



The Stanford Boys (and Girls) Club *in Beijing*

By Vivek Wadhwa

I've written a lot about America's flawed immigration policies: how the unavailability of permanent-resident visas and the growing xenophobia in the U.S., combined with expanding economic opportunities abroad, are causing a reverse brain drain. Skilled immigrants are returning home to countries like China and India in record numbers. America's leaders are accelerating the trend by pandering to uninformed and misguided segments of their electorate who demand that the country close its doors for fear that foreigners will take their jobs away.

The result is that America is giving an unintended gift to countries like China and India, where returnees are teaching locals how to build world-class companies and how to innovate. In almost every high-growth tech company in China, you find returnees in senior management positions. The *New York Times* reported that it's

the same in scientific research – top research labs have returnees in lead positions, which may give China the edge it has desperately been seeking. China is a long way from challenging America in innovation ability, and if it does make some breakthroughs in cleantech, health care, and science, this is not a bad thing. As I concluded in a piece about China's entrepreneurship boom, we benefit from innovation no matter where it happens. The problem is that the American economy is stagnant and we're exporting the people who can help boost it. And we are creating long-term competition for our own tech industry.

On a recent trip to Beijing, what surprised me most was the number of Stanford grads that I met and how they had no regrets about leaving the U.S. – and no plans to return.

I can understand why so many international students return home from regions of the U.S. that don't welcome

foreigners – these cities always have fewer tech startups and thus fewer jobs. But Silicon Valley is the most open, inclusive place in the world and pays premium salaries to top engineering talent, especially from Stanford. And immigrants thrive in the Valley: they start 52 percent of its startups.

So why are the Stanford grads leaving? I asked five of them to tell their own stories.

Canada-born **Robert Hsiung** graduated from Stanford in 2008 and received several lucrative job offers in Silicon Valley, Singapore, and Hong Kong. But he saw far more opportunity in Beijing. He knew that Chinese Internet users were maturing quickly and that the middle class was growing rapidly. His expectation was that they would demand social networks that provide more privacy than Facebook does. So he went to China to start OneCircle.cc. After a successful exit, he is starting his next venture, FoxFly,

a mobile platform that makes it easy to create private groups for sharing messages, photos, and “private” comments on content from Facebook and other social networks.

Robert says that he would not even consider going back to the U.S. He may visit the Valley for a short time to keep up with the latest technology and business models being developed there. But, with Twitter, Techcrunch, and his China Stanford network, there really is no reason to return: his costs are 10 times lower; market significantly larger; and funding more abundant in China.

Lu Dong decided he wanted to be in China in 2004, after he completed his Stanford MBA. But he was nervous because he feared that he would face hurdles from corrupt government bureaucrats, and be at a disadvantage because his father wasn't a high-ranking government official. He chose to start an Internet business because this would provide him with a “clean” environment – where he could just deal with consumers on the Web and not have to deal with business licenses or government regulations.

He started a firm called Beyond Tailors that sold made-to-order clothing, and La Miu – now the Victoria's Secret of China and China's biggest online lingerie seller. It is growing at 300 percent per year, is negotiating VC financing to help it grow to a billion-dollar business, and expects to go public in two to three years.

Lu has no thoughts of coming back to the U.S. He says that China is far too exciting.

Joe Chen returned to China in 2002 to start Oak Pacific Interactive, which has become one of China's leading Internet firms. Its properties include the Facebook of China, Renren.com (formerly Xiaonei.com); Mop.com, one of China's largest online forums; and Nuomi.com, a group purchasing website. Joe sees at least a decade of phenomenal growth ahead for the Chinese Internet market.

He believes this is a historic period of time for China to regain its long-lost leadership in the world economy and affairs. And that “any Chinese with a passion for entrepreneurship, the right skills, and love for their motherland would jump at the first opportunity to relocate back to China.” Settling down

back home wasn't easy for Joe at first. There was minor culture shock which resulted from many years of absence from China. But the economic opportunities were endless. He found abundant risk capital willing to fund startups, and extensive support from all levels of government.

Stanford computer science graduate **Jonathan Lin** was born, raised, and educated in the U.S. and didn't have any ties to China. But during a visit to China in 2002, he was struck by the hunger and the optimism of the local entrepreneurs and netizens. He came to the conclusion that while an Internet company in the U.S. could make peoples' lives more efficient and interesting, a company in China would better peoples' way of living in more fundamental ways.

So he went back to China after completing his Harvard MBA in 2005 and started the Chinese Slide-Share, DocIn, in 2007. This site has millions of daily users, of all sorts – from college students to rural residents. Jonathan says this has

the societal effect that he had hoped, and he plans to continue staying in China to build his dreams.

Amy Gu started thinking of trying something in the Internet space in China as soon as she graduated from Stanford in 2009. She, together with a number of students at Stanford, prototyped a trading website similar to kaching.com. She returned to China in June 2009 and launched the site www.kaipan.com, which simulates stock trading. A year later, she exited from the company through a merger with a Chinese financial services firm.

Amy is glad she returned to China because of the wide-open opportunities there. She says that Beijing is definitely more polluted than Silicon Valley, “but it's on the way to having a clearer sky.” **N**

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