Trade wars and talent wars

Out of the Box

Tony Chan Fan-cheong is president of the Hong Kong University of Science and Technology. He has spent his life pursuing his dreams relating to teaching and research, and has unique views on education, scientific and technological development, and nurturing the young.

YOU HAVE PROBABLY heard about the impending trade war between the United States and China. US tariffs on Chinese exports would amount to US$60 billion (HK$468 billion).

The Chinese government has rebutted the potential negative impact on the global economy and threatened with its own retaliatory measures. The whole world is watching with grave concern.

While this trade war is catching all the attention, there is a brewing “war on talents” on the horizon, which is much less covered.

The Wall Street Journal reported recently that the Trump administration is considering restricting visas for Chinese citizens, including students, as part of a package of tariffs and investment restrictions intended to punish China, for allegedly violating US intellectual property laws and pressing US companies to transfer technology when they make investments in China. Separately, FBI director recently said: “Chinese spies are embedded in American universities, as students, scientists, and professors.”

This growing mistrust between China and the United States is worrisome.

In my opinion, this talent war has even more serious and longer-term impact than the trade war.

Hong Kong may be collateral damage.

First, about the students. Chinese students now account for about a third of all foreign students in the United States (about 350,000 out of one million).

They span the whole spectrum of elite PhD students to self-financed undergraduates. Their tuition fees and other expenses (about US$12 billion annually) contribute significantly to the US economy. Many colleges may be in financial trouble without them.

Those who stay after their studies also contribute to the talent pool for the US economy, especially in tech. About a third of Silicon Valley’s engineers are from China, and some are entrepreneurs who employ many Americans. Losing them will have a serious negative impact on the US tech industry.

In fact, the loudest alarms have been sounded not by the Chinese government or media, but by US companies and colleges.

The US remains the most attractive destination for foreign students, especially from China. But there is no guarantee that this will always stay the same.

First, there is competition. Australia and Canada both boast excellent universities and an English speaking and safe environment. Second, the sentiment of students and their families are fickle and may change very quickly; a few hate crimes may turn the tide, as happened to Indian students in Australia recently.

Third, the Chinese government could retaliate by restricting its citizens from going to study or work in the United States—by appealing to national pride, increasing the quality of its own universities, and national need for top talent.

In these days of a global ecosystem of talents, such a talent war would be even more destructive for both countries.

When China opened up almost 40 years ago, there was concern over a brain drain to the West.

Deng Xiaoping famously said that he was not concerned as China has a huge pool of talents and he predicted that some of those who went overseas will return and transform China. Not only has he been proven right, but China today has also become more attractive for talents both domestically and from overseas.

Whether Hong Kong will be affected by this talent war will depend on a US interpretation of whether we are “Chinese.” I have two personal anecdotes on this.

When I visited the European Research Council (together with our secretary of education) to explore collaboration, we were informed that we can piggyback on an agreement that it had just signed with its Chinese counterpart, and they were puzzled why we need a separate agreement.

In 2009 when I informed my boss at the US National Science Foundation that I’ll be leaving to join HKUST, his immediate reaction was: “Tony, you are going to China?” My reaction was: “I am going to Hong Kong”—to which he replied: “But isn’t Hong Kong part of China?” It is ironic how one country, two systems can be interpreted in different ways depending on one’s perspective.