



**I**n Peking or Paris  
profit isn't always  
the key to entrepreneurship

## Worlds away

The American entrepreneur? He's considered a wheeler-dealer, a go-getter, a pool-hall hustler in a three-piece suit. Because his business ventures often involve a high level of risk, he's granted a certain notoriety—perhaps that of a latter-day riverboat gambler.

The American entrepreneur is lionized for his business acumen and eccentricity. In our society he's J.R. Simplot, Donald Trump, Ted Turner.

The entrepreneurial spirit is certainly not limited to the United States, but describing the non-American entrepreneur often requires supplemental discourse because he represents different things to different countries; it depends on your definition of entrepreneur.

**By Bob Evancho**

According to Webster, he is "one who organizes, manages, and assumes the risks of a business or enterprise." That description, however, is much too restrictive when discussing entrepreneurship abroad.

To characterize the entrepreneur in China, for example, you must consider the changes in that country's political and economic landscape during the past decade.

Until the late 1970s, individual enterprising activity as we know it was forbidden in China. But a few years after Mao Tse-tung's death in 1976, China's new leaders began to relax their grip, albeit slightly, on their 1 billion citizens. Under Deng Xiaoping, domestic reform has been introduced in an effort to reshape China into a modern world power, and unprecedented shifts in economic policy have allowed Chinese businessmen to actually dabble in capitalism.

But Pete Lichtenstein, a Boise State University economics professor who recently returned from an 11-month trip to China, where he taught economics at Nankai University, insists the entrepreneurial spirit has always existed there — you just need to distinguish Chinese from American entrepreneurship, he says. The difference? Its current economic reforms notwithstanding, China's entrepreneurial efforts are collectively defined and accomplished, Lichtenstein says.

"In the United States or any capitalist country, entrepreneurship is usually defined as finding an unfulfilled need and fulfilling it in an efficient way, and in the process becoming wealthy," says Lichtenstein, whose trip was made possible by the Fulbright Exchange Program. "The wealth is the incentive. We assume that in a capitalist society you are rewarded with a profit. But I think that some could argue that there is a native impulse [in entrepreneurs] to be resourceful. And I think the Chinese people there are tremendously resourceful. . . . But their efforts in the past have been collectivized under the authority of the [Communist] Party—the group does it."

Lichtenstein points to the Yangtze River Bridge in Nanking as an example. During the 1950s, the Chinese began plans to build a bridge across the Yangtze. Western engineers, however, found the river's bedrock floor too much of a challenge and decided not to pursue the project. Engineers from the Soviet Union stepped in, but when the Sino-Soviet split occurred in the late '50s, they withdrew—with the bridge blueprints.

"So here was China with these plans

and almost no technological know-how," Lichtenstein says, "and yet they pulled it off—all by themselves through their own resourcefulness and their own initiative."

When they were done, the Chinese had constructed a two-tier, 5,170-foot bridge that took 7,000 workers and 10 years to build. "I think that is a tribute to Chinese entrepreneurship," Lichtenstein says.

And that type of ambition and initiative is being given more freedom in the Chinese marketplace today. "With the reforms, the Party is giving more responsibility to local enterprises," Lichtenstein says. "The Party is trying to create market opportunities as we would conventionally know them in Western society. Entrepreneurship is slowly being individualized by the Party. They're even holding successful entrepreneurs up as symbols. It's bizarre

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Yet China remains a nation under Communist control where individual ambitions are secondary to the state's. Lichtenstein believes Deng must move forward carefully in a way that won't threaten the country's Marxist substructure.

"Every time you push a little further in the direction of reform and individualism, you create a conservative backlash, which brings the pendulum back again toward collectivism; the opponents to reform are thus assured and the situation quiets down," Lichtenstein comments. "I don't think China will ever become capitalistic because the authorities will never let the power be decentralized."

Nevertheless, Lichtenstein foresees a continuation of a more capitalistic perception of entrepreneurship in China. "Many

of the leaders now believe that these reforms do not necessarily undermine the socialist idea; it is still possible to be a socialist and still be an entrepreneur," he remarks. "This is a concept that they're trying to work with now."

In the Soviet bloc countries of Eastern Europe, entrepreneurship also carries a different meaning than it does in the U.S., say Polish natives Gregory and Wita Wojtkowski.

"It's my personal belief that because there is a shortage of everything in Poland, and there is the effort [by the government] to control the populace, people are forced to be entrepreneurs in the crudest sense of the word," states Wita Wojtkowski. "This is how some people survive."

Wojtkowski should know. She and her husband, both professors of computer systems and decision sciences at BSU, left Poland for the United States as a young married couple in 1968. And things hadn't changed much when they visited their homeland two years ago. "It's still a controlled economy that is sluggish and hasn't been allowed to reach fruition," Wita Wojtkowski says.

Although Polish farmers enjoy relative autonomy and are allowed to sell their products after fulfilling certain government-mandated quotas, most other businessmen aren't as fortunate. As Wita Wojtkowski says, it's often a matter of survival.

Her husband agrees. "Small store owners and small manufacturers have difficulties from time to time because of the government," says Gregory Wojtkowski. "When the government wants more money, it will hit them with additional taxes, and sometimes that wipes them out . . . The government doesn't want them to become rich. Someone in the government finds out about their success and gets jealous and they get killed with taxes.

"Then they're forced to restart—usually in a different place, under a different name, and doing something a little differently. Most of these people know they won't be in a certain business forever because they'll end up being destroyed. The government simply doesn't want them to grow up and become a big company. Because of these conditions, many of these entrepreneurs have to become innovative."

How? Through a black market.

"That's where the real enterprising is done," Wita Wojtkowski remarks. "There's an enormous black market—everything from books, scientific and literary, to baby cribs. It's so large because there's a shortage of everything. And it's

not just the exchange and barter of goods; it's the manufacture, too. It's an underground economy."

"People also travel out of the country, not to see things, but for business purposes," her husband adds. "They'll bring back salable goods from other countries and sell them for a profit. Not hundreds, but two, three, or four items, things like clothing that they can hide and not have taken away."

Western Europe's definition of entrepreneurship may be more in line with America's, but it appears the similarities principally end there. At least that was the impression Alan Frankle received during a recent trip to Belgium, Great Britain, West Germany, Switzerland, and Liechtenstein.

"We didn't really observe a lot of entrepreneurial activity in the countries we visited," says Frankle, a Boise State professor of finance. In May, Frankle and seven BSU students, along with a group from the University of Tulsa, made the trip for a firsthand look at the European economic and financial world. The students and professors visited bankers and businessmen in the five countries during their three-week stay.

When asked for his impressions of entrepreneurship in those nations, Frankle says he was surprised by what he observed: Most of the people he met had little or no desire to strike out on their own. Frankle attributes that chiefly to the attractive benefits most Western European firms offer their workers.

"We got the impression that most of the business people there became employees of large firms and went for the security of a good job," Frankle offers. "We noticed that employees receive tremendous fringes in terms of days off, vacations, sick leave, education benefits, and so on."

And most of those he met, Frankle adds, apparently were content to be company men. "They seemed pretty well set up with their jobs and it appeared they were going to be in those positions for a long time," he says. "There isn't that upward movement within the corporation like we see in this country."

"The Protestant ethic we see over here I always assumed we got from Europe, but it was somewhat absent over there, even in Germany, which is one of the world's better producers in terms of efficiency."

"It appears that people there just decided that there was more to life than working. The way they spend their time and money is not the way of the American entrepreneur. Our entrepreneurs are working 14-16 hours a day and putting

their earnings and savings into their businesses. In Europe, at least from what I observed, it seems people are more interested in vacation times and driving Mercedes and BMWs; they weren't ready to pay the price to go off on their own."

Of course there are exceptions, Frankle adds. Entrepreneurs in Europe are usually in a position of wealth and power before they begin their enterprising venture.

Frankle believes two other factors have hindered entrepreneurial efforts in Western Europe: high taxes and a cozy relationship between big business and government.

"The tax situation in Europe appears to be in a state of flux like it is here," he comments. "But the rates have been very high and are definitely a detriment to entrepreneurial activity."

Frankle points out, however, that some governments have been reducing their tax rates in an effort to stimulate entrepreneurship. Part of the reason, he explains, is an effort to limit the number of fly-by-night businesses that avoid paying taxes. "They make money with a product, take off, and establish residency elsewhere," Frankle explains. "By re-

ducing taxes, the governments are trying to make entrepreneurial activities more attractive to [taxable] businessmen."

Although the countries Frankle visited may be promoting entrepreneurship, he believes small businesses may be facing unfair competition because of preferential treatment larger firms are receiving. "We found a very close relationship between big business and government during our trip," he reports. "I'm not sure why the governments favored them over small businesses, but I would think it would not help entrepreneurial activities."

One solution to the shortage of entrepreneurs in Western Europe, Frankle says, is to adopt an attitude of pursuing global entrepreneurship. "Actually, it's something we all should do, not just those countries," he states. "We have to start competing in economies other than our own. Entrepreneurs need to become global in their outlook and expand beyond their own borders, which is good because people will start to do what they do best. And if some country does something better than you, their product is going to be less expensive and of higher quality."

After all, isn't that what entrepreneurship is all about?

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