

# Internationalization of Higher Education in China: the Human Capital Approach

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**ABSTRACT.** *In the Past 70 Years, Chinese Higher Education Has Been Simultaneously Developing with the Growth of the People's Republic of China (Prc). under Five Generations of Chinese Leadership, China Has Established a Complete Higher Educational System with Constant Endeavors and the Contribution of a Large Number of Forefront Professionals. the Ministry of Education (Moe) Makes Short, Medium, and Long-Term Educational Reform and Development Plans According to the Change of Domestic and International Environment. This Paper Offers Us the Motivation and Factors of Implementing Internationalization of Higher Education in China and Some Thoughts on How to Use Human Capital Theory to Understand the Policy-Making Towards Internationalization of Higher Education in China. Robeyns (2006) Proposed Five Different Roles That Education Plays and Three Models of Education. Human Capital is One of the Three Models Besides Rights Discourse and the Capability Approach. Human Capital Theory (Schultz, 1961) Plays an Important and Fundamental Role in Western Economics. Human Capital Theory Has Great Impacted on the Development of Higher Education Worldwide, Which Also Affects the Educational Reforms Towards Internationalization in China in the Context of Globalized Economy. It Enhances the Development of Higher Education as Well as Brings Educational and Social Problems.*

**KEYWORDS:** *Higher education, Internationalization of higher education, Human capital, Wto, Policy*

## 1. Introduction

The development of Chinese higher education has gone through three different phases in the past 65 years. Chinese higher education was remolded by copying the Soviet Union's educational system when the People's Republic of China (PRC) was founded in 1949. The 1966-1976 Cultural Revolution closed or destroyed almost the entire higher educational system in China. The 1978 open-door and reform policy, economic reform, challenges from globalization and worldwide fierce competition, China's entry into the WTO in 2001, and other close communication between China and the west has directly motivated Chinese higher education to reform and reconstruct.

China has been actively moving towards internationalization of higher education since the 1990s. Every educational reform towards internationalization in the past 20 years was enacted in the context of the rapidly development of Chinese economy and urgent need of internationalized well-educated talents to improve Chinese economy and meet the demand of the Chinese political and cultural construction. China's higher education has caught the world's attention. The increase of student enrollment has made China become the one of the top countries with the largest educational capacity (Dong, 2003). Not only because of the pursuit of higher education among people, but also because of the strategies PRC made to realize the goal of "the strategy of rejuvenating the country through science and education and that of sustainable development" (Dong, 2003, p.1). Both the government and people believe that the more they invest in education, the more benefits they will receive. People's desire of gaining more qualified education and the Chinese government's plan of realizing prosperity of the nation both are guided by the human capital theory.

Ministry of Education (MOE) has held four nation-wide educational conferences since the Open-Door and Reform policy in 1978 (Zhou, 2014). Relevant rules and regulations on educational reforms were the major educational polices issued in the four national educational conferences, which were set as principles to guide the development of the whole Chinese education. The polices made in these four meetings interprets how the MOE set internationalization of higher education as one of national goals of educational development in China, helps us to have a better understanding of how these policies were formulated in different economic development periods in China, and leads us to figure out where Chinese higher education is going in future. Two national higher education projects, the *Project 211* and the *Project 985*, are the epitome in the process of

internationalization of higher education in China.

China is accelerating the speed of the internationalization of higher education; meanwhile, it is also facing the problems of the “diploma disease/inflation”, “over –education” “educational wastage”, “brain drain” and other challenges (Dong, 2003, p.1). Overly emphasis education as an investment causes the students missing holistic education. It will be still a long way to go before China will be able to control the development under the appropriate guidance of human capital in the context of globalized economy.

This paper studies educational reform policies towards internationalization of Chinese higher education to further explain how the Chinese government makes strategic plans to enhance the internationalization of Chinese higher education from the perspective of human capital model, how to cultivate and supply internationalized talents to cope with the change, challenges and opportunities created by Chinese economic development. The questions are brought up here: What are the motivations and factors of internationalization of higher education in China? How can we use human capital theory to understand the policy-making towards internationalization of higher education in China?

The first part of this paper offers some background information of Chinese higher education. The second part introduces the human capital theory and its connection with higher education, and how human capital model of education that Robeyns proposed influences the development of Chinese higher education. The third part gives the motivation and factors why China implements internationalization of higher education. The fourth part analyzes the four policies made towards internationalization of higher education in China from the perspective of human capital theory. The last part is the conclusion and suggestion.

## **2. Human Capital Theory and Human Capital Model of Education**

Globalization, knowledge economy and innovation in modern technology have enhanced many countries and organizations to develop ways to retain competitive edge (Kwon, 2009). The competition among nations is actually the competition of their economy and comprehensive strength. It is the rival of competence among individuals as well as society as a whole. “In the end, the people are becoming valuable assets and can be recognized within a framework of human capital” (Kwon, 2009, p.1).

### **2.1 Human Capital Theory**

Human capital theory first proposed in *Investment in Human Capital* by Theodore W. Schultz in 1961. It was proceeded by Jacob Mincer and followed by a book written by Gary S. Becker. Schultz (1961) concluded that the human capital is important for a nation’s economic growth in the modern economy (Kwon, 2009). Mincer point out that “human capital theory is the economist’s approach to the analysis of skills, or labor ‘quality’ (Mincer, 1989, p.27). He asserts that the key idea of human capital is that “human capacities are in large part acquired and developed through informal and formal education at home and at school, and through training, experience, and mobility in the labor market” (p.27). Becker (1975) also asserts that “persons who have greater learning ability and better opportunities to finance the costs of human capital investments do invest more in all forms of human capital, including schooling and job-training” (p.28). Mincer (1989) states, that “human capital plays a dual role in the process of economic growth” (p.31).

Schultz (1961) points out in his article that the skills and knowledge human being acquired is one form of capital, and this capital is a result of very careful investment. This kind of capital combines with other physical capital to generate great power in western developed countries, which is one of the reasons why those countries are very competitive in world market. He also mentions that education is an investment activity, a method of making more capital. Education is the investment that makes economic growth.

Becker (1992) emphasizes, “education and training are the most important investments in human capital” (p.85). The purpose of investing in education and training is to increase the level of knowledge, intelligence and technology as well as the ability to make progress in work and increase income. Becker uses cost-benefit to analyze personal benefits and social rate of return. His conclusion confirms that the value of economics of education, and also points out that the positive correlation of development of education and economic.

Schultz applied human capital theory in higher education studies and had big impact on the development of higher education. Becker (1992) points out that “college education had spread extensively in modern economies because the additional knowledge and information acquired in school is so important in technology advanced economies” (p.88). A basic idea in Schultz’s human capital theory is that the more education a person obtains, the more return he will get. We then can infer that higher education will offer the most return. Higher education

can cultivate talents, teach, and doing research. Schultz thinks that the whole education has very big economic values. Hanushek (1994) says, “education is a high-return investment” (p.13)

## ***2.2 Five Roles of Education and Human Capital Model of Education***

Jean Dreze and Amartya pointed out several roles that education plays in 2002 and Robeyns modifies “Dreze and Sen’s typology” (Robeyns, 2006, p. 69) and offers the following five roles and three models of education. The five roles includes that education is intrinsically important, education has both instrumental personal economic and non-economic roles, and education has both instrumental collective economic and non-economic roles. The three models of educations are human capital, rights, and capabilities. Robeyns (2006) states,

Human capital theory considers education relevant in so far as education creates skills and helps to acquire knowledge that serves as an investment in the productivity of the human being as an economic production factor, that is, as a worker. Thus, education is important because it allows workers to be more productive, thereby being able to earn a higher wage. By regarding skills and knowledge as an investment in one’s labor productivity, economists can estimate the economic returns to education for different educational levels, types of education, etc.

Human capital model of education illustrates clearly that skills and knowledge people obtained through education are crucially important part of “income-generating abilities” (Robeyns, 2006, p. 72) Human model of education is highly applauded in China since the modern economic development period since the 1980’s.

Contemporary Chinese higher education was motivated by the Open-Door and Reform policy, economic reforms, proactive responses to the challenges from globalization, and worldwide competition for talents. Chinese universities have been taking the opportunity of the dynamic development of world economy to well-prepare Chinese students to meet the challenges and demand of the international market since 1978.”China has once again sought Western models and made various attempts to internationalization its higher education” (Huang, 2003, p. 225). The MOE carried out a series of policies related to internationalization of higher education in the past thirty-five years. Behind every policy-making of internationalization of higher education in China, it reveals that how economic development shape the goal of education as well as how higher education keep the pace of and serve Chinese economic development. Human capital theory plays a significant role to guide education policy-making.

## ***2.3 Some Critiques of Human Capital Theory***

Human capital theory became very popular in the western countries, but there were some criticisms in 1970s. Some people criticized “this term and underlying analysis because they believed it treated people like slaves or machines” (Becker, 1992, p.85). Human capital theory describes development of education as an isolated object and ignores all related issues. When we talk about return to education, we only focus on economic or monetary return, but neglect the non-monetary return to human beings and society. We all know that spiritual and non-monetary return is very hard to be measured by currency (Dong, 2003). Some research on the economic development of “Asian tigers” (Hanushek, 2002) reveals that there is a close relationship between its development of education and economy, but the contribution of basic education (k-12) is bigger than higher education after careful calculation (Dong, 2003).

Becker (1992) points out that human capital assumes that education will improve productivity through knowledge and skills. He also mentions that some alternatives say that human capital investment (schooling) emphasizes “ ‘credentialism’- that degree and education convey information about the underlying abilities, persistence...” (p.88).

Robeyns (2006) points out that human capital model is very “economistic” and it believes that the only benefit from education is the income generated. Robeyns says,

“Human capital theory conceptualizes the world through the eyes and disciplinary lenses of contemporary mainstream economics, a discipline that has increasingly blocked out the cultural, social and non-material dimensions of life...” and “human beings act for economic reasons only”. (p.72)

Robeyns asserts that “human capital theory is entirely instrumental”, which means “it values education, skills and knowledge only in so far as they contribute (directly or indirectly) to expected economic productivity” (p.74). She also believes that conceptualizing education only as an economic investment leads us to “compare this investment with other alternative types of investment” and some problems are only explained through very narrow lens of human capital theory (Robeyns, 2006, p.74).

To sum up, human capital theory constrains and destroys education because it does not evaluate or “recognize the intrinsic importance of education, nor the personal and collective instrumental social roles of education” (Robeyns, 2006, p. 74). Human capital does have its value in directing education, but it is not the only way. Other alternatives are necessary to put into the pond to see and lead education. Sen points out “we must go beyond the notion of human capital, after acknowledging its relevance and reach. The broadening that is needed is additional and cumulative, rather than being an alternative to the ‘human capital’ approach (1997: 1959–61)” (p. 75).

#### ***2.4 Internationalization of Higher Education***

With the impact of globalization, internationalization of higher education becomes one of the most effective ways to deal with competition among nations. The diverse meanings are affiliated to internationalization of higher education to “illustrate the complexity and richness as a concept, it is clear that the key element in the term is the notion of between or among nations and cultural identities” (Zha, 2003, p. 249).

Knight defines internationalization at national, sector and institutional level as: “the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of post-secondary education” (Knight, 2004, p.11). One of the driving force of it is economic factors including “revenue generation, competitiveness, labour market, and financial incentives” (Knight, 2012, p.8). Knight (2012) advocated that “[a]n interesting development in the conceptualization of internationalization has been the division of internationalization into ‘internationalization at home’ and ‘cross-border education’”(p.9).

Van der Wende and others suggests that “internationalization is an aim itself, while in many countries and settings it is rather seen as a means to achieve a wider goal, e.g. quality improvement, restructuring and upgrading of higher education system and services” (Zha, 2003, p. 249). They define the term as “any systematic, sustained efforts aimed at making higher education responsive to the requirements and challenges related to the globalization of societies, economy and labor markets’ (Van der Wende, 1997, p. 19)” (p. 250). It tells us that internationalization is not just a goal, but a useful resource to develop each nation’s higher education towards an international level and it is a proactive action to the change of the world economy (Zha, 2003).

##### **Motivation and Factors of the Internationalization of Higher Education in China**

Internationalization of higher education is not a completely strange story in China (Huang, 2003). When China became a country invaded by many western powers in the middle of 19<sup>th</sup> century, this “semi-colonial” country has formed its modern higher education system by integrating Germany, France, UK and even Japan’s academic patterns (Huang, 2003, p. 225). As it is mentioned above, PRC imported the Soviet Union’s higher education model and developed a new and highly specialized higher education system in 1952. The Cultural Revolution stopped the development of education in China for a decade. The higher education reborn and restructured as the Open-Door and Reform policy came into effect in 1978. “China has once again sought Western models and made various attempts to internationalization its higher education” (Huang, 2003, p. 225).

The development of higher education during 1949 and 1978 laid a good foundation for furthering educational reform at present in China. In 1978, the Open-Door and Reform Policy was carried out. The central government under the leadership of the Chinese Communist Party (CPC) and Deng Xiaoping proposed that China had to shift from being caught in the struggles of having classes as their guiding principle to developing economy and devoting themselves to building the socialist modernization driving with Chinese characteristics. The Open-Door and Reform policy was spurred from multiple aspects and angles in China. The essence of the Open-Door and Reform policy was to free and develop the productive forces, improve China’s comprehensive strength.

The Chinese economic transition started since the Open-Door and Reform policy and “coincided with rapid advancements in science and technology, especially the revolution in information and communications technology, that have lead the world into a new age of the knowledge-based economy” (Min, 2004, p. 63). Higher education institutions are the carrier of this new type of economy. “[T]he knowledge-based economy is international by nature” (Min, 2004, p.63).

“The economic transition, the fast-growing market economy, the rapid development of science and technology, and the increase in individual income levels and living standards stimulated increasing demands for higher education” (Min, 2004, p. 63). In order to further develop the economy, Chinese higher education must simultaneously be developed. Education was regarded as a strategic basis for socialist economic achievement because well-educated human resources can serve better in nation’s development. The idea of furthering education for the purpose of promoting economic development became one of the important themes imbedded in the national economic reform and construction. In 1983, Deng Xiaoping’s “Three Orientations” had a great

impact on Chinese higher education. He insisted, “education should be oriented to the needs of the modernization, the globalization and the future” (Xinhua News).

In December of 2001, China officially became one of the members of the World Trade Organization (WTO). By 2001, “dramatic changes took place in the higher education sector” (Min, 2004, p. 63). Chinese higher education started changing from elite education to mass education. The enrollment began increasing exponentially and the equity of receiving education improved dramatically. After China’s entry into the WTO, “the Chinese government started revising its legislation to allow overseas institutions to offer programs on the mainland in line with the WTO regulations” (Mok & Xu, 2008, p. 395). In general, most people are aware of the fact that the WTO is for free trade without barrier, but what the people didn’t realize was that “the regulation and framework provided by the WTO [had] substantially increased the activities of cross-border education in the form of independent investment or joint business ventures around the world, particularly in developing countries” (Chan & Chang, 2013, p. 113).

World economic globalization placed a challenge upon Chinese higher education. China’s higher education, the leading head of Chinese education, “[was] clearly driven by international forces and designed to conform with the trends in international higher education development” (Yang, 2000, p. 327). Curriculum, learning approaches and instruction reforms followed the steps of the development of higher education. Investing in education and cultivating talents to reserve human capital for developing nation’s economy became the main theme in China.

Mincer (1989) says, “Human capital plays a dual role in the process of economic growth. As a stock of knowledge, it is a source of technological change. At the same time, the formation of adaptable skills in the work force is induced by changes in technology” (p.31). “The economic transition and the knowledge revolution dramatically changed the way of teaching and learning” (Min, 2004, p. 68). The internationalization of higher education has stepped into a new era.

The internationalization of higher education is not only consist of the development of the Chinese economy, but also driven by the nation’s mission of becoming a competent player in the world technology, information system, knowledge and participation of world economy. The MOE carried out a series of policies related to internationalization of higher education in the past 35 years. The policy-making process reflects the hidden guidance of human capital theory and human capital model of education.

Analysis of Policy-making towards the Internationalization of Higher Education in China: From Human Capital Theory Perspective

PRC has held four nation-wide educational conferences since the Open-Door and Reform policy (Zhou, 2014). Relevant rules and regulations on educational reforms were made during these meetings. The polices made in these four meetings will interpret how the MOE set internationalization of higher education as one of national goals of educational development in China, help us to have a better understanding of how these policies were formulated in different economic development periods from the perspective of human capital.

“The Decisions of CPC Central Committee on the Reform of the Educational System, hereinafter referred as the ‘Decisions 1985’” was carried out in 1985. “The Outline of Chinese Educational Reform and Development, hereinafter referred as the ‘Outline 1993’” was enacted in 1993. “The Regulations of Intensifying Educational Reform and Promoting Comprehensive *Suzhi* Education, hereinafter referred as the ‘Regulations 1999’” was carried out in 1999. “The Outline of the National Plan for Medium and Long-term Education Reform and Development (2010-2020), hereinafter referred to as the ‘Outline 2010’” was issued in 2010.

#### The Decisions 1985

The Decisions 1985 has revealed an early form of internationalization of Chinese higher education (Zhou, 2014). Restructuring economic and science and technology systems laid a very solid foundation and created a favorable institutional environment for educational reform (Zhou, 2014). In 1984, Deng Xiaoping emphasized that economic reform is vital to the development of China, but talents and knowledge referring to science and technology are the core. The Decisions 1985 didn’t use the exact word “internationalization” to precisely describe the development of higher education, but it proposed, “China has to draw attention to both advantages and disadvantages of educational achievement in foreign countries... strengthen foreign exchange and communication with other countries...” (Zhou, 2014, p. 20). These lines depicted that China adopted the idea of dispatching people who are mainly from higher education institutions to learn updated information and advanced knowledge from outside. Huang (2003) stated,

Besides the policy concerning the dispatch of scholars or faculty members and students abroad,... there were also issued policies for invitation of foreign professors and experts, introduction and translation of foreign university textbooks, and encouragement of the return of those overseas Chinese scholars and students (p.227).

China started to have newer and better textbooks introduced from other western developed countries besides the Soviet Union introduced to the Chinese universities (Huang, 2003).

In 1985, seven years after China opened to the world, the central government leaders realized that China needs talents with knowledge and science technology is necessary to develop China's economy. Learning updated technology and information from the western developed countries will bring potential benefit. Mincer (1989) mentions that Schultz (1975) and Welch (1970) proposed that "more educated labor can deal more effectively with a rapid changing environment brought about by technological change" (p.31). The external environment changes require the reserve of talents. The reserve of human capital began to be put on the agenda, though human capital is new concept introduced to China. Benjamin Franklin, said, "An investment in knowledge pays the best interest" (Becker, 1992, p.86). The talents China needed at that time fits the idea of human capital and because those talents are planned to produce a new productive power with knowledge.

#### The Outline 1993

The Outline 1993 was issued after very important Deng Xiaoping's southern tour in 1992. The Outline 1993 pointed out,

China has to insist on educational opening up and reform and we must boldly assimilate all the achievement of human civilization. The global competition and the competition of comprehensive national strength are essentially the competition of modern science and technology as well the quality of nation. In this sense, those who have commanded the 21st century's education can be in a strategically active position in the international competition.

Knight (2012) defined internationalization at the national/sector/ institutional level as (p. 20) "the process of the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of post-secondary education." (Knight 2004, p. 11) The thought, purpose and goal reflected in the Outline 1993 is certainly consistent with how Knight defined internationalization of higher education at different levels. In terms of the purpose of internationalization of higher education, it is for improving a nation's quality of education and global competitiveness; in terms of its approach, it is to absorb the best experience the world generated (Zhou, 2014).

As a result, Chinese scholars, faculty members, and students were supported to go out to learn and encouraged to return when they completed their mission. An increasing number of scholars and students poured out to learn for different purposes. China, at that time, initiated to seek joint operation of higher educational institutions, research and collaborative programs with foreign universities. The MOE give prominence to English learning as an important strategy to "undertake transnational education and internationalization of university curricula" (Huang, 2003, p. 4).

Schultz (1961) states that the policy of investing in human capital can help undeveloped countries to "achieve economic growth" (p.15). He also says that developing countries are lack of skill and knowledge and the developed countries can export "the knowledge and skills required to take on and use efficiently the superior techniques of production" (p.16). The Chinese policy-makers realize that China urgently needs new technology to enhance our comprehensive strength and extra knowledge and information acquired through higher education's internationalization is crucial "in technologically advanced economies" (Becker, 1992, p.88). Developing internationalized higher education becomes an efficient way to absorb the best technological innovation of the developed countries and stand on the shoulder of these giants to realize the "four modernizations" within shortest time.

#### The Regulations 1999

The Regulations 1999 mainly focused on *Suzhi* education (referring as holistic education in English), so it didn't mentioned much about internationalization of higher education. However, in 1998 and 2004, two plans were promulgated and they are considered as the prelude and extension of the Regulations 1999. The policies made in 2004 clearly indicated that promoting internationalization of higher education is one of the principles in future educational reform and development in China (Zhou, 2014).

Two national higher education projects, the *Project 211* and the *Project 985*, are two of the landmarks in the process of internationalization of higher education in China.

The *Project 211* is a "project of National Key Universities and Colleges initiated in 1995 by the MOE, with

the intent of raising the research standards of high-level universities and cultivating strategies for socio-economic development” (Project 211 at Wikipedia.com). “The *Project 985* is a project that was first announced on May 4, 1998 to promote the development and reputation of the Chinese higher education system by founding world-class universities in the 21st century” (from Wikipedia). The MOE selected nine universities to make up the C9 League. The US has Ivy League and China has C9 League. Altogether, there are 39 universities were chosen and sponsored. Project 985 is a supplement to Project 211 to expand the number of universities to be funded by the government and compete with top universities overseas.

he policy made in 1998 strengthened the crucial role universities play in educational and economic development. PRC aimed at turning universities into a base of innovative and advanced talents through being engaged in broader and closer cooperative relations with universities in western countries. The *Projects 211* and *985* are relevant to Deng Xiaoping’s economic policies: having a small number of citizens to become rich first in order to bring along others to be wealthy. It means that having some universities become elite and internationalized universities will bring along other universities to merge into the same track. An economic perspective is applied in developing higher education, which is always aligned with the nation’s economic growth.

In the policy enacted in 2004, enhancing international competitiveness, conducting all directions of exchange and communication, reforming regulations of state sponsored visiting and exchange scholars, and attracting outstanding Chinese students overseas to return China became the main themes at that time. Returning outstanding students and scholars maintains the human capital of China. Becker (1992) asserts, “economic growth closely depends on the synergies between new knowledge and human capital” (p.91). China’s economic growth in recent three decades has “dramatically illustrate the important of human capital to growth” (p.91).

#### The Outline 2010-2020

The *Outline of China’s National Plan for Medium and Long-term Education Reform and Development (2010-2020)* was the most recent document to show that the internationalization of Chinese higher education was made and refined. It more clearly explained the nation’s goal and expectation for higher education and how to further open Chinese higher education to the world and help them embrace the world-class universities globally as well as to serve the economic development and realize the Chinese Dream. The Outline 2010 stated:

By 2020... Higher educational institutions shall be urged to open their best faculties to the world...The building of world-class and high-level universities shall pick up speed, so as to cultivate top-notch innovators and world-class disciplines, achieve original results at advanced level in the world, and contribute to the effort to raise the nation’s comprehensive strength. (The Outline 2010, p.21)

Chinese government realizes that “Asian tigers grew rapidly by relying on a well-trained, educated, hardworking, and conscientious labor force that makes excellent use of modern technologies” (Becker, 1992, p.91) Higher education is set as a strategy to improve nation’s comprehensive power and internationalization is the key to realize this goal. The Outline 2010 categorizes and expands the scale and scope of internationalization.

In 2010, the GDP growth rate of China is about 9% (China economic growth in 2010, retrieved from www.wenku.baidu.com), which has greatly recovered from the world financial crisis. The Chinese government proactively adjusted its economic policies to maintain very stable economic growth. Higher education as human capital’s cradle, meanwhile, actively cooperates with national macro-level policy to prepare reserved forces to meet and serve future challenges.

Internet’s application in large-scale, information era’s dominance, knowledge-based economy’s prominence became the main themes of the global development at the end of 20<sup>th</sup> and early 21<sup>st</sup> century. External environment had a big impact on many aspects of China’s development. Education is pushed and required to keep up with the development of nation’s economy. Goldin (2003) says that the 20<sup>th</sup> century has become a century of human-capital century. No nations can afford to be “left behind educating people because of today’s technologies are produces by well-educated countries and are designed for an educated labor force” (p.75). He also states that a new modern concept of wealth of nations had appeared. The capital possessed by people-human capital does matter at present. The Outline 2010 reinforces the internationalization does matter in terms of contributing to the effort to raise the nation’s comprehensive strength.

### 3. Conclusion

This paper addresses the issue of internationalization of higher education in China and analyzes the four different policies of “Decisions 1985”, “Outline 1993”, “Regulations 1999”, and ‘Outline 2010’ towards

internationalization of higher education in China from human capital theory approach. Every policy was made in a particular period time and phase of the development of Chinese economy under the guidance of human capital theory. "Decisions 1985" was made after the Open-Door and Reform Policy was implemented; "Outline 1993" was accomplished when China's GDP grew at two digital numbers. "Regulations 1999" was made not long before China joined WTO. "Outline 2010" was implemented when China recovered from the world financial crisis and lives with this information age and knowledge-economy. Human capital has been emphasized heavily in the past three decades in China. The Chinese leaders see that "economic growth is a long-term concept [, and it] depends on past investments in physical capital, like industrial plants and machinery" (Hanushek, 2002, p.12). They also know that human capital is a "term for worker's education and skills; and the pace of technological innovation" (p.12). China regards knowledge as money. Producing talents with skills and high technology means power and strength will be generated in the future.

Internationalization of higher education not only can allow the Chinese talents to learn the modern technology at the fastest speed, but also can wrap up all innovations and civilization of all nations into one to serve Chinese economic growth. Higher education is always a tool to serve Chinese economy, hence, it is not hard to understand that all policies towards internationalization of higher education in China are correlated to economic growth and socialist construction.

Chinese leaders are aware of that "education is a high-return investment" (Hanushek, 1994, p.13). Hanushek (1994) emphasizes that "society as a whole also benefit from education" (p.17). The nation will be strengthened economically by having talents with more modern technology. Internationalization of higher education can serve this purpose because it provides "a rich environment for innovation and scientific discovery" (p.17), and accelerate the speed Chinese students to be in touch with the best creations in the world. The Chinese government understands that "increasing global competition requires [China] judging its education achievements not just against its own past, but also against the current achievement of other nations" (p.18). Human capital again plays a crucial role in the policy making towards internationalization of higher education.

China gains benefits from accelerating its higher education towards internationalization, however, it faces great challenges such as "diploma disease/inflation", "over-education" "educational wastage", and "brain drain" (Dong, 2003, p.1) at the moment. Over emphasizing the benefits human capital has brought to China makes the Chinese students miss holistic education and turn to be very practical and material-oriented. China needs to shift from the massification of higher education in quantity towards internationalization to quality education of embracing the civilization human beings created.

As Roberyans (2006) points out that the human capital theory, to some degree, prevent students from gaining cultural, social and non-material life aspects of education and narrowing down the scope students gaining knowledge because it sees education and knowledge only through the lens of economic productivity. Human capital theory has to be carefully adopted to guide the development of higher education in China. Policy-making towards the internationalization of higher education in China has to be driven not only by the nation's mission of becoming a competent global player, but also has to be aware of not neglecting the intrinsic value and social roles that education plays.

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