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CHINESE FOREIGN-EDUCATED RETURNEES:

SHAPING CHINA'S FUTURE?

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P R O C E E D I N G S

MR. LIEBERTHAL: Good morning. I'm Ken Lieberthal, director of the John L. Thornton China Center at Brookings. We're delighted to welcome you all here today for our program on the return students, the so-called "hai gui" and their influence in China.

My director of research for the Thornton Center, Cheng Li, conceptualized this program and took the initiative on it. I really appreciate his having done that. And I especially appreciate Wang Huiyao and David Zweig traveling respectively from Beijing and Hong Kong for this program. It's not a short trip and we are absolutely delighted you're able to be here.

I think the topic, as you'll see as we run through the morning, is a really important one. And it's one that doesn't get enough focused attention and research. Individuals with overseas educations, whether in the U.S. or Japan or Europe or Australia or wherever it might be, have played critical roles in shaping China's policy and its political system really since the turn of the last century. Not this century. And when you look at the array of things that they have been centrally involved in, in the early 1900s, Wang Huiyao will have a couple of comments on that as he gets into his presentation. And it's worth paying attention to because it is really quite startling.

PRC students, post-'49, in the '50s, went basically to Soviet bloc countries for study. And it's really that generation that has still been the uppermost echelons in China. But that's about to give way. It's about to give way to the generation coming up that where the folks who started to go abroad for study when China opened up again after Mao Zedong passed and the reform and opening campaign was -- or policies were adopted in the late '70s. In fact, one of the people here today -- here he is, David Dean -- I'm sorry. David Dean. How did I do that? David Greece was reminding me before the program he was at the U.S. Embassy in Beijing in 1979 when the first group of

students to study in the United States since 1949 left Beijing to come to the United States. And he was the one who went to the airport to see them off. Fifty very nervous, very scared young people who were the beginning of what became a steady trickle and then a flow and is now a flood. And it is those people who are, as our various speakers will lay out today, really now having a very significant impact on China's system and on its policies and they occupy key positions in almost every aspect of the Chinese establishment: political, economic, scientific, media, and social.

These individuals have studied in different places. They're from different parts of China. This is not a unified group. These are people with a variety of perspectives. And what we'll be doing this morning in part is teasing out that variety and showing some different kinds of impact, in part depending upon where people went to study. But all of them spent serious time abroad on terms that gave them far more than superficial exposure.

And so our questions for this morning really collectively are how can we characterize them? What are their attitudes? What positions are they occupying? What impact are they having? And how are they contributing to China's future?

We've got three excellent speakers. I'm going to introduce them all now and then they'll come up in the order in which I'm doing these introductions so that I don't have to jump up and down and interrupt the flow during the course of the presentations.

So in order our speakers will be first Cheng Li. Cheng is the -- as I mentioned earlier -- the director of research at the John L. Thornton China Center. He's also a senior fellow in foreign policy at Brookings. And he currently serves, among his other things, as an advisor to the World Bank and vice chairman of the Committee of One Hundred. And Cheng will focus on the return students and their positions of influence in China's foreign policy -- in the foreign policy system in China.

Our second speaker is Wang Huiyao. He is the founding director of the Center for China and Globalization and vice chairman of the China Western Returned Scholars Association, which is the largest overseas returned students' organization in China. It has a membership of over 50,000 people. He is also a vice chairman of the Ministry of Human Resources and Social Security's China's Talent Research Society and vice chairman of the Ministry of Commerce's China International Economic Cooperation Society. And Professor Wang will focus on the roles returnees are playing in leading China's globalization.

And then last but not least, David Zweig. I'd like to lead with the fact that David Zweig is a University of Michigan graduate, Ph.D., just given my own longstanding ties with that great institution. He is currently chair professor of the Division of Social Science at Hong Kong University of Science and Technology. He is director of the Center on China's Transnational Relations, and his focus will be on the impact on foreign policy -- I'm sorry, the impact of foreign policy study on the views of the outside world and views on China's preferred foreign policies that are held by the return students.

So with that as background we're going to have -- each presenter will be using slides, so the rest of us will sit down here through the presentations. Each presenter will take about 20 minutes. At the end of that the panelists will come up here along with me and we'll open it up for Q&A. And we should have more than ample time to have a very good discussion. So again, thank you for coming.

Cheng. (Applause)

MR. LI: Thank you, Ken, for that very comprehensive introduction.

First, I want to join Ken in welcoming you all for this event, especially for my fellow panelists who have traveled from afar. You have come at the perfect time, the National Cherry Blossom Festival, which showcases Washington, D.C., at its most

beautiful. It is also a living reminder of a century of culture exchanges and the friendship between Americans and Japanese people.

We have gathered today to discuss another important instance of culture exchange across the Pacific, which may be less noted and may not have given rise to a beautiful festival quite yet. But it's also coming to fruition. I'm referring, of course, to three decades of education exchanges across the Pacific, a long-term intellectual venture between the United States and China that has already proved very consequential and will continue to help bridge the divide between the two countries.

Now, in the next 20 minutes or so I will focus on China's foreign policy and the role of the returnees shaping China's foreign policy -- the paradoxical role of returnees. I will explain what I mean by paradoxical role later.

Now, I want to cover three issue areas. The first is the impact of three decades of education exchange. Second, talk about the role of returnees in China's foreign policy. I particularly will focus on three roles: one as a decision maker, second as think tank based advisors, and a third is as opinion leaders. Of course, in reality these are exchangeable. There are some ambiguities in different roles and they can overlap. But these are the three most important roles I believe among returnees in the foreign policy establishment in China. And finally, I will talk about the returnees and the paradox in China's foreign policy and the U.S.-China relations.

Now, the first impact of three decades of education exchange. Let me start with the historical background. This is 31 years ago in Washington, D.C., when Vice Premier Deng Xiaoping, really the leader in China, came to Washington to sign an agreement on scientific and the culture exchanges between the United States and China which really was the landmark document about the education exchanges.

Now, during the ceremony Deng Xiaoping made the following statement.

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I quote him here. He said, "It is my belief that the extensive contacts and cooperation of the nations and increased interchanges and understanding between people will make the world we live in more safe, more stable, and more peaceful."

At the same event, President Jimmy Carter had the following remark. He said, "Our aim is to make this kind of exchange between our countries no longer the exception but the norm; no longer a matter of headlines and the historians, but a routine part of the everyday life of both Chinese and American people."

Today this exchange has already become the routine of our everyday life because it is so common probably we tend to overlook the significance of this really profound exchange between two countries.

Now, when both countries, the leaders, started this exchange program they had different -- somewhat different concerns and different objectives. For Deng Xiaoping the primary goal is very clear. It is to make up for the 10 years lost during the Cultural Revolution. During the decade around the Cultural Revolution it really jeopardized China's educational system, particularly the university and also the high school system. He wanted to make up that terrible decade.

But he had two concerns. One is he was worried about the so-called spiritual pollution and the bourgeois liberalization. You really cannot separate the learning technology and also absorbing Western ideas. That was his one concern. The second concern is the so-called brain drain. He worried that some of the Chinese students probably would never return. But he said even if 70 percent did not return, 30 percent will return. That was his direct remark.

Now, for U.S. policymakers, including our President Jimmy Carter, the main objectives also were very clear: to train China's best and brightest, the future leaders, because this is what Jonathan Spencer said, a change in history by an emphasis

on personnel by looking at the future leaders. This is a co-part of our culture diplomacy.

Now, he also had something in his mind, a little bit worry, at that time it's probably not significant, but now it has become some concern. At least to some people in Washington, D.C., and elsewhere. It's that PRC students will not only encounter liberal ideas, but also have access to the most advanced U.S. science and technology. Particularly technology in that area. But now probably there are some other concerns because of the writing of the Chinese nationalism even among those studying in the West. But that's the bad one.

Now, this is the chart that the Chinese student scholars in the United States in the early decades from 1980 to 2002. You see this kind of growth. This data, these two years it is unclear or not reliable according to a Chinese official source. Now, this one starts in 2002 -- the continuation with the previous slide -- until last year. Now, China sent altogether 1.6 million students overseas during these three decades. 1.6 million. And this line is still studying. This green line is already returned. It's about a half-million already returned. And so about 1.1 million still overseas, including those still in program and also those who already become foreign citizens. So that's the general pattern up until last year.

Now, also in terms of the academic disciplines, the fields, this is a look at engineering, natural science, humanities. You know, look at the 100 percent of the total who study that area. This, the red, is returned after 1997. The blue is returned in 1996 or earlier. You can see that the major change in terms of disciplines, now more people in law and social sciences and economics return to China after 1990 Summit. So this kind of general pattern of the academic disciplines.

Now, let me move to a second point. Returnees and China's foreign policy. Look at the three roles they play. But first, we need to have a definition. What do

we mean when we talk about the returnees? Now, by definition, an individual belonging to the PRC who left to study overseas as a student or a visiting scholar for over one year and then returned to China to work on either a temporary or permanent basis. Now, this is going to be all foreign countries, including Japan, Europe, United States, Russia. But the majority of them actually we have data if they come to the United States. It's about 37 to 40 percent total among this 1.6 million people according to the Chinese Embassy's data.

Now, this definition excludes a similar group of people. It excludes participants in short-term educational programs abroad. Those who study for four months or half a year are not counted. And there are a lot of them. Probably several million sent over the past three decades. They do not include foreign-born ethnic Chinese, including people from -- originally from elsewhere, from Hong Kong or from Taiwan or from Southeast Asia. And it also excludes Chinese immigrants to foreign countries who did not pursue education opportunities and have now resettled in China, including those who did not get a degree or study, but who now return to China as a businessman or business people. Now, these are excluded.

Now, let me talk about their roles. First, as decision makers. Now, this is the study I did a couple -- two years ago. Almost two years ago. Look at the 16th Central Committee and the 17th Central Committee. The number and the percentage of returnees. In the 16th Central Committee, this is about 356 total people, including 198 full members and 158 alternate members. This is certainly a very important organization. If you want to have a political career you probably should belong to that Central Committee because then you can become Politburo member and vice premier, et cetera.

Now, among these 194 members, none of them were returnees, so 4.5 percent. The alternate has more of a percentage. So out of 158, 8.2 percent. The total

is about 6.2 percent. This is the 16th Central Committee. Now, 17th Central Committee about two or three years ago, the number increased in each and every category, so now it becomes 10.5 percent. Now, in two years China will have another important meeting, the so-called 18th Party Congress. My projection is somewhere between 15 to 17 percent. Do we increase it from now 10.5 percent to about 15 and between 15 to 17 percent?

Now, this is a study I just completed actually a few days ago. It's a returnee representation in ministerial leadership. Ministerial leadership, including four ministers. China has 27 ministries and also revised ministers. Each minister has a number of revised ministers including some ministers have assistant ministers. Now, these three categories, altogether 193, 41 of them, or 21 percent, belong to returnees. Either degree candidates or visiting scholar for more than one year.

Now, it is interesting to see that -- this is actually hierarchy, the rank. The younger and up and coming leaders have more percentage. So that's also projected in the future that we increase returnees because in five years or in two years some of the revised ministers will become ministers. And some assistant ministers will be promoted as well. So that's the number we look.

Now, more quickly, this is -- look at the 66. The top level returnees in China in terms of where they study and where they got their degrees. In both where they study and where they got the degrees, the United States ranked at the top. Forty-three percent -- 43.9 percent among the foreign study in general. So it's more than -- at one time, you know, than the second-ranked U.K. Also in terms of getting the degrees, also about one time than U.K., so United States. Most of these top-notch, you know, highest ranking officials got their degrees from the United States.

Now, let's look at the returnees in Cabinet. As for now, we know that the

minister of Foreign Affairs, Yang Jiechi, he was a visiting scholar at the LSE and Wang Gang . He is not a party member. He is one of the two non-CCP members in the cabinet. He's minister of Science and Technology. He got his degree from Germany and also worked 10 years as Audi senior manager in Germany.

The next person is Heng Ju, also the second non-CCP member who served in the Cabinet. He got his degree from Paris and also lived a long time abroad. He is a very accomplished scientist, medical doctor. Another person is Zhou Xiaochuan, visiting scholar at the U.C. Santa Clara. He is the governor of People's Bank.

So among these 27 Cabinet members, 4 of them are returnees. Actually, last year five. The Minister of Education, Zhou Ji, just stepped down. So that's the percentage of the returnees.

Now, in the financial leadership, in addition to Zhou Xiaochuan, we know that the Liu Mingkang, highly likely he will replace Zhou Xiaochuan in two years as governor of People's Bank. He's one of the top candidates. He got his MBA from London University. And Jiang Jianqing, the CEO of the largest bank in the world, Gongshang Yinhang, China's Industrial and Commercial Bank. He is also a visiting scholar at Columbia for a year. And Gao Xiqing , another top bank, top bank CEO was a visiting scholar for a couple of years at Oxford. And he is in charge of tax, also taxation in China, administrator of the taxation. But he studied two years in Germany. And also another person, a confidant of Premier Wen Jiabao, he is Xie Fuzhan, the director of research at the State Council. He was a visiting scholar for a year at Princeton.

Now, look at the rising stars in the financial leadership. (This is) whom I call China's Larry Summer. I don't know whether saying that is helping him or hurting him. But anyway, that he got his MPA from Harvard and speaks really flawless English. But his Chinese remarks are just so -- I never heard any leader use that kind of beautiful

Chinese to deliver a speech, you know. It's his last year in Beijing. So English and Chinese both are very, very good.

Now, he is a deputy office director of the Financial Leadership Group. Very close to Hu Jintao and Wen Jiabao. He also happens to be a childhood friend of Xi Jinping, the future leader.

Another one is Yi Gang. He is the revised governor of People's Bank, another candidate to replace Zhou Xiaochuan; a Ph.D. from Illinois and served as a faculty at the University of Indiana for seven years. Another rising star, Zhou Ming from Shanghai, we were classmates at Princeton. He later got a Ph.D. from Johns Hopkins. He is coming in a few months to be an advisor of IMF. And according to a Chinese source he wants to get the number two seat at the IMF as the first communist advisor.

Now, let's look. There are three recently -- just a week ago, China appointed three members of the Monetary Policy Committee. People's Bank, including Zhou Qiren, who got his Ph.D. from UCLA; Xia Bin, visiting scholar at a Japan security firm; and Li Daokui got his Ph.D. from Harvard and taught at Michigan, your colleague -- Ken's colleague for many years at Michigan.

Now, let's look at the foreign policy. Besides minister, we see Wang Li was a visiting scholar at Georgetown for almost a year. And also Wang Guangya, LSE, and then also Master's Program Johns Hopkins. These are three heavyweights in China's foreign policy establishment. And the first two are also competing for the position of Dai Bingguo and to be the person in charge of China's foreign policy in two or three years.

Now, China's new ambassador, Zhang Yesui, also was a graduate of LSE in the early Years. And another person is the vice minister of foreign affairs. He was here about two weeks ago, Cui Tiankai, Johns Hopkins and a master's degree. He

was a student of Relata Doca Banet. And also a woman vice minister, Fu Ying, she happened to be a Mongolian, a former ambassador to U.K., now also vice minister -- to Australia, I'm sorry. And now a rising star in the Foreign Ministry.

Now, let me very quickly -- of course, there are many other areas, like education. I think Wang Huiyao will talk about education and business. And these are finance. And the Foreign Ministry is dominated by returnees.

Now, let's look at the think tank based returnees. Now, there are some reasons for why returnees become important. It's related with collective leadership in China. I don't want to go into details because end of strong-man politics there will be more emphasis on returnees, their roles. And the government, particularly collective leadership, will want to have scientific decision making. So therefore returnees or think tanks become important. And economic globalization, China's rise, revolving door, availability of financial support from the state, and finally the demand value for returnees' input. These all contribute to the rise of think tanks, particularly returnees in the think tank.

Now, let's look at Jiang Zemin. He had three major advisors early on. One was certainly Wan Funing and Fong Fudan. He was a visiting scholar. And he is now already a member of secretariat, will become Politburo member very likely. He will be an important figure for China's domestic and foreign policy.

Another person is China's attorney general. He also served as advisor for Jiang Zemin early on. The so-called China's negotiation for WTO, largely Jiang Zemin's idea, it came from him. The idea of Three Represents from Mr. Wan Funing and the Taiwan Affairs from another young leader, Zhou Mingwei, and he was a former vice minister of Foreign Affairs. Later was removed because of some of the problems. But anyway, these three people from Shanghai served as an advisor for Jiang Zemin on

domestic politics, so-called Three Represents, China's succession to WTO and the Taiwan Affairs.

Now, Hu Jintao also has three advisors. Wang Jisi, many of you here know him. He contributed to the idea of China's peaceful rise, along with Zheng Bijian. Another one probably you do not know much is Sha Yong and the ideas of release the 86,000 social protests every year largely come from his idea to release it to the public. But he is currently in charge of the Secrecy Bureau, ironically.

Now, finally, is Yu Keping, the well-known author of "Democracy is a good thing." He helped Hu Jintao to pursue some political reform, although you can say there is no breakthrough, but he worked very hard to push for that. And these are the three people.

Now, the forthcoming leaders, Xi Jinping and Li Keqiang. Now, Chen Xi was a visiting scholar at Stanford, and he is the number two person in the Minister of Education. Highly likely will become minister in two years. He was classmate of Xi Jinping, the same thing with Wang Saoguang was a classmate with Li Keqiang. You will see the future Politburo Standing Committee, many of their classmates or best friends currently or previously studied abroad.

Now, very quickly I'll talk about think tanks. Wang Gang, at Tsing Hua and Fred Wu, he just stepped down from Goldman Sachs and will probably become a vice president of a major bank in China. And Sun Ze, I don't want to go into detail because of time. These are the major think tanks that are headed by returnees who got their degrees from overseas.

Now, talk about opinion leaders. There's a growing inference of opinion leaders in China because of larger commercialized media outlets. So there's a talk show fever in China. There's a newspaper booming. This is really comes from West. China's

newspaper is still doing very well so far. And finally, the internet revolution. You probably heard of the Han Han, the young 27 years or 28 years person got nominated for the Time Magazine 100 Most Influential People.

Now, so, let's look at some of the major books. "China Can't Say No", also written by the top author, Wang Xiaodong was a returnee to Japan; studied in Japan, then returned to China. And he, again, a few years later, wrote "China is Unhappy". So again, one or two also returnees. The famous book "Currency Wars" written by a returnee named Song Hongbing studied at American University in town and became a very articulate critic of the United States. The famous book "Growing China" by Fang Ning, the so-called new left intellectual, also studied in the United States for a year. So again, ironically, those -- the outspoken people (inaudible) criticized the United States or the mentors of the angry youth are also returnees.

Now very quickly, I don't want to talk about the new left, but to talk about the conclusion, I think. Now, before that this is Fang Ning's famous book, talks about the Western-led conspiracy. The West wanted to make the East Turkistan Xinjiang area become independent, Tibet independent, then Mongolia independent, Manchuria independent. The China's web, the map would shrink to that size. This is his argument. It became a sensational book. Best-selling book in China.

Now, also not only just the popular opinion leaders, but even scholars from Berkeley -- my classmate at that time, Yan Xuetong is a leading critic of the U.S. foreign policy. So is Pan Wei. He argues that if China becomes a democracy the whole country would collapse, so anti-democracy. I think I characterize him very correctly. But he argued for rule of law, but no democracy.

Now, another, Zhang Lizang also really is a person for China's rise. Now currently teach at Nankai, all of them got their Ph.D. from Berkeley. Does that say

something about Berkeley? (Laughter)

Now, finally, returnees and the paradoxes of the U.S.-China relations. Let me come to my conclusion. Now, there are three paradoxes. On one hand, Hu Jintao wanted to shift China's foreign policy from heavily put on United States to a so-called, what he called all directional diplomacy, "Duo Fang Wei Wai Jiao". But in reality still put all the resources on America's centric policy. My argument or interpretation is because he is surrounded by returnees from the United States so they have to continue to put the emphasis on the United States. I would be happy to elaborate on that in the Q&A.

The second is the Chinese scholars and leaders constantly talk about the best timing -- best time in U.S.-China relations is now, but at the same time also concern about the U.S. conspiracy against China also widespread view. How to interpret the paradox, also look at the think tank advisors and we may find some clues.

And finally, from the U.S. perspective, it's a design to train China's best and brightest early on, and even now, but we are deeply worried or fear anti-U.S. angry youth really also inspired by some of the returnees. How to reconcile these paradoxes.

Very quickly. I think we should avoid too extreme. One is simplistic and naïve views that think the U.S.-educated elite are necessarily less nationalistic or pro-U.S. I think that's simply wrong, but we're equally wrong if we overlook or deny the U.S.-China educational exchanges have had a positive role on the relationship, particularly on China's modern phase of the transformation.

Let me come to a conclusion by a policy recommendation. One is I believe that we should initiative an overview assessment about these three decades long education exchanges from the U.S. government and also academic policy community. Second, promote discussion of whether the educational exchange really can contribute to mutual understanding or mutual reassurance. And should promote -- should become

more aware of the really serious debates in China among the Chinese. And finally, we should encourage Chinese professionals not just to study in our universities, very much insulated or isolated, but should have come post-degree education to really know American society and better understand how our NGOs, and the media, and the local government work.

Now, for further discussion, look at my edited book, "Bridging Minds Across the Pacific." And David Zweig has a brilliant chapter in that volume. And also, all my discussion is based on an upcoming journal called the China Policy, Issue Number 10, and the editor Andrew Marble happen to be here.

Thank you very much. I'm sorry for going beyond the time. (Applause)

MR. HUIYAO: Good morning. Thanks, Cheng, for the excellent presentation. Also, thanks Ken very much to invite me from China to come here today.

This is a very interesting topic about Chinese returnees. And I think we all live in a very exciting time. My topic today would be Chinese Returnees: Impact on China's Modernization and Globalization. Primarily I'm going to talk about a little bit of an overview of what's the background of China's returnees and also I'm going to touch upon the contributions made by contemporary Chinese. And then I'm going to look at the business part of the Chinese returnees and how they impact the Chinese society.

So as Cheng has already covered a lot on the political side, I think my presentation would supplement some of the other sectors. Now, let's look at the history. You know, actually the returnee history is not that long. It's over 150 some years old. The first Chinese foreign student was Wing Yung. He was a Yale graduate and then he returned to China in 1854 and he also was regarded as the father of the Chinese contemporary returnees.

Actually, I divided the previous Chinese returnee wave into five areas.

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Five waves. The first wave started in 1854 to 1900. From that wave actually we see the first China railway builders, Yan Teyao, the first republic premier at that time and also the first Chinese university president, and then first founders of a Western Returned Scholar Association. And you can see they have actually contributed a lot to the Chinese modern history actually.

The second wave comes between 1919 to 1927. At that time they all come back and they founded KMT and also, believe it or not, the Communist Party of China was founded by returnees. Out of the 12 delegates that attended the first establishment of the CPC in Shanghai, 8 of them are returnees. Of course, there are many cultural figures, Lu Xun and Komo Ro and Ba Jin, and all the rest. Mao Dun, you know, all those coming at that time.

The third wave actually belongs to the 1927 to 1949. And at that time we see a lot of science and technology returnees. For example, a lot of them -- quite a few of them actually in the U.S. who won the Nobel Prize winners, like Yang Ziling , Li Zhongdao , who went out at that time. And, of course, you have China in the '50s and the '60s where they built up their nuclear industry. Out of the 24 experts awarded by the Chinese government at that time for building this industry, 21 of them were returnees, of course, including Chen Juexun, Ben Jiaxian, and all the rest.

And, of course, the fifth -- the fourth wave -- the fourth wave was basically students who started in Russia and the East Bloc countries. And they have actually produced a lot of Chinese leaders, such as Jiang Zemin and Li Peng were also among this group.

Of course, the topic today we cover is mainly the current wave, the fifth wave, which started in 1978 to the present, which is the largest wave of all. So for the -- actually, the first four waves we have, it's about over 160,000 returnees. But the current

wave, which is the fifth wave, we had about already 1.6 million. So for the last three decades as Cheng mentioned. Of course, today it's become a big phenomenon of Chinese students to study overseas. For example, every year there's about over 200,000. Last year it was 230,000 Chinese students who went abroad as the Chinese middle class is swelling and a lot of people are going abroad.

And, of course, out of this 1.6 million, half a million of them already returned. And then we had about -- for those who returned there's a word in Chinese called sea turtles, hai gui. And also I estimate there's another 100,000 which come back and forth, travel between China and the outside world. And that group has been called seagull, flying back and forth. Hai ou actually is another word for them. So you can see there's still 1.1 million returnees still outside China, students and professionals.

Now, I'm going to talk about the rows of the different generations of returnees. The first three generations, you can categorize them as primarily kind of a revolutionized China -- overthrew the federal imperial system. And then that has been really very passionate and very revolutionary, all those generations. And then the fourth generation is primarily to modernize China. You know, construct and build up all those 456 infrastructure projects in and then lay the foundation for the modern China.

And then the fifth generation, which is the current generation, is more primarily kind of globalized China. China open door policy. China open into the outside world. And then this has been a major characteristic. Now you can see this has really had some positive impact in China. For example, 78 percent of the university presidents in China are returnees. And 72 percent of directors in China who are in charge of the state and the provincial key research labs are also returnees. And 81 percent of the Chinese Science Academy and 54 percent of the Chinese Engineering Academy also come from the returnee background. And you can see that as well.

And of course, just now Li Cheng gave a very vivid countdown of the number of the political figures. This is citing from him that one of the -- in 2005, out of 581 minister level officials, 8.2 percent are returnees.

Now, I'm going to talk about now a bit on the revolution of the government policy on study overseas -- how that has been generated. Of course, we saw just now that Deng Xiaoping visited the U.S. in 1979. That really ushered in the new era of the returnee golden time. But before 1990 there were still more restrictive options. There was a very limited number of people going abroad. It was the very top and the brightest and you had to go through all the troubles to come out of China. And I'm sure many of the returnees remember that.

And then after 1992 things got more changed and Chinese government actually announced at that time a major policy basically saying support study overseas, encourage returns, and encourage the freedom of movement. Particularly to guarantee the freedom of movement, that actually made a lot of people, you know, less worried of going back. And then after 2000, we have also come up with a diaspora option, which is mainly provide more flexible policies and relax some visa and permanent resident status in order to attract the seagulls to come back.

Now, also I'm going to talk a bit more on the Chinese government programs on returnees. There's a number of programs which have been carried out. For example, in 1998, they have started a Chang Jiang scholar program, which is a very large program to attract professors and scholars coming back on a short-term basis and then serving 130 universities in China. And then actually 14,000 have been attracted so far.

And the study in 1997, there was another program called the Spring Light Program, Chun Hui Ji Hua, which is 12,000 returned on a short-term basis to

provide services to China. And then the Chinese Science Academy had another program in 1994 called 100 Percent Program by Bai Fen Ji Hua, which is also to attract scientists to come back to China to work on the longer and the shorter basis.

In addition to the science and technology, China has also tied a lot of importance on the entrepreneurial returnees. For example, throughout the country there's 150 returnees industrial park has been set up. The famous being Zhong Guan Chun, and, of course, in Shanghai, Zhang Jiang and also Da Lian and Guang Zhou, Shen Zhen, you know, all throughout China. And over 10,000 Chinese entrepreneurial enterprises have been set up by returnees in those areas.

Now, the most ambitious and most liberal talent program was recently launched by Minister Li Yuanchao when he came to the ministry of -- China's Ministry of Central Organization, which is Zhong Zhu Bu. And for the past few years he was really concentrated on this foreign talent program, which means in the 5 years to 10 years time that Chinese central government will attract 20,000 top level scholars -- overseas scholars, scientists, and entrepreneurs and senior multi-national managers -- by way of saying top level, which means you have to be a university tenured professor at famous universities. And also, key research labs and Fortune 500 company managers and things like that. So, and also entrepreneurs with (inaudible) and with established track record.

And then it's quite impressive actually because I'm also on the expert team of this review committee. And right now there is already about 600 of them that have been attracted by the central government. And out of the 600, the majority of them have a foreign passport, which means they already either have a U.S. or European or other country passport. So this is a very open, unprecedented move by the Chinese government.

As a matter of fact, just three weeks ago, 300 of them have been -- of those (inaudible) program candidates have been studying at the Beijing Central Party School, the first time the party school has opened to the foreign passport holders of those talent recruited by China. And that's really a new phenomenon. And then Li Yuanchao actually went to the party school and gave them a long talk on the program.

So once the Chinese government top level has set up examples and initiative, all the provincials follow the suit. And then all those regions and the coastal programs, like Beijing, Shanghai, Tianjing, Guangdong, and Jiangsu and Zhejiang, Fujian, and Shandong Province, all follow suit. And each propose their own (inaudible) talent program. And some provinces even have a hundred program and other different names. But add it up. You can see there's at least 10,000 or 11,000 as Ken has just noticed to me, and that's actually a very large addition to the Chinese current talent attracting program.

Recently I published a book called "National Strategy: Talent Change in China," which covers a lot on the recent Chinese focus on the talent. As a matter of fact, there's two strategies of China proposed by China. One is the science and education "Ke Jiao Xing Guo" strategy. And then another is (speaking Chinese), which is a talent strategy. I think now they are really putting some teeth to the talent as a national strategy.

Now, I'm going to cover a bit on the returnees' roles in the Chinese globalization, which is also part of this presentation. I have done some studies and also some questionnaires with the Western Returned Scholar Association. And also gathered about 300 very successful entrepreneurs in China who are returnee background and made a study on them. I made some very interesting findings.

And, of course, there's literature on the brain drain, brain gain, and brain

circulation which has been covered a lot by academics already. Now the brain circulation is the current norm of the day. And you can see a lot happening like that which I'm going to talk a bit on that. (inaudible) studies, I also have some Chinese books on that. One is the book on Returning Times and another is the Contemporary Chinese Returnees, all published in China. And this one was published by State Council Development Press on the returnees.

The returnees' role in China's globalization, primarily in the business sector, I classify them in quite a few areas. For example, the brain technology. You can see these days in China the internet is predominately run by returnees or funded by returnees, like Baidu or Sohou or Senna, which has really changed China with this new technology and high tech.

And another thing is the least in Chinese enterprise overseas, including most of them in NASDAQ. There's about 100 Chinese companies listed on NASDAQ and most of them are founded or run by returnees. And that has really created a new way of attracting foreign investment. And you will see that in all the venture capital companies in China, most of them are headed by -- if not 100 percent -- by returnees. And they play a very important role in making the business happen in China. And also helping Chinese firms going global.

You will remember that in the last few years there were a lot of Chinese companies going over -- listed overseas. Big companies: China Telecom, China Unicom, China Insurance, or Bank of China on the ICBC. But behind those companies going overseas there is a returning team working at the different investment banks or different companies going back and forth and trying to help on that. That's where we had all the global and investment houses.

Managing the multinationals, such as Microsoft, head of China was a

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returnee and UBS, Google, (inaudible) BlackBerry, you name it, there's a large number of multinationals run by returnees these days. And of course, they introduced the new management practice to the Chinese modern business society. So those are very impressive.

And out of the 300 most successful returnee businessmen in China I've done some of the studies and we found that there are some characteristics. For example, all of them are highly educated. You know, 48 percent have a Ph.D., 35 percent a master's degree, and 12 percent business scholars. So contrary to the traditional entrepreneurial literature, the lower education you have you may be more risk-taking, you may be less worried about losing anything. But in the returnee business, if you want to be an entrepreneur successfully in China, you probably better have a better degree -- one overseas.

Another interesting thing I found is that the majority of them are concentrated in the high-tech sector, like 70 percent, whereas only 20 percent in the consulting, legal, and 5 percent in manufacturing, and 1 percent in a real state. And 1 percent in real state is interesting because probably the real estate takes a lot of guanxi and a lot of exchanges with the people. And the returnee just comes back; they don't have that. So they have a lot of international guanxi so they are more strong in the high tech and list company overseas.

And then another thing about the characteristics about the success of returnees, the first years work experience are very, very useful. On average they have that. And then so there's lots of -- they call it a "Hai Dai" when they come back, which they can't find a job. Those are mainly less than one year experience or one year degree. So, this is an interesting characteristic.

And also team building culture. You know, in Chinese countries in the

private sector, there's a lot of companies run by family, by people from the same country, town, and stuff like that. Whereas the returnee enterprises, there's a team. You know. There's already a CTO. There's a COO, or a CFO. So this is very interesting for returnee companies.

And then another characteristic is social network. You know, for those successful returnees we found that they all belong at one time or another a big social network. But I found that in the Western Return Chamber of Commerce, which I'm also the president of that Chamber of Commerce. And I found that there are a lot of people who find their partners, find their capital or staff, or even girlfriend/boyfriend in their mid-East kind of social settings. And, of course, venture capital is very important. Crucial in helping them. And then also for those guys coming back, I do -- optimal age was around 30 to 35 years old. And giving five years of a study, another five years of work experience, that comes to the impact.

And geographically distribution, we find that the majority of them coming back from the U.S., which you can see probably the U.S. is more entrepreneurially-driven and more entrepreneur spirit. And adding up in Canada you have the majority of them from North America; and then only 23 percent from Europe; 9 percent from Japan and 3 percent from Australia.

Now finally I'll give you some case studies. Talking about this brain circulation. I have a three gentlemen list here -- all members of a Western Returned Scholars Association. But then the old study that the Silicon Valley didn't work there. They founded the Wyen Science and Technical Association. The first one -- the first president, Cheng Hun, he actually sold his company for 1.5 billion and then he went back to China. Now he's an investment banker.

The second guy is Jiu Min and he sold his company for 3.2 billion in the

U.S. and he went back to China now and back and forth as a seagull.

And then the third president, Deng Fung, he also sold his company for 4 billion and then went back to China. So you see that they are really helping China back and forth.

And now returnees are taking some different strategies. You know, the environment is very complex, and then they take the technology as a strategy. Baidu is doing really well. Rely on the strategy and capture 70 percent of the Chinese market and Asia. You know, using network strategy and then you have another company using market strategy, like a Ctrip. The largest online booking for travel in China primarily relied on the market. And they all became leaders of the different sectors. And you can see the returnees adopting different strategies when they go back to China.

Finally, some problems. There's too many concentrations in Beijing, Shanghai, and Guangzhou. You know, that's for returnees. And then they should have more multinational set up in China. Not enough working for multinationals; not enough working for private enterprise and the state government. More policy liberalizations and then also transfer more student from diaspora into brain circulation.

Now, the final pages of the conclusion. Brain circulation will continue and the returnees are increasingly playing leading roles. And also driving forces for China's new economy. And, of course, leading high-tech companies going overseas and bringing more venture capital to power China's entrepreneur evolution. And, of course, there will be more multinationals managed by returnees and the returnees will be actively involved in the Chinese globalized economy.

So I think that's primarily my conclusion. And, of course, finally the returnee will become the catalyst. You know, a supplementary multinational role as globalization forces. That's a new trend. You know, multinational maybe played a lot of

role in the past, but now returnees are actually becoming flat in the world and then getting more active now.

So that's primarily my presentation today. And thank you very much.

(Applause)

MR. ZWEIG: Let me start out by thanking everybody for inviting us, Li Cheng and Ken.

I actually -- this topic is of particular interest to me largely because I was a liuxuesheng. I was an overseas student. I went to China in 1974 to 1976, but I have never hai gui-ed. (Laughter) I'm actually Canadian and I live in Hong Kong, which is sort of close to home. So I've thought a lot about many of these issues.

And one of the things about my research, which I think fits very nicely sort of as the third panelist on this -- Ken mentioned that I went to Michigan, and the Michigan tradition is to do surveys and to collect data. And I also as a student in China from 1974, '75, '76 at Beida, I studied Mao Zedong Si Xiang, I studied Mao thought. And so I thought I would quote the chairman, which said "shei mei zuo shehui diaocha, shei jiu mei you fayuan quan." (Laughter) He who has not done research has no right to speak.

So today my presentation will largely be reports on some surveys that I did. My co-researcher, my former Ph.D. student, Tan Donglin, who is currently on a post-doc at Harvard.

Okay. So just push the buttons? So I'm going to try something new here. Normally, people give you the PPT and you read along. I'm trying -- I'm going to try and have you look at me rather than at the screen and I'll put up some slides which will be then the notes that are sort of the tables rather than just have the words.

So the question today is, from my perspective, is does studying overseas really make a very big difference? Does it change people's values? One of the

assumptions here I think by and large is that it changes people's values. I think both presentations make that assumption. And the truth is if they do change people's values, then the fact that we've got about 50,000 people a year now -- maybe 50,000 to 60,000 on average now, a real big jump up in the numbers coming back -- then if you've got 50,000 to 60,000 a year coming back from overseas, and particularly coming back from the United States, then that's a huge number. And over the long-term that should have an enormous impact on China and on Chinese foreign policy.

The theory argues that young -- but in particular, the theory on socialization and studying abroad argues primarily though that this cross cultural experience gives rise to predictable changes, but -- and I would emphasize this -- the malleability of political attitudes really occurs during the formative years, the formative stages of adulthood. The theory really argues that people -- between the ages of 17 and 25 is when people are most malleable to change their values.

I put that out there as a challenge for our discussion later on. We'll also have the question of can people who are not inside the very central hierarchy of the system, the core of the system, can they also affect foreign policy? And I think Li Cheng did a very good job in showing how people have moved into think tanks and are becoming advisors. A long time ago I think it was Gabriel Almond referred to the attentive public, that in societies you don't just look at the inside core people who are making the decision, but that out there in society there are people who pay attention to foreign policy. And though we can't necessarily show exactly how they have their influence, we can assume that to a certain extent they do have an influence.

And there was a study done by Stan Rosen and Joe Fewsmith in a book edited by Mike Lampton across the street, who showed that there is some influence now for people -- the general public on foreign policy.

MR. ZWEIG: Now, as I mentioned, we did some surveys. These surveys I was actually very fortunate in being able to do surveys with the Ministry of Education, which often tends to be the ministry that stops us from doing surveys, so the surveys were done with the Ministry of Education's Chinese Service Center for Scholarly Exchange and in cooperation with my research center at UST. And the first survey was a survey of returnees from Japan carried out in 2006. The CSCSE is the institute that certifies that people have actually studied where they claimed that they studied. So, when a Chinese student comes back or a scholar comes back and says, you know, I have a BA from Johns Hopkins, the company that they're going to go work for may want to see a certificate that they actually studied there. So, this organization has an office that does that. So it had addresses or contacts for many people and so that was my strategy and initially they had contacts for 7,000 returnees from Japan. We found 3,000 of them. We received 1,381 responses.

And for the second survey were returnees from Canada done in the summer of 2007. Again, we had a list of 2,200 or more and we were able to come up with 592 responses.

Now, four basic hypotheses that I put forward. One is that people would support -- well, what we did was we tried to -- so the first thing we did -- make sure it's page 2, not page 3, good -- that these attitudes, we tried to look at attitudes on things like internationalism, tried to see whether the people were ethnocentric, whether they could be militaristic or not very militaristic comparatively. And so we distinguished between cooperative internationalism and militant internationalism, so sort of people who had an attitude that said we have an internationalist attitude, but we want to work with the world, as compared to people who might have a more militant view of the outside world. And so we assumed that returnees would reflect this cooperative internationalism more than this concept of militant internationalism.

The second, we assumed that because people studied in a particular country that they would have a more positive image of the country that they studied in as compared to any other country. That again was a hypothesis.

The third hypothesis was that because people were -- had been overseas, maybe they had seen the benefits of free trade, having returned to China they may be working in a multinational corporation. As Wang Huiyao said, their comparative advantage may be their transnational links, their technology, whatever, so they should be reasonably pro-free trade more than the population at large.

And the fourth hypothesis was that since we were looking at returnees from Canada and Japan and both of them have different political cultures, the media could report different kinds of views. Canadians tend to be more anti-U.S. than Japanese. That maybe - right, that maybe all that will have some kind of impact on the survey.

So, the one thing we also did was we were very lucky. We compared -- there have been several good surveys of mainlanders, either in the mainland, which we've done through our school, through my university, I was able to ask similar questions to people living in China who had never gone abroad, so we could compare the views, not only of returnees from Japan and Canada, but returnees to people who had never gone abroad. And also the Chicago Council and Asia Society have done some surveys as well of people around the world, and so we borrowed their data for returnees on China. So, there's the hypotheses.

So, the first is, we have country image and we ask people to express their views about seven states. And as I said, we compare these results to a survey done by the Chicago Council on Global Affairs. So here the first -- so, the blue is the returnees from Japan, the purple are the returnees from Canada, and the white are a survey done of the general population in China by overseas agencies. And you can see, first of all, the most

beloved place are the -- Canada is most beloved by those who returned from Canada. No ethnocentrism here, but let's see, what else. I like to do the what else do you see that's sort of interesting? Well, the Canadians -- let's see, what did I have? Anybody see anything that jumps out at you that's particularly of interest in this? Japan. Okay, so what do you see? You see that the Canadians really don't like Japan. The returnees from Canada really don't like Japan, which is kind of interesting. And the second most popular group of returnees -- or attitude -- are the returnees from Japan love Japan.

I once published this, you know, there was this expression in Chinese, "liu mei, qin mei, liu ri, fan ri." Right? If you overseas study in U.S., you lean towards the U.S. If you overseas study in Japan, you oppose Japan, and the truth is, it's just not true. The students that study in Japan and go back to China really like Japan. Also, a lot of them work for Japanese companies; 25 percent of the people we interviewed work for Japanese companies. But nonetheless, and you can see -- well, anyway, so this is actually -- this article -- this paper is coming out in China Quarterly in the summer, so if you miss stuff you can pick that up.

So, then we also asked a series of questions about cooperative internationalism. The two questions were, China should increase its financial aid to Third World countries; and though Africa is far away from China, we should increase our medical teams to serve our African friends.

And then we had assertive nationalism, kind of militant nationalism. And these were two key questions which was everyone should support their own country even if they think it is wrong, and to protect our country's national interest, we should use military force if necessary.

Now, I do say that I would like to ask these same questions of Americans in the United States because that would be a good comparison, but I didn't.

Then we also have economic nationalism. To protect our country's economy we should limit our country's imports, and second, we should prohibit foreigners from buying our large SOEs. And so, here's the first table, shows support our country, assertive nationalism -- well, let's start at the top -- cooperative internationalism. Lots of people agree and strongly agree, particularly with sending medical teams, all right, but there is this sense -- it's not expensive, but there is this sense of we should help people overseas. But on the assertive nationalism, support our own country's foreign policy even if it's wrong, 40 percent of the people agree. And willingness to use force to defend foreign policy, you can see that it's 46 percent. All right?

So, these are fairly strong numbers. And again I say I'd like to see comparative what Americans would say if -- the United States, whether the United States would want to sell its state-owned enterprises.

Now, limiting imports, not as strong again, right. So here we're talking about a middle class that really wants access to the outside world, but prohibits selling SOEs. Again, we're up to 45 percent of the population.

To support using force relative -- people who lived in Japan versus Canada, the people who lived in Canada are more militant. So be careful. (Laughter.)

But it's interesting, too, that to a certain extent, you know, Japan's the only country in the world that's had a nuclear bomb dropped on it, and most Westerners, most foreigners, forget the fact that the pacifist movement in Japan is very strong. That was something that my friend Don Klein told me many, many years ago, and the data continue to prove that point.

Now, there is a problem here of self-selection. By virtue of returning, these people actually show some patriotism. Right? And so the question would be -- and I still haven't got the money if anyone wants to give me the money to do the survey -- or Li

Cheng, we can talk about this -- I'd love to do a study of the people who don't return and ask them the same questions. Because then you've got those who stay overseas, those who go overseas and come back, and those who never went overseas. I think that would be really interesting. But at least we can compare this group to those people who didn't go overseas and that's the middle class here.

Now, this survey was done through my division at HQUST, a fellow named Beiyen Jie , teaches at the University of Minnesota. He organized a survey and we were lucky enough for one year to be able to put in those kinds of sensitive political questions into the survey which then gave us at least one data point to compare the findings from people who return from overseas. And here on cooperative internationalism you can see -- I should have my pointer -- on cooperative internationalism, the domestic are less cooperative. Still, not bad, 7.1, but on assertive nationalism, the locals again are more nationalistic. So we can say that even though those numbers seemed reasonably high for people who had returned, there is a statistically significant difference between -- in this one particularly, for those people who have not gone overseas and those who have, that those who have gone overseas are less assertive in terms of their own nationalism.

Let me skip that. We've got -- how's the time? Six minutes to go. Oh, I'm okay. Good.

Okay, now one of the things we also -- I'm always -- we also wondered was whether people's economic interests would have an impact on this and where you stand is where you sit or where you stand is where you eat, you know, or where you stand is where your paycheck comes from. Well, here what we did is we looked at people who were employed in Japanese invested firms and, as I said, about 25 percent of the returnees from Japan were actually working for Japanese companies, largely because they have the language capability and that gave them an in into the company. Now, the rest of the

numbers here, I don't understand it either. The only thing that really counts in the probe is greater than F, which was basically that it's .004, which just says there's a relationship here. Right? So this is a -- so, where people were employed, clearly those who were employed in Japanese companies were less likely to be assertive against Japan and to argue -- one of the questions we asked is should China use economic levers against Japan, and these people clearly did not want to do it.

Here again, boycott Japanese goods to pressure Japan -- again, I apologize for using advanced statistics, but again you want to just see where the stars are along the side and that will tell you which of these -- the left side -- which of these factors are important in explaining the returnees from Japan explaining their attitude towards this question of willingness to boycott goods. So, the younger they are -- so, it's negatively correlated. So the younger they are, I think, the more willing they are to boycott. The better their image of Japan, the less willing they are to boycott. Anyway, so you can see this here.

The last -- I think my last figure is to look at what challenges China faces and based upon where people had studied overseas. And it's interesting that, again, people who returned from Japan were much less concerned about Japanese rearmament than people who had studied in Canada. All right? I guess -- I mean, you know, we Canadians must teach lots of anti-Japanese stuff. (Laughter) Or the fact that they lived in Canada gave them a lot more information that could be negative about Japan than the students who studied in Japan who might never see these kinds of issues debated. And again, challenges for the future in terms of the U.S. military. Here the returnees from Japan are actually more worried than the returnees from Canada.

So, in conclusion, we find that the returnees are more favorable to their host country, again, the finding about people living in Japan being very positive about Japan is very important.

Could you hold that for just a sec? Thanks. No, I just meant the sound, that's all. Thank you. I'm having this wonderful conversation with these guys behind the wall. It makes me feel impressive.

But I think one of the things that the host country point is very important is that soft power works, that if you go and you -- I mean, it's worthwhile, following up on Li Cheng's point about exchanges. And again, I haven't done returnees from the U.S. I want to do this same survey, so if anyone out there wants to fund it, that would be good, though I'm not sure in this climate in China I'd be able to ask these same kind of sensitive questions right now. But clearly hosting foreign students affects their view of the country and in a positive -- generally in a positive way. Compared to the general population, they support more engagement with a developing world, they are less jingoistic, they are less assertive than the people who have never gone abroad. But, again, significant number of returnees do believe that they should support China whether its policy is right or wrong. They support the idea of using force. So, again, is this a force for, you know, China's peaceful rise? Well, they certainly are going to be more peaceful than the people who haven't gone overseas and that's, I think, an important point.

It's also worth remembering, though, I think the numbers are continuing to grow and I think that both previous presenters have made a strong case, but overall the returnees still contribute. They're still a small minority. Very few Chinese have actually lived abroad, though the numbers continue to grow. We'll see how many of the inner elite. I would be willing to discuss, I was interested in Li Cheng's point about that the next Central Committee will have as high as 17 percent of the members being returnees. But again, following along Wang Huiyao's historical -- the first part of his presentation, China's modern history has showed a remarkable impact of these people, particularly those who returned in the early 20th century. And should this new generation of returnees have an impact on

Chinese foreign policy, we can assume that they will be more internationalist and they will be less assertive and I think that's an important finding.

Thank you. (Applause)

MR. LIEBERTHAL: While the others are getting wired up let me say my quick take away from this. I have recently moved from Michigan to Washington, and I now realize how fortunate a move that was to get me farther away from that militaristic, aggressive country just to the north of the Michigan border. I never realized how much danger I was in there.

MR. ZWEIG: That's why I never returned.

MR. LIEBERTHAL: Thank you very much. Very, very effective set of presentations and each adding layers to the analysis. I'd like to start off, as you're thinking of the questions that you want to raise, just raising a general question for any of you and then opening it up to the floor. When we go to the floor, please identify who you are. We have microphones that will be brought to you. Please identify who you are and if you want to direct your question to a particular panelist, please don't hesitate to do so. Otherwise we'll just have anyone answer who wants to pick it up.

My question is quite simple. You've demonstrated, I think, very persuasively, that the returnees are having a significant impact on China. I recall over the years as people began to go back, the students who were at universities in the '80s, some went back at that time, and my sense from their personal experiences were that they found they were discriminated against. Very often, those who had not gone abroad felt, well, you've had your chance while we've stayed here, so now you're coming back, but it's our opportunity to get ahead. Right? And so there were a lot of personal difficulties there.

I've heard in talking with some who have gone back more recently that they've been very well treated, but have a very difficult time getting accustomed to the way

authority is structured in China, resources are allocated, and so forth, so it's been a difficult interface.

I guess my question is, therefore, as you look at that interface between the returnees and those who have not gone abroad, what do you see as the key issues now present and in the near-term future? And I'd be happy to have anyone pick that up who wishes to.

MR. HUIYAO: Maybe I could add the first. I think that -- that's right, that's a very good question about the interface between those who have gone abroad and those who have not. In the early '80s, '90s, that seems to be more of the problem because people coming back are very few in numbers and then they have -- really got good positions at that time. And now with the -- I think now there are two new phenomenons: government has attached more importance now to the people who are coming back, and then also the policy has been coming up, made a lot of adjustment. For example, you have more freedom, more visa, less control, and more status. And also, there is an experiment by many institutions, I know that they have set up the hard criteria. For example, I know in Why University, they have a (inaudible) returnees division, who are counted by how many numbers of papers they publish in the CSI journals, how many, you know, books they wrote. And so, there's a hard criteria to measure, to justify their different treatment.

Of course, there are still a lot of people not happy about, you know, you guys gone abroad and now you come back and you have the better treatment. So, I think now with more and more people going out -- and it's become quite a phenomenon these days -- that difference is getting less.

For example, the Guanghua Management School at Peking University, which I taught there before, over half of them, the faculty members, are returnees. So, now when the returnee has more and more number, outnumber the locals, then that contradiction

becomes less obvious. Of course, in some other universities, it's not like that, but at the top level universities, I think most of the faculties have at one time or another gone abroad.

MR. ZWEIG: Sorry, I just want to add to that. I did survey interviews in Yunandaxue in Kunming, and that's the kind of place where you're not going to get -- it's not a top -- I mean, it's a good university, but it's not a top-level university. And the returnees who are likely to go there are from Kunming, all right. Unless they're working on Southeast Asia, they're not -- because that's a good center for Southeast Asian studies -- they're not going to go there unless you're from Kunming. So if you come back there and then you get all these advantages, but if you're going back to Kunming you may not be such a great scholar from overseas. And yet I found within the university there were some very good scientists who had PhDs from the Chinese Academy of Sciences, which is the top education institute in China in terms of science, and they really resented that these sort of so-so guys were coming home and getting all these advantages in the university.

So, my -- I think the point about the quality of the university can play something, can have an impact on that, I think that that's an important factor. Different cities will make a difference; I think that will also make a difference. I think the universities are a place where, in fact, there's probably more petty rivalry and research labs. And the thing is a lot of the people that Wang Huiyao talks about are businessmen or women and that's one of the reasons they do this. They go back and set up their own company so that they don't have to rely on any kind of institutional bias or any kind of institutional ostracism or difficulties. The best way to do it is to go back and set up your own company.

MR. LIEBERTHAL: I will say all of us with backgrounds in American universities, of course, thank god, that American universities never have petty kinds of issues. (Laughter)

MR. ZWEIG: Yeah, I can talk to that one. Yeah.

MR. LI: Well, I think your question really touches one of the most important issues, or one of the most crucial tensions in China today. It just start to emerge. Chinese use the term the sea turtles versus land turtle. (Laughter) Land turtle is "tubie". I don't know whether it's a land turtle or not, but they use that term, the fightings between these two.

Now, both David and Wang Huiyao use the university education as an example. Probably this may not be the best example because education field is dominated by returnees. So that fight, it's not as severe because they already dominate the leadership. But it's in terms of the locality certainly is crucial, David mentioned, because we know that Beijing hosted one center for returnees, Shanghai hosted more than one center for returnees. So if you add up, the coastal region probably hosted 90 or 95 percent of returnees. Some of the provinces like Qinghai and Guizhou and even Sichuan are in desperate need, you know, of returnees. So, it's not balanced. So, this is related with the China geographical politics, coastal versus inland, but also in terms of functional areas, that education, foreign policy, science, technology, finance are not the most important -- the steps for top leadership. The top leadership is still provincial leadership and (inaudible) functional areas, like organization department, et cetera. So, that fight, I think a returnee would have difficult; it's a really uphill battle for returnees.

But the interesting thing to note, as Wang Huiyao mentioned several times, that Li Yuancao is in charge of Organization Department. He already puts the returnees as his hot button issue. So, push for change, that's important.

And also early on I mentioned, Wang Funing. He is a rising star. He will play a very important role. He also has a returnee background. So, then you can see that the things start to change. But again, that battle is only the beginning.

And I think that certainly that land turtle is very critical about the returnees, for instance, challenge their loyalty and also they're paid so well. So, these are the things

Chinese people don't like. And also they have the image, like just kind of blind eye about globalization, to a certain extent less credibility in the global financial crisis. So, there's now actually those who shape the domestic debate, actually, more often increasingly non-returnees. And so this kind of battles just start to emerge.

MR. LIEBERTHAL: Terrific. Thank you very much.

We have about 30 minutes and the floor is open. If you'd just -- yes, right in front here. And if you'd just hold one second there's a microphone on its way.

SPEAKER: Hi, my name is Beverly Holme-Fincher from UAB. I'm a linguist and I'm reminded, I mean, by your talks, particularly Dr. Wang's talk, about the third group of returnees who returned to China to revolutionize China. And I'm reminded of, for example, Chao Yenjün, who was a linguist, and who returned to China and tried to, you know, to tell everybody, even in his music, to tell them, we only work eight hours. We need to learn eight hours and we need to rest eight hours, that kind of revolutionary ideas. And I wonder if now the returnees, the new returnees, are they concerned about this kind of public health, public education, that kind of thing?

And my second point is that America is known for philanthropy. And these people return, you know, who are promoting philanthropy? I know, I also taught at the Australian National University before and, in fact, Kevin Rudd is my former student. Okay, now, in Australia we tried to promote philanthropy, but it did not succeed. But given that 50 percent of these hai gui are from U.S., are they doing anything like that?

I'm very concerned about this kind of level.

MR. LIEBERTHAL: Thank you. So, basically, are the returnees bringing a kind of public spirit with them. Who would like --

MR. HUIYAO: Maybe I could answer that first. You're right; I think the returnees, like their predecessors, should be more involved not only in business, but also

social events and social activities.

For a lot of NGOs, a lot of think tanks, a lot of environmental groups now in China are actually funded -- or headed by returnees. For example, one of the figures in the CCTV annual award was an environmental group and she proposed that we should save the light by lowering the air-conditioner about two degrees in the summer, which got her accepted by the government. She had a background of U.S. training. So, we do have that kind of a public awareness in some returnees.

And then for the social charity work, like Western Returned Scholars Association was one of the earliest to have a charity ball conducted about 10 years ago. So, you see starting now, after the business, after the boom, and now people are starting to shift a bit to the philanthropy, but it's not as big as we would expect. But I think returnees does lead a little bit of trend now.

MR. LIEBERTHAL: Thank you. Bob, back here.

SPEAKER: Bob Suttenger, Centra Technology. Just a suggestion or a possible area for future research.

I think everyone has done an excellent job of laying out where the returnees are. It would be interesting to note where they aren't. And there are some places, I think, that sort of stand out. I've done a little bit of research -- not much in comparison to what's already been done -- but I think, for example, Cheng Li already noticed the geographical disparity between the inner regions and the coastal regions. I think between the top 10 universities and the 2/11 project universities, and particularly maybe the costen universities, far fewer hai gui in those kinds of places; far fewer hai gui in the SOEs than there are in the private enterprise; far fewer in the military universities or the military itself. So, I think there's some interesting places where the absence of hei gwais may also be a factor in determining sort of the distribution of both political and economic power.

MR. ZWEIG: Thank you. I think that's true. I mean, we have the data. You know, from the survey that I did I know what cities people come out of and what cities they go back to. On the costen thing, or sort of the military, which is interesting, I've been lucky. Three times I've been to the National University of Defense Technology in Changxia. And, in fact, we were joking about this, I'm sort of maybe their model foreign friend because if you go into the university, you know, universities often have these glass pictures of people and my picture is in there. I've actually been there to give lectures. But they have been reaching out. I've hosted a postdoctoral fellow from NUDT. I've been able to make a grant application for a project with a colonel from the PLA. And they really -- my sense is that at least this is the social science division. I don't know how quickly they're going to let us go in and see the scientific technology military stuff, but at least I think that that's -- there is an opening there. And, I mean, I think our job, in part, is to encourage it.

MR. LI: Well, according to Chinese studies, official statistics, a high percentage of military officers went abroad on a short-term basis. Usually they go to Europe and also Singapore and Southeast Asia and probably not so many to United States, but a high percentage in term of the age group, those in their 30s and their lower 40s is as many as 70 percent short-term study abroad. "Short-term" refers to three months or longer. They may not come as a military officers and -- but that's a high percentage.

Now, certainly the top level is still yet to see, but to a certain extent, people like Sheng Guankai , you know, living in Germany for a long time, and he probably is the exception, but these kind of people also could be military.

Now, the real issue is that whether returnees has power or has just influence. And previously, for a long time, they had a kind of influence, but they have no real power. But as that starts to change, particularly look at the financial sector or foreign ministry, and you already see this is that people are in very important positions, particularly

in the financial sector. And -- but again, the top person still, we will wait until probably at least another decade to see the top people even in these two areas, number one person like the future Wang Jisan, like the future top person, you know, to really become a decision maker or premier and et cetera. This is still wait for a while.

But on the other hand, in some functional areas, already they are decision makers. The distinction between advisors and decision makers becomes increasingly blurred.

MR. LIEBERTHAL: David Grease?

SPEAKER: David Grease, China Vitae. This is a follow-on question to Bob Suttenger's in a way.

Let's take the higher party (inaudible) or let's just say the Central Committee. Is there any generalized feeling that foreign students from the United States in some ways might present a threat of some kind to the Chinese leadership? Or on the contrary, is it sort of a neutral subject that the higher party leaders, since some of their children are involved, a lot of their children are involved, that it's a good thing and it's something that should be promoted?

MR. LIEBERTHAL: It was interesting, in your statistics, as I recall, on Central Committee percentages, you didn't break it down by country where they had studied. Do you have that data?

MR. LI: Yes. U.S. has the largest percentage you'll see. It's double than the number two, U.K., or certainly Japan also has a high presence, but most of them are U.S. in these data. And also if you look at the vice governor and the vice minister level, most of them still are from United States.

I don't think there's a kind of -- from top leadership because the reason, precisely you mentioned. You look at today's leaders, you look at the fifth generation, their

children. I mean, almost all of them are involved with foreign business and many of them study abroad. I can name, you know, the details, give the details, the future, you know, Politburo members. They are one child. A high percentage of them study abroad and even those who do not study abroad, they work for foreign companies or joint ventures and et cetera.

So, that certainly will contradict, if they want to take that kind of argument that these people are not trustworthy. You know, they just cannot trust their children. I mean, certainly it's not the point.

Now, I think (inaudible) there's some resistance, certainly, from some part of the leadership because that -- again, related with loyalty, your naïveness, et cetera, but this probably could be reconciled as long as China wants to be part of the economic globalization. That argument is so powerful. Of course, those people who have expertise in these areas -- science, technology, finance, education, and foreign affairs -- they need to depend on them. So you cannot replace them by land turtles, you know, because of lack of experience.

So, sharing power, it should be a norm. I think top leadership acknowledges that. So, that's a healthy development, people from different background, different educational family background and different life experience. The key is sharing power. China will never like Singapore, Hong Kong, Taiwan, dominated by returnees, you look at the cabinets, like 80 percent or 90 percent, you know, in some of the Southeast Asian countries. That would never happen with China. But if it leads to like 30 or 40 percent, I think it's wonderful. Again, that can balance the development.

MR. ZWEIG: Yeah, I just want to make two points. One is in terms of the fear. First of all, returnees tend not to get involved in political activities. If they're interested in getting in political activities, they don't go back. I think that's a generalization, but it's

probably pretty true.

Second point is that Li Cheng and I, if we use -- you know, in social science, definitions matter. And Li Cheng uses visiting scholars one year abroad as a visiting scholar, as a returnee. If you change that and you say someone had to get a degree overseas as the criteria -- and over time, you know, I've been doing this stuff for 20 years, and when we first started it was 6 months abroad, that was a returnee. Right? Because they had touched the outside world. And then it became one year abroad, we defined that as a returnee. In most of my work I've set aside the visiting scholar who has been overseas for one year. Many of those people went -- let's say in the '80s, went to an American university, never contacted the United States at all. They sat in a laboratory, didn't know what was going on very much around that much. And if we're looking at real changes in values, then I think you've got to be talking about people who get degrees.

Now, if you talk about people who get degrees, the trajectory in the Central Committee has been continuing downward, and that's why it's interesting and I don't disagree with Li Cheng, but it depends how you define it. The number now of people with degrees -- and that's -- my student (inaudible) has done this -- is like 4.5 percent, and so the trend is actually all the way down from 1927 until today. It's the lowest level that it's been.

And if you look at the alternate members of the Central Committee by degree overseas, you still get a very, very small percentage. So, the alternative argument would be rather than the view that Li Cheng has, the view that I've sometimes put forward, which is, the irony is that we're talking about the most globalized time in China's history since the 1920s, and yet the leadership has no experience of living overseas. Nobody in the Politburo today has the experience of living -- as getting a degree overseas. They've lived overseas --

MR. LIEBERTHAL: But the question there is whether -- forgive me for

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jumping in --

MR. ZWEIG: No, that's okay. That's fine.

MR. LIEBERTHAL: It's a very interesting issue here.

MR. ZWEIG: I just wanted to throw it out there.

MR. LIEBERTHAL: Arguably, we are now dealing -- I don't say this pejoratively, I simply say it historically -- we are now dealing with the least cosmopolitan national level leadership in China in generations because these are the ones who got their education during the Cultural Revolution. Right? So, both before you had the opening to the Soviet bloc and after you had the opening to the rest of the world, this is the generation that did not have that opportunity.

MR. ZWEIG: You're saying right now, the Hu Jintao generation.

MR. LIEBERTHAL: Literally right now. And so the question is whether by looking at things just below that level you really see this beginning to shift significantly as you go forward in the coming decade.

MR. ZWEIG: Right, but if you measure his alternate members, and I think Li Yuanchao is very important to this because if you look at the alternative members of the Central Committee and assume that some of those people are going to be the ones moving into the Central Committee, they're not there either. Right? The data is not optimistic on that from if you use degree holders, not if you use visiting scholars. But again, let me just finish this and then you can -- but again, the Li Yuanchao thing is very important because Li Yuanchao is the head of the, as we say, of the Zu Zhu Bu. He's the one who's going to pick the members or he's the one responsive to the committee that is running the decisions about who's going to be the members of the 18th Party Congress. So, if he's now very strongly in support of this, as Henry says, as Wang Huiyao says, because of his qian ren jihua, his thousand-person strategy, then he could, in fact, put in more people into the

Central Committee than the numbers would suggest.

MR. HUIYAO: Well, I think Ken has a very good point that because of the Cultural Revolution gap, there will be less -- the people who are in their 50s, 60s, currently in power has no chance of receiving education overseas. But my feeling is that with the globalization and China's opening up and then the new generation will come up and the normal trend of the old Asian countries are, you see the returnees assuming more roles. And with Chinese globalization, 60 percent interrelated with international trade, and so many things happening on the foreign exchange basis, I think there will be more returnees taking into the position in the next maybe 10, 20 years, particularly after (inaudible) kind of program. Because we see more candidates as being choosing and then directly into the government now, so this may be changing in the next 5, 10, years.

MR. LI: Yeah. Very quickly, you know, I agree with what David said, but the fact that these people are mostly visiting scholars, we should look at it both positively and negatively, from different perspective looking at issues.

Positively, this short-term program, even short-term program like in events of only four months, so I do not count him as a returnee, but that's important for him and that period because maybe it give him kind of illusion or whatever that he is part of this foreign study trend, therefore, not anti , but rather promote as we know that the Department of organization send all together 700 along with some other Chinese government ministers, 700 people to middle Korea leaders, to harbor, to the Kennedy School, 700. I mean, as Tony Saich told us a few weeks ago, so that's important group, right?

And also, you can also look at the top 66, you know, vice minister level or above, or Central Committee member, alternate member or above. Only one person -- one person -- Yi Gang, vice governor of People's Bank, live overseas more than 12 years because after school, he's taught at Indiana University. Because two ministers are non-

CCP members, remember that. These people have the 20 years experience or 15 years experience, but they're not CCP member these two ministers. I do not count them.

So, if you look at the Central Committee, only one, Yi Gang, live over 12 years. Most of them just short term, you know, or just from degree to degree, you know, from a country school, they finish school, then return to China. No work experience. That's why I argue that if we -- in my experience, if we study just from school to school, your knowledge of the United States is really limited. You are very much insulated. You do not know, as Wang Huiyao said, the heart of America. You have no idea about how American society really functions, the NGOs, religious group, et cetera. So, that's a really -- a kind of weakness in foreign exchange programs.

Therefore, I argue that we should open door for post-degree training, not for foreign language, but for this country. Exposure. Now, so you do see the good things and also bad things, and particularly a lack of solid knowledge among these people. But this will change.

Also, you mentioned the formative years, because the newest wave from China is those age group, from 17 to 25 years old, so they just start to return to China, so even more impact we can foresee by this group.

MR. ZWEIG: Thirty years from now.

MR. LIEBERTHAL: Yes, sir. You've had your hand up.

SPEAKER: Thank you. My name's Deng Quiyu with the China press. My question is for Professor Li and Mr. Wang.

As Professor Li mentioned, the returnees have been dominant in Chinese financial leadership. How would you evaluate their rules in reforming and opening the Chinese financial center and particularly in the areas of currency issue? And do you think they will accept the American model or Wall Street model in the context of financial crisis.

Thank you.

MR. LI: Well, it's a very good question, but you should look at it in different ways. If without that group, things could be even worse. You can also say that after a global financial crisis, that group was under attack by their Chinese peers. Talk about they sacrificed China's interest, they're so naïve, that's related to what I said earlier, they become less credible among the Chinese public. Zhou Xiaochuan was under serious attack within like four months after global financial crisis and eventually, because he said China's currency should be a global currency, he then changed his image. So, you do see that tension, the pressure from China.

So, I cannot answer your question specifically, but you can look at the different ways. I think that the United States, U.S.-China relation, went through a lot of difficulties, crisis over the past two, three decades. You can say probably part of the reason they would come back to the right track, probably returnees play important positive role, you know, not the only role, to return to the right track. You can argue that.

MR. HUIYAO: I'll just add that I think that the returnee actually played a lot of roles in reforming China's financial industry. For example, in the '90s, when China just started the stock exchange, at that time the Wang Buming and Gao Xiqing, they come back from Wall Street and then they are actually the initiators of the Premier Zhu Rongji to initiate the China Stock Exchange Market.

And then in the '90s, you have also Premier Zhu Rongji appointed the Si Minglun and Wang Dingbang, two Hong Kongese actually also returnees, to head the China Security Exchange Commission, which regulated the Chinese financial market a lot.

And recently we see that they are hiring directly firm bank executive directly to the Chinese financial banks now. For example, there is a Deutsche Bank chairman in China, recently been reported has been recruited to the ICPC, the largest commercial bank

in China, as a vice president. So, we're seeing that a lot of people are making changes in the financial sectors.

MR. LIEBERTHAL: Thank you. Yes, ma'am. Over here.

SPEAKER: Hi. I'm a junior year student from Tsing Hua University. I'm now on an internship, a three-month internship program here in D.C.

MR. ZWEIG: Too short. (Laughter)

SPEAKER: Yeah. I was quite impressed by -- because my boss is now the president of the International Fund for China's Environment, which is an NGO here and also connecting with China, and he's also on a group of people who finished their studying in the 1980s and came to America at that time. And on the other hand, like you mentioned about -- someone mentioned about Deng Fung, who is doing capital venture -- venture capital, and he also provided support to students on our campus back in China. So, I was really impressed by their returnees' efforts on who brought really benefits to us people.

But I was also confused about, as younger generation, making the decision of whether furthering our education abroad after graduation or starting our career in China, just right upon graduation. Because I've been hearing about different perspectives from people like my parents who have never been abroad before or my relatives who have been living here for a period of time. They have different views, like they have difficulties when they return back to China. It's not only physically, but also mentally. Like here they are more open environment to do research or business, but when they came back to China they are maybe more difficulties than advantages. So, I myself am in such a dilemma of making the decision, right like maybe several months. I'm curious about your -- if you have done researches on such view or something.

MR. ZWEIG: Well, I would say as a Canadian who went to school in the United States, who lived in China, who settled in Hong Kong, I would say be a global citizen.

If you have the chance to be a global citizen, be a global citizen. You'll never lose for that as far as I'm concerned. And I think that overall China is the kind of society today and in future will be open.

The one thing in terms of, if you want to go back and get a job in China, in a foreign company or to be seen as a valuable returnee, you need job work experience overseas. Today, companies -- the biggest problem is that there are so many people who are returning in large numbers who have spent one year or two years studying abroad and have no work experience. So, the important thing -- that's partly what Li Cheng was saying -- you need five years of experience working overseas before you go back if you want to be treated by a Chinese or a Western company as someone who actually has really absorbed some of the Western business sense.

MR. HUIYAO: Actually, this question has been often asked by the university students in China. I've been asked many times. I think if possible, you know, if you have affordability and you can afford and then you have financial arrangement, no problem. It would be good, worthwhile, to study overseas for a few years, working a few years before going back because China has these days, it's a global place now and they need a lot of global talent. So, I think it's always good to observe from another culture or another place outside China to be more clear and to be more effective.

MR. LI: Well, I probably want to use a very simplistic language to make a comparison. I think in United States we have good system, but poor strategy. In China, China has good strategy, but a poor system. And look at what Wang Huiyao said, is really very ambitious plan to recruit talent. That should be a really important message to our leaders, American policymakers, to develop a sounder strategy to be more competitive, to be more sensitive about the human resource issue, the talents issues. And for China, I think, this is a wakeup call to transform its political system. A lot of returnees end up, you

know, really in a terrible situation because the system does not provide them a conducive way, but instead, you know, corruption, all these kind of problems, inbreeding, academic inbreeding.

Look at the returnees in the Central Committee, before they came to United States, they were already in the system. Look at the university presidents; they say 75 percent of university presidents are returnees. Majority of them were in system in the same school, you know, so just to come here to study two years and return to the same system.

So, it's really not really open. It's what the Chinese call "jing xing fan zi", academic inbreeding, so that's the poor system I refer to. I think both sides need to change. I think (inaudible) probably I think sends that message. I don't know whether my co-panelists think it.

MR. HUIYAO: No, I think you have made a good point. The returnees -- we are actually promoting China that they should recruit officials, they should recruit the different business leader directly from outside system rather than always promote within the system. You know, for example, to be a governor official, you start from scratch from your university graduates, never in between (inaudible) hire a director directly from the street, but recently has changed that. Li Yuanchao has hired a talent office director directly by university -- by a U.K. returnee. So that has been making some changes.

MR. ZWEIG: Just a very quick point to reconfirm this. And if you look at Li Cheng's slides about the advisors, the foreign policy advisors, at least two of them were working for CICR, for the Center for International -- under the Antrambu, under the Ministry of State Security, before they went to Berkeley to get their PhDs.

MR. LIEBERTHAL: I would just make one more comment on this because you raised a huge issue and we've got 25 hands in the air and we've got 25 seconds left, so I'm afraid a lot of you will not get a chance to ask questions and I'm sorry.

If your question is about what is better for China, in other words, if it's basically a patriotic issue, arguably staying abroad longer is better for China. That certainly was the case in Taiwan's development. They benefitted enormously from people who had gotten abroad and developed a real understanding of a foreign system and very good contacts and very high skill levels, able to operate internationally and then chose to go home. That's a more valuable talent in a sense.

If you're talking about from a personal level, my view with every young person is follow your passion. Whatever gets you most excited, you're going to do best at, you'll have a great career doing it, and you'll be pleased with what you're doing. So, you know, it depends upon what your calculation is here.

Last question, over here. This young lady.

SPEAKER: Thank you very much, Ken, for giving me the chance to ask the last question. I have a question for the panelists regarding the dual citizenship that Dr. Huiyao mentioned in your presentation. I think it's going to be extremely helpful for the overseas Chinese to be able to have two passports and my question is, how soon do you think that may happen? (Laughter)

MR. HUIYAO: Maybe I can add on that -- we have been, actually in China there's a lot of discussion and proposing on the Chinese government to do that. And recently China's State Council Overseas Chinese Affairs Office conducted the round table. I was there and we actually recommended a few experts to be on that consultation.

And then the conclusion with that, they found that the long term visa, 5 years, multiple entry, has not been fully utilized, so they want to really have -- they also picked Minister of Personnel and Social Security proposing the talent visa, which may be 10 years of multiple.

So, China's starting to loosen to that extent, but not really reach that dual

citizenship yet, but yet China is having pressures. For example, India has relaxed on that and recently South Korea in 2008, and even Vietnam has relaxed on that in 2009, last year, on the dual citizenship.

So, China's working towards that direction, but now they're starting to relax on the visas, multiple entries, long-term permanent resident status, so I think maybe eventually someday that will come, but there's still now, still many people oppose that. They still have some time to go.

MR. ZWEIG: The reason -- one of the main reasons for opposing it is that there's concerns in places like Indonesia and Malaysia. It's not so much a question of loyalty, but it's also a question of do you put overseas Chinese at risk if they have both a mainland and an Indonesian passport of they can get both because then they'll be seen -- the government policy has been for a long time, you live in Indonesia, be in Indonesia.

MR. HUIYAO: But actually, India has a different model. India has a dual recognized, for example. Only for the country who recognizes dual citizenship, then they started the relation. For example, Southeast Asian countries do not recognize and they are being excluded. So, that India model has been actually one of the things China could be considering.

MR. LIEBERTHAL: Clearly we've tapped into a set of issues of enormous importance that could keep us going for a very long time. I again want to thank Cheng Li for suggesting that we focus on this issue in a program like this and Wang Huiyao and David Zweig for traveling here to join us. I ask all of you to join me in thanking them for their great presentations.

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