

Returning Students --- Plight of the sea turtles

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Students coming back home helped build modern China. So why are they now faring so poorly in the labour market?

“I left in 1980 with only three dollars in my pocket,” recalls Li Sanqi. He was one of the first allowed to study overseas after the dark days of the Cultural Revolution. Like most in their elite group, he excelled, rising to a coveted position at the University of Texas, while launching several technology firms. Now he is a senior executive at Huawei, a Chinese telecoms giant, enticed back by the chance to help build a world-class multinational.

Mr Li seems the perfect example of a sea turtle, or *hai gui* (海龜; in mandarin, the phrase “return across the sea” sounds similar to that animal’s name), long applauded in China for bringing back advanced skills. In the past such folk reliably reaped handsome premiums in the local job market, but no longer. Sea turtles are not universally praised, the wage differential is shrinking and some are even unable to find jobs. Wags say they should now be called *hai dai* (海帶), or seaweed. This is a startling turn, given their past contributions.

Wang Huiyao of the China Western Returned Scholars Association, which celebrates its centenary this year, observes that sea turtles have returned in five waves. **The first, in the 19th century, produced China’s first railway-builder and its first university president. The second and third, before 1949, produced many leaders of the Nationalist and Communist parties.** The fourth wave, which went to the Soviet block in the 1950s, produced such leaders as Jiang Zemin and Li Peng.

The present wave began in 1978, and is by far the biggest. Since then, about 2.6m Chinese have gone abroad to study. The exodus has grown of late to about 400,000 per year. The majority stay overseas, but the 1.1m

who have come back have made a difference. Mr Wang argues that whereas **the first three waves revolutionized China** and the fourth modernized it, **the fifth wave is globalizing the country.**

Sea turtles are helping to link China's economy to the world. They founded leading technology firms such as Baidu. Many are senior managers in the local divisions of multinational firms. They are helping to connect China to commercial, political and popular culture abroad.

Why then is their importance declining? Several studies show that sea turtles on average must now wait longer to find a less senior post at a smaller salary premium over local hires. The weakening job market for all graduates is one reason. Another is that, as China's domestic market has taken off, industries such as e-commerce have involved in ways unfamiliar to those who spent years abroad. Gary Rieschel of Qiming Ventures, a venture-capital firm, says that investors who a decade ago would have funded only those returning from Silicon Valley are now backing entrepreneurs from local universities, who are more familiar with local consumption patterns, computer-gaming habits and social media such as Weibo and Weixin.

As China has boomed, its managers have started to shed their inferiority complex. A senior executive at Tencent, a Chinese social-media giant, says he still poaches sea turtles from foreign firms, but finds they have difficulty managing local engineers. A European investment banker says turtles often cling to quaint Western notions like transparency, meritocracy and ethics, which put them at a disadvantage in China's hyper-Darwinian economy, where locals are more willing to do whatever the boss or client wants.

Even foreign firms in China are getting pickier about whom they hire. Yannig Gourmelon of Ronald Berger, a German management consultancy, believes the broader profit squeeze at multinational firms that killed off gilded expatriate packages has also sharply reduced the salary premium offered to sea turtles.

C grade turtles

There is another explanation: many of the latest wave are of lower

quality. In the past, only the very best were allowed to go out and so competition for government scholarships was fierce. But as incomes have risen, many families of mediocre Chinese students have spent a fortune on degrees from universities of dubious quality that do little to enhance their job prospects. **Worse yet, partly because of the downturn in Western economies, many have come back without work experience.**

Even as hordes of the less employable expatriates return, the brightest remain abroad. **A study funded by America's National Science Foundation found that 92% of Chinese with American PhDs still lived in that country five years after graduation.** For Indians, the figure was 81%, for South Koreans 41% and for Mexicans 32%.

To lure such superstars back, the Chinese government is pouring pots of money into a scheme called 1,000 Talents, which offers generous subsidies and other perks. The powerful Organization Department of the Communist Party is urging regional leaders and university heads to meet quotas for securing talent. In a forthcoming paper, Mr Wang and David Zweig of Hong Kong University of Science and Technology argue that China has been “perhaps the most assertive government in the world” in such efforts.

Will it work? It seems doubtful. Despite the policies, returning entrepreneurs hit many problems. Labour and land costs are rising, the theft of intellectual property is still rampant and corruption is widespread. Few top-tier scientists have returned. Mr Wang and Zweig's paper explains why: **“If China wants to bring back the best, it needs a fundamental reform of its academic and scientific institutions”** to break the power of politicised administrators over hiring and funding.

The hard truth is that Chinese abroad often have ambivalent attitudes towards their homeland. The wife and children of Huawei's Mr Li, the seemingly archetypal sea turtles, still live in America. Rather than just shoveling out subsidies, **Chinese officials might do better to strengthen the rule of law, root out corruption and clean up China's air, water and food. Sea turtles would be sure to notice.**

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