South Korea, they are very similar as Park Chung Hee adapted the model of Zaibatsu and Keiretsu from Japan to develop the economy in South Korea after the Korean War, inspired from the Japanese occupation of South Korea. Similarly, Japan started the development from Zaibatsu to Keiretsu by the American occupation of Japan. So the way that Chaebol and Keiretsu work are almost the same.

Moreover, they are identical to the regulation for controlling the Chaebol and Keiretsu. We could see the domination of Chaebol from the GDP that 50% accounted for. In the case of Japan, even though the American occupation of Japan developed many regulations to be stronger, Japan still had weak anti-monopoly laws. From my point of view, I feel that there are no problems similar to China because there is very high competition among the Keiretsu which is the point that firms could not take the advantage from people.

The difference between these two countries is the organizational structure. In Korea, mostly vertical organizations, on the other hand, there are both vertical and horizontal organizations in Japan. Secondly, Chaebol is more likely to controlling by the family, unlike Keiretsu that work on the basis of merit and performance.