



News from Princeton University School of Engineering and Applied Science

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Asian businessman compares economies of China and the United States, imparts advice for success

PRINCETON, N.J.—When the successful Asian businessman Gordon Wu visited the School of Engineering and Applied Science of Princeton University recently, he brought with him a message of encouragement for young engineers.

Logical thinking skills and analytical powers are the cornerstones of success, said Mr. Wu, a graduate of the class of 1958. Both are crucial to the decision making process and both are "what engineers are good at." As the first Distinguished Lecturer of the School of Engineering and Applied Science, Mr. Wu delivered two lectures during his recent visit. The first lecture, titled "Asian Boom and U.S. Stagnation," was moved from the Engineering Quadrangle to Dodd Auditorium in Woodrow Wilson because an unexpected crowd of about 275 turned out to hear Mr. Wu speak. The second lecture, titled "Engineers as Entrepreneurs of Tomorrow," was equally well attended.

Although the subject of Mr. Wu's first lecture was controversial, he said he felt compelled to speak on the topic after he drove through Philadelphia and saw rows and rows of empty factories. He compared the scene to China's Pearl River Delta where more construction is going on than in the whole of Philadelphia, New York City, Boston, and Washington, D.C., combined.

He said that as an Asian businessman educated in the United States, he can see some stark contrasts. China's economy is moving from a planned economy to a market economy, while that of the United States is moving in the opposite direction.

"The Chinese government has adopted a free market economy, what they call 'socialism with Chinese characteristics' that is allowing business to flourish," Mr. Wu said. "But in America ... the noble policies to establish a safety net for all Americans have instead nurtured a society dependent on welfare and entitlements. Consequently, the government has had to play a greater and greater role in planning the country's economy and regulating business in order to preserve the welfare and entitlement systems."

Another culprit causing America's economy to sag, Mr. Wu said, is the minimum wage law. Entitlements and the minimum wage law are basically a planned economy in a different shape and form, he added.

"The federal government has passed a law saying that the minimum wage is going to be **\$4.25** an hour. I ask this question: What has that \$4.25 got to do with market forces?"

The minimum wage law gives the businessman two choices. One, keep making his product in the United States at an uncompetitive price and ultimately drive the company toward bankruptcy, or two, move the company's production to a foreign country where wages are lower. Either choice is bad for America's economy.

"From a government policy perspective, there needs to be a more favorable program toward businesses and job creation, a reduction in the all-encompassing social welfare program so that resources can be invested to strengthen businesses to provide jobs, and a more enlightened trade policy to promote exports," Mr. Wu said. "The expectation of entitlements as a birthright must be replaced by a stronger work ethic." He suggested living by the

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words of former president John F. Kennedy: "Ask not what your country can do for you, but what you can do for your country."

Mr. Wu said the government's linking of economic issues with ideological issues also is a mistake. Washington annually debates whether or not to grant China a Most Favored Nation trading status. Some influential politicians suggest that the MFN status be used as a weapon to force China into improving its human rights policy. Such a move would result in a full scale trade war, and the ultimate loser would be American businesses.

China would make needed purchases elsewhere, effectively locking U.S. corporations out of one of the world's biggest and fastest growing markets.

"But ironically, even if a trade war develops, no political change in China will occur overnight," Mr. Wu said, reminding the audience that democracy is a slow, evolving process. Although the United States gained independence in 1776 and declared that all men are created equal, it took nearly 90 years and a Civil War to eliminate slavery (1865), another 55 years until women could vote (1920), and legal integration of blacks and whites did not occur until the Civil Rights Movement of the '50s and '60s.

"Moderation in the speed of changes is paramount," Mr. Wu said. "One cannot expect China, a country without a strong legacy of democratic experience, to change overnight." But change is occurring, he said.

"I believe that the key to China's democratization lies in its economic progress leading to social liberalization, not from foreign legislation or threats. Economic growth followed by political liberalization has been a proven model as evidenced by Korea, Taiwan, and Singapore. On the other hand, political liberalization before economic stability results in chaos, as witnessed by the former Soviet Union."

Mr. Wu said the United States needs to return to a free market economy where people will have greater opportunities, jobs, and dignity, and not entitlements.

In his second lecture, Mr. Wu encouraged engineering students to apply their thinking skills and analytical powers to business. Engineers are taught that the first step toward solving a problem is to define the problem, then gather all available data that is relevant. Next, seek a simple solution that is affordable and will bring value to the project. Finally, analyze the solution to make sure a profit can be made.

"If you want to make some money, you must first design something that people want. It is very simple advice, but it's so fundamental that when people see the dollar signs they forget about this basic principle. You must take all these things into consideration, analyze it logically, don't be greedy, bring value to the project, and you will succeed. Don't be enticed by temptations of making extra money without really thinking whether you can serve the other fellow. If you violate these principles, I don't think that you can be successful."

Mr. Wu provided an example from his own experiences. He said he heard opportunity knocking when Deng Xiaoping came to power in China in the late 1970s and announced that China was taking a path of reform leading to a liberalized economy. Mr. Wu visited Guangzhou on the mainland and was treated to stay in the city's best hotel, which had leaking windows and nonworking toilets.

"Immediately I could see the opportunity," he said, "They wanted a better hotel." Mr. Wu negotiated with the Chinese government, finally gaining permission to build a 1,200-room, 19-story hotel. In his hotel he included

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restaurants with a capacity to seat 3,000 diners. Mr. Wu agreed that after owning and operating the hotel for 20 years, he would turn it all over to the Chinese government.

“Every expert laughed at me,” Mr. Wu said. “But I know one thing. When you build a hotel, you don’t build it for year one, you build it for a life span of 20 or 30 years. I was working for the future.”

The restaurants were filled to capacity from day one, he said, and the hotel is the most successful one in China. The mortgage was paid in about six years and the hotel brings in about \$25 million per year.

Mr. Wu quickly saw other business opportunities in China. He built a power station to supply dependable electricity for his new hotel. That too, he will eventually turn over to the Chinese government. Currently he is building another power station three times the size of the first-and he has contracts to build 12 more. He saw the need for better infrastructure and proposed building the Canton-Hong Kong Superhighway, modeled after the New Jersey Turnpike. When complete this fall the superhighway will reduce driving time from Hong Kong to Guangzhou (Canton) from seven hours to 75 minutes. Recently he entered a contract to build a second section of the superhighway to connect Guangzhou to Macau. Mr. Wu will own and operate the superhighways for 10 to 12 years before relinquishing ownership to the Chinese government. He said he plans to keep on building.

“As a young engineer, you may have your wings clipped a couple of times because you may not be able to make a correct judgment,” Mr. Wu said. “But please feel that a couple of setbacks are not going to make any difference to you. We all have setbacks, so don’t be discouraged. You may not hit it the first time, you may not hit it the second time, but after a couple of times you’ll get the knack of this and you will be able to do it. The world is full of opportunities because the world’s needs are many. In the long run if you utilize all your logical thinking skills and analytical powers to solve your problems, I think you will become very, very successful.”

Mr. Wu is the second most generous living Princeton alumnus. To date, he has given and pledged more than \$14 million to the University. The School of Engineering and Applied Science created the Distinguished Lecturer award to honor achievements and accomplishments of alumni and friends. In recognition of Mr. Wu, the award will henceforth be called the Gordon Wu Distinguished Lecturer Series.