

HD In Depth: The Great **Chinese** Exodus --- Many of **China's** brightest and best are going abroad, often for good; What drives them -- a"nd why does Beijing allow it?

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Corrections & Amplifications

The Asan Forum is the online journal of the Asan Institute, a South Korean think tank. An In Depth essay Aug. 18 about the exodus of **China's** best and brightest incorrectly said the Asan Forum is a think tank.

(WSJA August 29, 2014)

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Even when the emperors did their utmost to keep them at home, the **Chinese** ventured overseas in search of knowledge, fortune and adventure. Manchu Qing rulers thought those who left must be criminals or conspirators and once forced the entire coastal population of southern **China** to move at least 15 kilometers or so inland.

But even that didn't put an end to wanderlust. Sailing junks ferried merchants to Manila on monsoon winds to trade silk and porcelain for silver. And in the 19th century, steamships carried armies of "coolies" (as they were then called) to the mines and plantations of the European empires.

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Today, **China's** borders are wide open. Almost anybody who wants a passport can get one. And **Chinese** nationals are leaving in vast waves: Last year, more than 100 **million** outbound travelers crossed the frontiers.

Most are tourists who come home. But rapidly growing numbers are college students and the wealthy, and many of them stay away for good. A survey by the Shanghai research **firm** Hurun Report shows that 64% of **China's** rich -- defined as those with assets of more than \$1.6 **million** -- are either emigrating or planning to.

To be sure, the departure of **China's** brightest and best for study and work isn't a fresh phenomenon. **China's** communist revolution was led, after all, by intellectuals schooled in Europe. What's new is that they are planning to leave the country in its ascendancy. More and more talented **Chinese** are looking at the upward trajectory of this emerging superpower and deciding, nevertheless, that they're better off elsewhere.

The decision to go is often a mix of push and pull. The elite are discovering that they can buy a comfortable lifestyle at surprisingly affordable prices in places such as California and the Australian **Gold Coast**, while no amount of money can **purchase** an escape in **China** from the immense problems afflicting its urban society: pollution, food safety, a broken education system. The new political era of President Xi Jinping, meanwhile, has created as much anxiety as hope.

Another aspect of this massive population outflow hasn't yet drawn much attention. Whatever their motives and wherever they go, those who depart will be shadowed by the organs of the Leninist state they've left behind. A sprawling bureaucracy -- the Overseas **Chinese** Affairs Office of the State Council

-- exists to ensure that distance from the motherland doesn't dull their patriotism. Its goal is to safeguard loyalty to the Communist Party.

This often sets up an awkward dynamic between **Chinese** arrivals and the societies that take them in. While the newcomers try to fit in, Beijing makes every effort to use them in its campaign to project its political values, enhance its global image, harass its opponents and promote the use of standard Mandarin **Chinese** over the dialects spoken in Taiwan and **Hong Kong**.

Politics, though, isn't the most important issue on the mind of Ms. Sun, a 34-year-old Beijing resident who's bailing out. (She requested anonymity because she doesn't want publicity to spoil her plans.) The main reason she's planning to pack up: Her 6-year-old daughter is asthmatic, and Beijing's chronic pollution irritates the girl's lungs. "Breathing freely is a basic requirement," she says. The girl also has a talent for music, art and storytelling that Ms. Sun fears **China's** test-driven schools won't nurture.

Recently, Ms. Sun flew to San Francisco to shop for a school for her daughter, browse for property and handle the paperwork for permanent U.S. residency. She insists that she's not leaving **China** forever -- a sentiment expressed by many on their way out who see a foreign passport as an insurance policy in case things go badly wrong in **China**.

"I'm just giving my family another option," she says.

A college professor, who insisted on anonymity altogether ("Just call me an intellectual," he says), takes a darker view of **China's** prospects as he prepares to emigrate to the U.S., joining his two children, who both have postgraduate degrees from U.S. colleges.

Like many **Chinese** academics, the professor has a business or two on the side, although he hardly looks the part of an executive, unshaven and with crumpled pants riding 15 centimeters above his open sandals. In **China**, he pronounces, "Once you get rich, they arrest you."

That is an exaggeration, of course, but there is a propensity for entrepreneurs who appear on lists of the richest **Chinese** to end up in jail.

His real concern is that to get ahead, he's had to make compromises with his principles (he doesn't say bribes, but that is what he means). "I've been forced to prostitute myself," he says, and now he worries that it could all be snatched away. In **China**, a weak, corrupt legal system may sometimes work in favor of entrepreneurs while they're clawing their way up, cutting corners along the way, but it is almost always a liability once they've made it.

First-generation businessmen -- the ones who powered **China's** economic rise -- now dream of a secure retirement. That means legal safety in places like the U.S. and Canada.

The professor is also a fan of U.S. technology. One of his companies sells environmental equipment, and he's hoping that by living in America, he'll find ways to enhance his products and develop new ones -- which he hopes to continue to sell in **China**, the biggest market. He holds up his Apple iPhone. "How many shirts do you think we **Chinese** have to export to buy one of these phones?" he asks.

China, he concludes, is still "a very backward country."

The flight of the rich recalls similar outflows from **Hong Kong** before the 1997 handover of the then-British colony to **China** and from Taiwan in an earlier period when its own future seemed imperiled. In those cases, businesspeople parked their families in places like Vancouver and Seattle and shuttled back and forth to Asia for business.

That is often the strategy in today's **China**, which has entered an uncertain transition. The economy is off the boil; property prices are sliding. Mr. Xi has amassed more power than any **Chinese** leader since Deng Xiaoping and is using it to crack down on corrupt officials while going after human-rights lawyers, bloggers and civil society activists. That is ridding **China** of the kind of individual its government doesn't want but is also scaring away the creative types it needs.

Last year, the U.S. issued 6,895 visas to **Chinese** nationals under the EB-5 program, which allows foreigners to live in America if they invest a minimum of \$500,000. South Koreans, the next largest group, got only 364 such visas. Canada this year closed down a similar program that had been swamped by **Chinese** demand.

Some of the wealth sluicing out of **China** is undoubtedly ill-gotten gains. The **Chinese** central bank estimates that corrupt officials may have siphoned off as much as \$123 **billion** since the mid-1990s.

In his book "Restless Empire: **China** and the World Since 1750," the historian Odd Arne Westad writes that overseas **Chinese** "were, and are, the glue that holds **China**'s relations with the world together, in good times and bad."

That explains why Beijing takes an intense pastoral interest in the **Chinese** diaspora. It has some 48 **million** members -- about double the number of Indians living outside their country -- and wherever they alight, they tend to rise to the top, be it Silicon Valley or the high-tech corridors of Southeast Asia.

Beijing makes a crucial distinction between ethnic **Chinese** who have acquired foreign nationality and those who remain **Chinese** citizens. The latter category is officially called huaqiao -- sojourners. Together, they are viewed as an immensely valuable asset: the students as ambassadors for **China**, the scientists, engineers, researchers and others as conduits for technology and industrial know-how from the West to propel **China**'s economic modernization.

In 1989, when the Tiananmen Square massacre triggered an outflow of traumatized students and shattered the party's image among overseas **Chinese** communities, the Overseas **Chinese** Affairs Office kicked into high gear with a propaganda campaign to repair the damage. It proved highly successful.

The political scientist James Jiann Hua To, the author of "Qiaowu: Extra-Territorial Policies for the Overseas **Chinese**," says that the campaign "turned around the way most overseas **Chinese** look at **China**."

The effort continues. It is subtle -- a hearts-and-minds campaign that works through overseas **Chinese** newspapers, websites (digital "New **Chinatowns**," in propaganda-speak), schools, youth groups and church organizations.

The results show up in "patriotic" street activities. In 2008, for instance, well-organized **Chinese** students guarded the Olympic torch as it went around the world ahead of the Beijing Games, attracting raucous protests from Tibetan independence activists and other hostile groups. The following year, **Chinese** students disrupted the Melbourne Film Festival when it screened a movie about the life of exiled Uighur leader Rebiya Kadeer, whom Beijing accuses of stirring up separatist agitation in its Xinjiang region. Similar protesters dog the footsteps around the world of the Dalai Lama, Tibet's exiled spiritual leader, whom Beijing also accuses of "splittist" activities.

Foreigners sometimes have a hard time understanding why Beijing expends so much effort countering threats, real or imagined, from **Chinese** opponents overseas, including the banned Falun Gong spiritual movement. But **China**'s leaders are haunted by history. To an extraordinary degree, the destiny of modern **China** has been shaped by the **Chinese** who left. The overseas **Chinese** of Southeast Asia provided critical support for Sun Yat-sen's 1911 revolution, which toppled the Qing.

The dynamic works the other way too. When Deng needed money and expertise to unlock the entrepreneurial energies of **China** in the early 1980s, he first tapped the mega-rich **Chinese** tycoons in **Hong Kong**, Thailand and Malaysia, whose factories populated his Special Economic Zones.

But **China**'s cross-border political activities are creating unease. Consider Australia -- one of the most popular destinations for **Chinese** students, emigrants and tourists, and a country where Mandarin **Chinese** is now the second-most widely spoken language after English.

"**Chinese** Australians are being lectured, monitored, organized and policed in Australia on instruction from Beijing as never before," wrote John Fitzgerald of Swinburne University of Technology, one of the country's foremost **China** experts, in an article published by the Asan Forum, a South Korean think tank.

In the U.S., a vigorous debate has broken out in academic circles about the role on American campuses of Confucius Institutes, which are sponsored by the **Chinese** government and offer Mandarin-language classes, along with rosy cultural views of **China**. Critics say these institutes threaten academic independence; supporters say they offer valuable language training that wouldn't otherwise be available. In June, the American Association of University Professors stepped into the controversy and recommended that universities "cease their involvement" with the institutes unless they can gain "unilateral control" over them.

China must be exceedingly careful not to leave too many fingerprints on its political activities offshore. For a start, it has an official policy of noninterference in the internal affairs of other countries. But it also puts established overseas **Chinese** communities at risk by raising the issue of their national loyalties. That is particularly true in Southeast Asia, where the **Chinese** of a previous era were often viewed with suspicion as a communist fifth column.

Still, the sheer volume of **China**'s outbound travel these days, and its massive economic impact, gives it new leverage. In the global market for high-end real estate, **Chinese** buying has become a key driver of prices. According to the U.S. National Association of Realtors, **Chinese** buyers snapped up homes worth \$22 **billion** in the year ended in March.

Australia called a parliamentary inquiry to find out whether local households were being priced out of the market by **Chinese** money. (The conclusion: not yet.)

Without fee-paying **Chinese** students, many colleges in the postrecession Western world simply wouldn't be able to pay the bills. **Chinese** students are by far the largest group of foreign students on U.S. campuses, and their numbers jumped 21% last year from the year before -- to 235,597, according to the Institute of International Education. Their numbers are increasing at a similar pace in Australia. In England, there are now almost as many **Chinese** students as British ones studying full-time for postgraduate master's degrees.

Tourism is booming again thanks to **China**. The **Chinese** have overtaken Americans to become the world's biggest tourist spenders -- and they're rapidly moving upmarket. Mei Zhang, the founder of Beijing's high-end travel operator WildChina, offers family holidays to destinations such as Kenya, Patagonia and Alaska at \$10,000 per head. **Chinese** are now the third-largest group of nationals landing in Antarctica, where tourists zip around the ice floes in Zodiac inflatables to watch penguins.

The international hotel industry is increasingly tailoring its service to **Chinese** tastes. Among the required extras these days: teapots and toothbrushes. Russell Brice, the founder of the expedition **firm** Himalayan Experience, says that he packs duck and chicken feet -- **Chinese** delicacies -- along with the climbing gear for his **Chinese** clients. "A few little things like that make it special," he says.

And the outflow has only just begun. The **Hong Kong**-based brokerage **firm** CLSA forecasts that departures from **China** will double to 200 **million** by 2020.

In education, the next big wave coming from **China** is high schoolers. Rich parents are opting out of an education system that prepares children to take high-stakes tests for college entrance but neglects the creative side. Besides, once they've been through the mill, the students have a tendency to kick back when they get to college.

Xie Li, a manager at a Beijing telecommunications **company**, says that she tried to push her 16-year-old son to go to high school overseas, but he couldn't bear to leave home so early. He's a star pupil at the middle school attached to Beijing Normal University, which the U.S.'s first lady Michelle Obama visited recently.

Still, the boy is being groomed for college overseas and an international life. At 13, his parents packed him off to spend six weeks with an American family in Virginia. They've taken family breaks in exotic places like Tanzania. And now, to his mother's delight, he's set a goal for himself to study chemistry at the Massachusetts Institute of Technology.

Ms. Xie recognizes that he might never come back but says, "His heart will always be with his family."

The **Chinese** government has no desire to slow the flow of students. Its attitude is simple: Why not have the Americans or Europeans train our brightest minds if they want to? President Xi's own daughter went to Harvard.

As always with **China**, the numbers awe. In his memoirs, Zbigniew Brzezinski, the former national-security adviser, recalls a meeting between President Jimmy Carter and Deng. Human rights were on Mr. Carter's agenda, and he started needling the **Chinese** leader about Beijing's tight emigration policies. "Fine. We'll let them go," Deng snapped. "Are you prepared to accept 10 **million**?"

Not even Deng could have imagined the human torrent his "open door" reforms would eventually unleash. Try 100 **million** -- and counting.

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