

Pitch your enterprise
China's Reform Era meets "Shark Tank"

This exercise is modeled on an exercise by Gail Hershatter, Angelina Chin, Alexander Day, and Eric Schluessel. This version of the exercise was written by James Gethyn Evans.

We are members of our fictional village of "Fragrant Hills" (香山) in central Guangdong Province, a village in a rural area in the hills north of the city of Shantou, which is a former treaty port near the border with Fujian Province. It is the **early 1980s** and nearby Shantou will soon be designated a "Special Economic Zone" by the central government, but we the villagers aren't entirely sure what that means. What we do know is that there is increasing tolerance, even encouragement, from officials to engage in enterprising activities that were unthinkable during Mao's leadership. China is now in the reform era and the champions of the "four modernizations"—most notably Deng Xiaoping—are encouraging limited local experimentation in market-based reforms to transform China's economy away from collectivization.

Your mission is to propose a village-level enterprise that will successfully grow our village's economy to become one of China's wealthiest in the next few decades. We should try our best to align our village enterprise with one of Deng's four modernizations: agriculture, science and technology, national defense, or industry. Every student in the class is assigned one of the characters listed below: a local government official, a villager, or an overseas investor. You will play the part of that character in the village session and everyone will collectively decide which enterprise the village will choose as our primary business venture. Decisions will be by consensus, NOT by voting.

There will be different ideas about which path we as a village should take, as well as which existing resources we should leverage to aid in our efforts. Villagers will be encouraged to come up with different suggestions (under the watchful eye of the local officials, who may have their own ideas about which enterprise they would prefer). You should prepare for the eventuality that investors and officials might be supporting certain enterprises proposed by their friends and allies, and that entrepreneurs might be vying for alternate outcomes.

Who will you trust or support? What type of enterprise will you propose? How do you plan on winning the enterprise contest so that it favors your—ahem, I mean the village's—interests? Read on to find out your role and your potential options for winning the contest. It would be wise to consult with those who you think might be your allies and to study those who might be your enemies ahead of the enterprise pitch. **You can always check with the provincial governor (the instructor) to see if your plans will be supported (or better yet, ignored) by higher officials.**

Local Government Officials

Local government officials must assist the villagers with their enterprise pitches. Many local government officials were previous leaders of the village collective and have a mixed relationship with the rest of the villagers. They also often have their own agendas and ideas for what the village enterprise should focus on (did someone say nepotism?). A successful enterprise pitch must have the backing of at least one local official. Officials should also be cognoscente of Deng Xiaoping's note in his December 13, 1978, speech to the Third Plenum, "we should try to integrate the universal principles of Marxism with the concrete practice of our modernization drive."

The nearby city of Shantou, a newly designated Special Economic Zone, provides a potential source of capital from both the provincial government and from overseas investors, many of whom are Chinese diaspora from Southeast Asia. In fact, three overseas investors are present in the village scouting out ideas for potential investments. But there is competition from nearby villages that also want to attract foreign capital. How will local officials entice overseas investors to invest here in our village?

Your job in the first few minutes of the exercise is to explain to the villagers in simple terms what Deng Xiaoping's reforms mean for the village. What should reform look like? Why do we want the village to grow and prosper?

Local Official Hu:

A former provincial-level official in Guangdong who helped to protect and rehabilitate Deng Xiaoping from Mao and the central government after Deng was stripped of his titles in the 1970s. Some characters have missions, and yours is this: you are from a nearby village that specializes in manufacturing and is trying to outcompete Fragrant Hills to become the local industrial hub; your mission is to sabotage attempts to establish a manufacturing base in Fragrant Hills.

Local Official Lin:

A former sent-down youth from Beijing who chose to stay in the village. Local Official Lin is determined to make Fragrant Hills succeed in the mission to become a new regional industrial hub but is concerned about engaging with foreigners for fear of future purges. That said, Overseas Investor Kang claims to be a distant relative. Some characters have missions, and yours is this: to make sure that an overseas investor pays to fix the railway between Fragrant Hills and Shantou, at a cost of at least 100,000 RMB.

Local Official Gui:

The former head of the collective, a devout Maoist, and an active participant in the Cultural Revolution. Local Official Gui is skeptical of the reform efforts but understands that change will happen whether they want it to or not. Nevertheless, Local Official Gui prefers an enterprise that aligns closest with the agricultural or natural resource strengths of the village. He knows that Villager Tong often has good gossip about the villagers. Some characters have missions, and

yours is this: to make sure that agricultural production is part of the village enterprise, and that Villager Zhan's plans are thwarted (whatever they are).

Villagers

You are at the forefront of the village's reform efforts. But what does "reform" mean? It seems to include an end to collectivism as experienced during Mao's leadership, but top-down pushes for "reform" in the past have sometimes come with later punishment for those who spoke up too forcefully. There is also a lot of animosity between villagers against neighbors who denounced each other over the past few decades.

Despite this, villagers will need to trust each other again to build consensus and to pitch a successful enterprise. But will you be able to align your interests with other villagers, local officials, and overseas investors? You will need to convince at least one local official and one overseas investor to support your idea for it to be considered by the village.

Your job in the first few minutes of the session is to listen and ask clarifying questions of the local officials and the overseas investors to get a sense of which enterprise might win consensus. Villagers will then break into smaller study groups to create a pitch that will entice the other villagers, local officials, and overseas investors.

You can freely ask questions of the local officials and overseas investors. But different villagers will have different agendas, so you may wish to enhance your own position by advocating for certain outcomes and spreading information/gossip about other villagers.

Villager Zhou:

You are a former landlord who was denounced by the Ping family in the Chinese civil war and lost everything. Ironically, this is what made you a worker and saved you from later purges in the Cultural Revolution. You are a hard worker and have a side farm that produces extra yields that you then sell at local markets. You are looking for opportunities to get rich quick. Some characters have missions, and yours is this: you think both Villager She and Villager Ruo are suspicious, and you intend to sabotage their plans. You want to see agriculture prioritized by the village enterprise.

Villager Ping:

You are a peasant with a deep knowledge of crop cultivation, having worked in the fields most of your life. For the past ten years, you have been working in a local iron manufactory, although the quality of the iron produced has always been a little questionable. Some characters have missions, and yours is this: to support Villager Yao's plans, while thwarting Villager Ruo, who you know to have a gambling problem. You want to see iron manufacturing included in some way in the enterprise.

Villager Zhan:

You are a poor peasant who cannot read, but can recite by heart many of Mao's quotations, as well as some old plays from the late Qing. You are often chosen to speak with local officials because of your unquestionable class background. Some characters have missions, and yours is this: You recently overheard that Villager Min is trying to leave the village and move to Shantou in search of a better life, make sure that Villager Min does not get their idea approved by the village. You should make sure that the overseas investor develops land that you own along the river banks.

Villager Jiang: Li Rui, Landon Fortenberry, Avery Gardner

You are a well-respected former rich peasant with a sensible head on their shoulders. You are a former coal miner and often visit your aging mother in the next village. Some characters have missions, and yours is this: You have a deep distrust of Villager Zhan, who you saw severely beat someone during the Cultural Revolution; you must try to sabotage Villager Zhan's ideas. You should ensure that coal is used somehow in the enterprise.

Villager Ruo:

You are a former wood worker. Now, you work with Villager Zhou to produce extra crop yields to sell on the side, and you are considered by the other villagers to be a true revolutionary (at least that's what the other villagers think). Some characters have missions, and yours is this: You Villager Jiang seems to have their eyes on your spouse, so you should aim to sabotage their plans. You also have friends in Shantou who run a shipping business, although you haven't seen them in a while (are they still alive?) – you should try to ensure that the village enterprise will be able to use this shipping business to export products.

Villager Yao:

The child of a former village head before the revolution, you know about Local Official Lin's shady past in Beijing (why did Local Official Lin decide not to return to Beijing after the Cultural Revolution, what are they hiding?). You are an outsider to the village, whose family only moved to the area 200 years ago (so recent!). You think that technology is the future (just as Deng Xiaoping has taught us) and that foreign countries are models for development that China should emulate. Some characters have missions, and yours is this: You should try to get scientific research into the village enterprise, preferably imported from abroad (the overseas investors can help, but they will have a price).

Villager Min:

You have always been a poor peasant, and collectivization was the first time that you had any form of food security. Reform is a threat to your guaranteed housing and food (provided for by the village), so you are determined that the enterprise should share any profits evenly, regardless of effort contributed. Some characters have missions, and yours is this: You know about Villager Feng's valuable family heirlooms that they hid during the Cultural Revolution so that they wouldn't be destroyed, make sure that Villager Feng's plans fail. You want to see agriculture prioritized by the enterprise so that we have food security in the village.

Villager Tong:

You are a trained weaver. You use garment-making techniques passed down through the generations—held up by Mao as exemplary of the mass line—and villagers often come to you

for help mending their clothes. This means that you are generally regarded as trustworthy, but you also hear a lot of gossip. As a result, local officials often come to you to ask about the villagers. Some characters have missions, and yours is this: Villager She helped you survive through the Great Famine by giving you extra rations of grain, and Villager Zhan seems like a trustworthy person. Make sure that their plans succeed.

Villager Feng:

After your parents had to sell land in the famine of 1942, you began to sell tobacco, which is grown locally. You have recently heard about canning—a practice in which food is sealed in tin containers to maintain freshness—which might prove useful for the village in selling its excess produce. Some characters have missions, and yours is this: You think that Villager Jin is a good friend, make sure they succeed. Conversely, Villager Xiang is too friendly with local officials to be fully trusted, you should sabotage their plans.

Villager Jin:

You are a peasant whose family were previously officials in the Qing Court, but who subsequently fell on hard times after the Xinhai Revolution. You have a questionable class background, but will that still matter now that China is entering the reform era? You are all too aware of what it means to speak publicly about your ideas, having done so during the Hundred Flowers movement (and then facing punishment). Some characters have missions, and yours is this: make sure that you are allied with Villager Tong, and that their plans succeed. At the same time, try to get the village to prioritize manufacturing.

Villager Xi:

Your family lost your land to a landlord over a small debt back before the revolution, but now you are a prominent member of the collective. You often reproduced Mao-era propaganda and have beautiful handwriting that you used during the Cultural Revolution to write large-character posters in support of Mao. Now that the Gang of Four has been purged, you are nervous about how the villagers will treat you (do they know about your anti-revolutionary sentiments?). Some characters have missions, and yours is this: Make sure that you support the plans of the local officials, regardless of what those plans are. At the same time, Village Feng is suspicious of you – make sure to sabotage their plans.

Overseas Investors

In the 1980s, China permitted limited foreign capital investment, mostly from other states in Asia or from Chinese diaspora. As China had been largely closed off to foreign capital for the past few decades, only individuals with an existing knowledge of Chinese society and economy could take full advantage of these investment opportunities. But investing in China is still a huge gamble; what if a Mao-like figure returns to power and undoes reform efforts? What if the government seizes the land that your enterprise is built on (the government does, after all, still own all land)? How will you mitigate the potential risk of villagers running off with your hard-

earned investments? Ultimately, you should support one enterprise idea, but you can negotiate with the villagers and local officials to get a better deal or to shape the enterprise to your interests. Remember, local officials and villagers have different preferences, so it might be advantageous to exploit those disagreements to your own advantage.

Your job in the first few minutes of the exercise is to explain to the villagers why you are looking to invest in the village and what projects you are most interested in investing in.

Overseas Investor Kang:

You are a distant relative of local official Hu, whose parents (local official Hu's cousins) moved from Guangdong to the Malay peninsula in the 1910s. You are a successful small business owner in Malaysia manufacturing children's toys for sale in Singapore and Australia. Can you leverage your familial ties to establish trust with the villagers and establish a foothold in the village? You have told Local Official Lin that you are distantly related, but who knows if this is true. Some characters have missions, and yours is this: Make sure that the village enterprise favors toy production or manufacturing for toys that you can export to Southeast Asia. You should aim to sabotage Overseas Investor Guang. You have 1 million RMB to invest.

Overseas Investor Guang:

You are a banker from Singapore with ancestral ties to China and a knowledge of the Guangdong economy. You see an opportunity to invest in factories in southern China, but you want to ensure a good return on your investment by focusing on export-driven industries. Some characters have missions, and yours is this: Make sure that the enterprise favors manufacturing, and that Local Official Hu's plans are thwarted. You have 1.5 million RMB to invest.

Overseas Investor Dan:

You are a medium-size business owner in Taiwan, whose family fled to the island after the nationalists lost the civil war in 1949. Your family are originally from a nearby village, and you speak the local dialect. In Taiwan, your business focuses on electronics manufacturing for export to Japan. Some characters have missions, and yours is this: make sure that the village enterprise will favor electronics manufacturing in some way, and that you can export the manufactured products overseas. You should aim to support Villager Jiang, who's relative is from your home village. You have 2 million RMB to invest.