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RESEARCH ARTICLE



Strategic ambiguity in policy formulation: exploring the function of the term “township and village enterprises” in china’s industrial ownership reforms

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ABSTRACT

Ambiguity in policy formulation is a strategy setup with multifarious institutional flexibilities that maintain the credibility of functioning institutions. In the framework of the ‘credibility thesis’ as introduced by Peter Ho, this article posits that Chinese policy-makers intentionally or unintentionally made a smart choice in coining the highly ambiguous term ‘TVEs’ for promoting institutional reforms on property rights, and providing a unique buffering effect for a (comparatively) smooth policy transition towards increasingly liberal reform agendas. Furthermore, TVEs’ content was evolving through time and consistently adapting to the interactions among various stakeholders in the reform process. The conceptual ‘3C’ model of strategic ambiguity in policy formulation elaborated by the evidence of TVEs might be an approach for China’s policy studies.

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Strategic ambiguity; credibility thesis; policy formulation; networks of institutions; township and village enterprises

1. Introduction

For about twenty years, the Chinese economy was home to a highly successful type of industrial enterprise classified by Chinese policymakers as ‘township and village enterprises’ (TVEs, *xiangzhen qiye*).¹ These enterprises developed out of the people’s communes, which constituted the major political entities in China’s rural areas. Interestingly these TVEs developed in a bottom-up fashion by entrepreneurial individuals and existed in a grey area of China’s formal law and ordering system. As a side-effect of this bottom-up development process, TVEs that evolved in different regions and localities came to feature highly dissimilar characteristics. The governance structures, property rights systems, and decision-making structures, as well as the evolutionary development over time of China’s TVEs spread over a broad range of variations.² As a result, the term ‘TVEs’ increasingly became a fuzzy concept for industrial enterprises located in rural regions not under collectives or state agencies’ full

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control. As such the enterprise category of TVEs constituted a unique vehicle for the transformation of China's rural economy from a highly centralized system to one dominated by enterprises led by private entrepreneurs. It provided a means to substantially reduce the uncertainty of private entrepreneurship, and the political cost of decentralization and privatization. Due to this conspicuous fact, extensive research has been conducted to explore its driving role in China's reforms,³ its performance and efficiency,⁴ as well as the reform strategies that materialized afterward.⁵ Very few pieces of literature, however, look at the significance of the policy term 'TVEs' itself. This article is concerned with the usage of the term TVEs in Chinese policymaking and policy communication. The term TVE is conspicuous as far as it deviates from the traditional standard phraseology that relates to ownership forms (state, collective, private). Instead of following this template, this study introduces the concept of 'strategic ambiguity' that does not clearly define the underlying industrial assets' ownership formation but intentionally leaves ample room for variation in the interpretation of what types of enterprises fit into this category.

We present our argument in the framework of the 'credibility thesis' as introduced by.⁶ The credibility thesis puts forward the idea that the performance of institutions should not be evaluated by criteria of 'form,' i.e. constituting part of a society's formal rules system, and being sanctioned by policies propagated by opinion-leaders like the World Bank or others. Instead an institution's actual functionality, i.e. its capacity to provide order and facilitate coordination in a specific group of social and economic actors at a given point in space and time, should be taken as the key determinant for any performance evaluation. The manifestation of such functionality can only be achieved if an institution – be it formally defined or informally agreed upon – attains credibility in the relevant social groups.

This article postulates that Chinese policymakers intentionally or unintentionally made a smart choice in coining the highly ambiguous term 'TVEs' for the classification of these enterprises. This term captured the considerable variation in the concrete organization of these enterprises at a given point in time as well as during their fast evolution towards ever-new forms of governance. At the same time the elusiveness of the term TVEs established a corridor of political and ideological acceptability leading towards a gradual privatization of industrial assets and disempowerment of the broader public and conservative stakeholders. Thereby it facilitated a (comparatively) smooth policy transition towards an increasingly liberal reform agenda for the Chinese economy.

This article argues that industrial policy, as a manifestation of governmental top-down regulation of the economy, may employ 'ambiguity' in the formulation of its classifications and definitions (e.g. the term 'TVEs'), administrative guidelines (e.g. the development proposal in 1984) and regulatory directives (e.g. the consolidation of TVEs in 1989; the Law of TVEs issued in 1996). By doing so, the Chinese government can attain credibility as a legitimate ruling power and facilitator of macro-economic coordination in the face of highly dynamic forces of bottom-up innovation and institutional change. This notion is based on the notion that institutions must attain credibility with the social groups they are supposed to govern in order to bring to bear their full functionality. This condition is guaranteed, if these institutions evolve

endogenously. Such institutional innovations that are being developed in a bottom-up fashion may become sanctioned later on by the government and become part of an extensive set of formal institutional arrangements. In contrast, institutions that are devised on the blackboard and become introduced in a top-down fashion, face considerable difficulties in attaining credibility among society and run a high risk of failing ultimately and becoming non-functional.

By applying the ‘credibility thesis’ to the study of TVEs, this research endeavour is also addressing some prominent puzzles raised in the literature on TVEs. First of all, the seminal discussion of Weitzman and Xu⁷ raise the question of how the observed property rights arrangements among TVEs could be aligned with the propositions of standard property rights theory. They detect a paradox in this relationship and argue that TVEs are ‘vaguely defined cooperatives ... not privately owned,’ and a TVE is ‘a communal organization.’ In their understanding, it does not have ‘well-defined property rights’ ..., while ‘a legal system related to the TVE is also ill-defined.’ TVEs are understood to represent ‘the exact opposite of ... private organization’ (p.123). Nonetheless, they observe TVEs to be ‘enormously successful’ and ‘as efficient as private firms’ (p.123), which is in contradiction with the basic precepts of property rights theory and challenges the conventional wisdom of a stable nexus between efficiency and private ownership. Consequently, one may question whether vaguely defined cooperatives can be really be hailed as a driver of market-oriented economic transitions as their fundamental nature contradicts the neo-liberal property rights school’s conventional theory.

The article at hand also concerns itself with the institutional driving forces of the rise and the demise of China’s TVEs. The literature on TVEs focusses strongly on the performance, and dynamic productivity builds up in these enterprises, yet rarely explores the reasons for their extraordinary contribution to the institutional design and trajectory of China’s idiosyncratic economic growth and reform process.⁸ Moreover, there is very little literature that explores the TVEs’ disappearance after the year 2000. Suddenly TVEs cease to exist in the records of the Chinese economy. Obviously, TVEs morphed into new types of enterprises. But what forces have been driving this process and why did the ambiguity of being a TVE suddenly lose its luster?

This issue is closely related to the (formal) privatization of TVE assets. The disregard for this transformation of collective assets into private ownership, its dimensions and mechanisms is astonishing, especially when taking into account what attention was paid to the reform and (partial) privatization of the Chinese state-owned enterprise sector. Actually, the popularity of TVEs in the 1990s may provide a vantage point from which to analyze why the Chinese populace did not demonstrate a larger concern about the national assets lost in the run of the TVEs’ privatization. Their ambiguous status may have already turned them into ‘private’ firms in the eyes of the people long before their official transformation.

Building on these foundations, this article explores a possible technical tool to be incorporated into models of gradual systemic transition. Scholars have contributed extensively to the varieties of transition models,⁹ but rarely touch the inner core of how policymakers choose a specific approach, such as how to design a gradual policy

scheme and how to behave while facing substantial uncertainties. Therefore, we argue here that decision-makers might intentionally make ambiguous policies in order to alleviate otherwise prohibitive costs of reforms and coordinate different interest groups. Such a conceptualization may inspire a fundamental framework for gradual transition and the policy formation process. A strategic discourse of implementing policy may enable multiple perspectives and objectives to co-exist and facilitate the participation of discourse actors who have incommensurable ideologies.¹⁰ The critical point we would argue is that policy formulation should establish proper connections with the existing policies and proclaimed commitment. More importantly, the majority of people can quickly realize the benefits of policy changes, and accordingly form common perceptions concerning the policy, through the connections based on their mental models.

This research, from a theoretical perspective of policymaking, may also potentially contribute to the claims brought forward in.¹¹ Within an environment full of vested interests, it does not mean that people must defeat the vested interests first before implementing reforms. Interests could generate useful ideas for policymaking. Preferences (ideas of being self) drive economic interests, but they have 'only a limited and preconceived idea of where their interests lie'; moreover, if moving to a political scenario, where 'preferences are tightly linked to people's sense of identity,' this kind of limitation of preferences becomes more visible, 'new strategies can always be invented' (ibid., p. 206). The rising question is how to invent, which is very technical and instrumental, and invites us to think about the process of policy formulation from a perspective of how perceptions of agents involved evolve, in turn, of realizing and expanding the availability of ideas. In this case, policy formulation may base on the redefined, restructured, or ordered ideas of being self. Ambiguity may be one tool that serves for this transformation.

The remainder of this article is organized as follows. In section 2, we propose a conceptual model of policy formulation in order to elaborate on how strategic ambiguity in policymaking and implementation can constitute conscious governmental agency and does not affect the credibility of the functioning institutions in practice. After a brief discussion of the nature of TVEs in section 3, we demonstrate the various forms of usage of the term TVEs in Section 4. TVEs enable the Chinese government to act in a non-interventionist way in order to promote an evolving private property rights regime and support the grand transition to a market economic system. Lastly, we conclude this paper in Section 5.

2. A conceptual model of policy formulation

2.1. Policy formulation

A general policy formulation can be conceptualized as a set of processes: first, identifying problems and setting goals; second, specifying alternative solutions and paths; third, choosing among the alternatives by an authoritative figure, and legislating the decision; and finally implementing the decision or laws.¹² Furthermore, regarding the real scenarios of policymaking, academic focuses vary ranging from different decision stages, timing windows,¹³ to the roles of policymakers.¹⁴ This is a standard and conventional policymaking paradigm. Experienced policymakers in practice might not

agree with such simplicity and technical methodology since it only depicts an ideal decision-making process. In contrast, they usually, following practical methods that do not match with theoretical claims, search for specifications and negotiate solutions repeatedly, and finally reach a compromise or an equilibrium among different interest groups. From this perspective, policy formulation is not rationally planned decision-making from political leaders or authorities, but is instead the collective outcome of repeated strategic interactions among diversified interest groups with specific motivations and incentives. As it is 'more clinical than theoretical and more inductive than deductive',¹⁵ following specific rules of decision-making (or games). Hence, any policy formulation must be relevant to specific features (e.g. ideology, cognition, knowledge, social status, learning ability, etc.) of policymakers and the policy environment, which can be defined as a set of pertinent institutions,¹⁶ through a continuous sequence of social interactions.

Identifying the problems to be solved is the first task in policymaking. Here, we describe it as an encoding process under the interactions among policymakers and other stakeholders. Policymakers specialize in identifying problems and finding solutions, which is the basis and the crucial point for formatting new policies. However, sometimes it is common that the policymakers are unable to understand precisely the problems they are facing and to capture the preferences and interests of relative agents due to the substantial technical difficulties and cognitive limitations. A natural question is, therefore, how to reduce the number of failures in policymaking. The democratic vote certainly is an effective way of reducing and correcting mistakes. Pertinent conflicts between the winning majority and losing minority, however, do exist; and even such predictable conflicts may seriously detain the policymaking process. Hence, a formulated policy must be an endogenous acceptable common arrangement for the majority of the stakeholders. Nevertheless, how many conflicts are reduced and how much common perception can be formed in the policy may paint an accurate reflection of the policy's credibility.

2.2. Strategic ambiguity and endogenous credibility

Policies may be understood as the collective expressions of faiths, values, interests, expectations of policymakers (in political sections), and the policy receivers, including citizens, organizations, and governors without policymaking power. Often, in the policymaking and implementation process, the various agents collectively indicate perceived problems and express their desire for solutions, which are embedded in their specific demands. An innovative policy agenda should be precise but flexible, especially when the stakeholders are heterogeneous¹⁷; this means that a new policy must deal with such diversity and provide an action space that allows the stakeholders to debate, negotiate, and compromise.

The argument of ambiguity stands in sharp contrast to most peoples' understanding and experience of policymaking in which the most vital elements are clarity, precision, and openness. The crucial point for unravelling this paradox is that ambiguity does not imply that policymakers do not know policy solutions; rather, they do not know what the next moves to the target are. A primary concern regards the cost of

ambiguity. If a policy is ambiguous, the policy effects will become more unpredictable. Take the central banks' communication with the public as an example. In order to achieve the goals of monetary policies, almost every central bank maintains communication about its overall objectives and strategy, motivations, economic outlook, and future policy possibilities with the public. Here, the crucial issues are how to communicate, who is the proper sender of the signal, and consequently, the appropriate texts, timing, and channels would be determined and chosen. However, communication is not always practical, and a fully transparent central bank cannot create any surprises, or its monetary policy will matter less.¹⁸ Hence, strategic ambiguity in communication could be a plausible option. As communication is taking place, ambiguity creation will be highly contextual, and language, perception, and knowledge are relevant and interdependent, and it may 'foster agreement on abstractions without limiting specific interpretations'.¹⁹

We propose to understand the rationality of being strategically ambiguous as being based on three parameters, considering policy formulation must deal with various reactions of agents to new policy, unpredictable conflicts as undesirable policy implementation problems emerge, and trade-offs between long-term aims and short-term compromise. This counts especially when policies address institutional changes and must uphold the credibility of the morphing institutional arrangement. First, ambiguity helps to coordinate different agents' perception of a new policy. As we have stressed, policy change is an endogenous result of social interactions, and what policymakers do is to formalize what the stakeholders in practice have perceived as 'credible.' However, policymakers have their own logic and assumptions of how the world works and changes. Their ideologies and worldviews shape their perceptions of policy-making, and consequently, the outcomes of their and others' actions. They believe they know and understand the context in the correct way, at least probabilistically,²⁰ and believe what they formalized will become a commonly acceptable arrangement for further actions. On that account, when the policymakers are called to make decisions in similar situations, a crucial question will be how to convey the critical policy message to the public and lead people to form common perceptions (or shared-tags, in the terminology introduced later) about these new policies, in order to achieve the underlying policy goals. Within the formulation process, policymakers must predict the results of implementing new policies. However, in some cases, it would be difficult if a new policy is a revolutionary or radical one, for instance, of introducing private economic elements in a communist regime, which might result in unexpected, even catastrophic outcomes. Often, we can easily observe a scenario in which the aspirations of central policymakers are frustrated by the unexpected reactions from the local policy implementers. In addition, the public, does not know the exact self-interests, and cannot act in the desirable way that the policymakers expect.

The concept of mental models by Denzau and North²¹ can help understand how people with distinct cognition systems interpret the environment and institutions. If individuals have similar mental models, this will facilitate better communication and shared learning, which can lead to agreement on institutional designs. Eventually, individuals sort themselves in different clubs of shared mental models. This insight is coherent with the idea of networks of institutions by Dai,²² in which institutions are

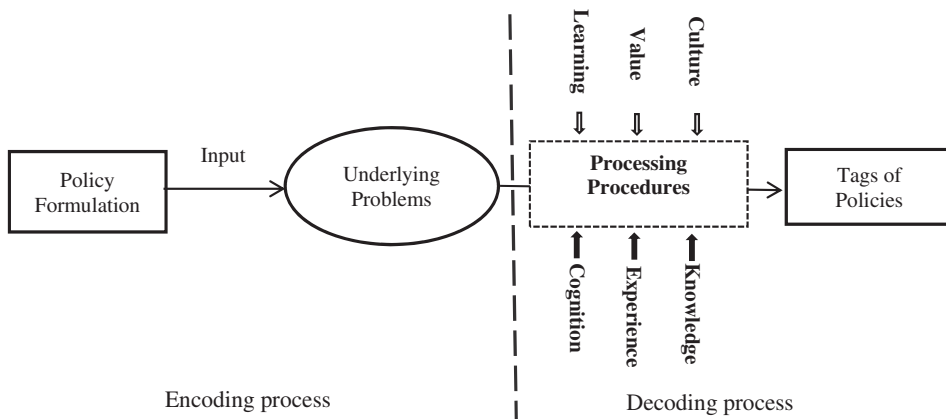


Figure 1. Processing tags in policy formulation.

connected by individuals' shared mental models, i.e. the common tags, or shared tags, of institutions. If we consider policies as formal institutions, all stakeholders will form specific tags of policies, which reflect the attributes of policies. Policymakers and the public have a distinctive cognition to understand the underlying problems and environment. They also act differently in social interaction processes. Hence, policymaking actually touches upon how those groups exchange ideas, communicate, and form coordinated expectations about each other.

Figure 1 illustrates the systemic linkages among policies are results of unique mental processes. We divide a policy formulation into encoding and decoding processes, although these two processes always overlap with each other. Policymakers must predict how the public decodes the forthcoming policy, and encode the new policy according to the prediction. Individuals and organizational responses to the specific policy changes highly depend on the information and incentives the policies convey. Policymakers, therefore, must not only consider the design and implement policies but also accurately predict the responses. The more common tags as decoding policies the stakeholders generate, the easier the policy formulation is. However, such procedures highly depend on the individual attributes in knowledge, value system, cultural background, and so on. Meanwhile, common controversial tags also provide a way to reduce potential conflicts as implementing the policy. Hence, if we strategically create ambiguity to mediate controversial tags and maintain common tags, this will maintain the credibility of the policy and make it functional.

A second reason for including strategic ambiguity in policy formulation is motivated by conflicts of interests among related stakeholders. If we assume that any policy change will improve social welfare in the aggregate, such an improvement will be asymmetrical and benefit individuals differently. The most telling example might be the dual-track reform strategy in China, which took advantage of making implicit lump-sum transfers to compensate potential losers embedded in the existing system to simultaneously liberalize the market.²³ The best solution for policymaking, therefore, is to enable policymakers and non-policymakers to be both better off through a dual-track design.²⁴ The unpredictable conflicts between policymaking and implementation are frequent. Furthermore, sometimes the policymakers and the policy-implementers

are different groups of people. Although both groups encounter identical underlying problems, the former will see the problems as given and solve them via creating new policies, whereas the latter will see the new policies as given, and solve the problem via understanding and implementing policies. These two sides are therefore in an anti-thetic process.

Moreover, because of bounded rationality,²⁵ policymakers can optimize the payoff value of available policy alternatives. When facing substantial uncertainty or only possessing partial knowledge of the decision making context, however, people are incapable of forming subjective probability distribution functions over the unknown possible outcomes, and there is no right decision criterion or models by which to choose a policy.²⁶ The emerging equilibrium of actions, therefore, will highly depend on their intuition, experience, ideology, and cultural background, not merely based on their computational ability.

Hence, when an obvious solution is risky, ambiguity will be a strategic option for creating a bridge between policies; or if the policy outcomes are unverifiable, ambiguity will leave some verifiable aspects of the outcome unspecified.²⁷ Avoiding the uncertainties of radical changes is the primary concern of strategic ambiguity. However, this does not mean that ambiguity is a necessity for any policy formulation. If policymakers can distinctly identify problems, the clearer the new policy is, the better the outcomes will turn out. The special significance of ambiguity arises in highly dynamic environments with shifting interest constellations and payoff structures. In a dynamic environment, policy formulation in principle needs high levels of ambiguity; in other words, in the more established, stabilized, and interactive environments, less ambiguity is needed.

The third and last parameter relates to institutional evolution. In nature, policy changes must be evolutionary due to gaps or path-dependencies driving a wedge between old and new policies. Knowledge (of the policy) creation and adaptation occurs cumulatively and gradually, and people cannot establish something entirely new; moreover, policies of change are designed to redistribute resources and interests of many and to change behavioral boundaries and incentive structure of them as well. Therefore, from both sides - policymakers and the others - points of view, a gradual policy change will be more natural to make and to be accepted in comparison to an alternative radical one. In other words, the lower the relative speed of institutional change, the higher the credibility.²⁸

Economic change is dynamic, and such a dynamic character of an economic system is because the changes depend on not only social, political, and environmental contexts but also the changing market structure. Hence, any investigation into the systematic economic changes cannot stray from the evolutionary approach. Of course, compared to a radical change model, the gradual policy change will consume much more time to complete an expected new policy framework. In fact, this is just an illusion, since a series of gradual and transitional changes will take less time, for a theoretical model, see, e.g. Ellison.²⁹ A well-known example is that a giraffe has a very long neck, but surprisingly, which only contains seven neck bones, less than other mammals. Although it is inflexible and awkward to control, biological evolution failed to increase some bones in giraffe's neck, because this structural change needs many

other mutual mutations of muscles, nerves, and bones simultaneously.³⁰ This might happen in the next million years. However, if it can evolve year by year, generation by generation, it might happen very soon. Changing policy is similar. If policymakers want to change a policy in a short period, it will bring much controversy and opposition and finally cannot reach its goal. Instead, in order to alleviate conflicts with the opposition, by changing policies gradually and carefully, this may create chances for people to demonstrate their demands and claims, which can be integrated into next step of changes.

3. The nature of TVEs

At the end of the 1970s, the Chinese economy had become highly dysfunctional. The Maoist primacy of ideological education over economic efficiency and the deep rift between various social groups had brought the economy to the brink of collapse, where even the most basic needs of the population could no longer be met in the state-centered system. As such new forms of (semi)-private economic activity developed outside the formal economy in order to alleviate the worst deficits. These innovative activities were located outside the ruling elite's norms system, but quickly gained traction amongst the broad masses of people as well as local government and party cadres. Eventually, a new group of reform-minded politicians came to power and set-off a process of economic reform and liberalization that paved the way for private entrepreneurship.³¹ Nevertheless, while in terms of governance efficacy and social stability, it appears as rational to liberate or tolerate the new emerging economic players; new conflicts had to be dealt with arising from varying economic interests as well as persistent ideological dissent and conflict among the population and the ruling party state. Output-oriented reform initiatives in the rural areas proved to provide a solution to this problem in so far as new economic forces could be unleashed that quickly improved the livelihood of large parts of society. As such, in the first years of the Deng Xiaoping government, a substantial number of people tried to establish their own private enterprise, irrespective of the fact that within China's socialist system such attempts were running against the official party doctrine and were officially strictly prohibited.

In 1984, the Chinese central government published a landmark document, *A Report on Exploring a New Stage of the Commune and Brigade Enterprises (CBEs)*, in which CBEs were renamed as TVEs. CBEs had emerged in 1958 in order to stimulate economic development in China's rural areas. During the Cultural Revolution, however, they were brand marked as the 'tails of capitalism' and prohibited. In 1978, the CBEs re-emerged and became once again positively evaluated in national policy documents. As a matter of fact, they developed dynamically and became the primary force of the agricultural products processing industries. Although relying on private entrepreneurs for their business activities, CBE remained deeply embedded in the traditional ownership system that had little space for private ownership of the means of production. Accordingly, a government document promoting the CBEs published in 1979 defined them as collective enterprises. Against this background, their successor organization,

TVEs, must be understood to constitute publicly owned enterprises as well, although the central government did not clearly state this expressly in its 1984 report.

In the official narrative, TVEs were understood to provide an essential complement to the SOE-sector and constitute an important source of fiscal revenue for rural communities. The central government also clearly asked local governments and ministries to support TVEs in all possible ways and even requested them to treat family-based and individual enterprises equally. Hence, in principle, TVEs could be any kind of enterprise operated in rural towns and villages. These would be legal as long as their operations were based on local production materials and the local labor force. As the central government also released its control rights over these enterprises to the local levels, eventually, local governments and cadres (at the county, town, and village levels) were invested with substantial power over the operations and developments of TVEs in their constituencies. This new organizational set up had the potential to greatly strengthen incentives for local cadres to support dynamic economic development and growth and thereby increase local fiscal revenues. At the same time, however, this set-up provided an ideologically unobjectionable governance structure until private enterprise were to become legally recognized. While providing a solution for the ideological treatment of these enterprises, this new arrangement created a new arena of conflict for local actors. With local government representing the pro forma national ownership claims over these enterprises, but hardly accepting any de facto ownership responsibilities as they hardly contributed to the management and business operations of TVE, the question of ownership remained unclear and a new state of ambiguity in state-enterprise relations arose. The fact that the 1984 document did not make any clear statement on the ownership status of TVE further intensified this smoldering conflict.

In Chinese official statistics, TVEs are referred to as township-owned and village-owned enterprises before 1984. Afterward, the statistics of TVEs add individual-owned firms, for example, by one person or family, and the joint-owned firm by several persons or families. In fact, most of the later must be classified as being part of the private economy. Two distinctive explanations existed in academia. The majority of scholars has understood TVEs as formally collectively owned but featuring vaguely defined and assigned property rights. For example, Weitzman and Xu³² define TVEs as a form of non-state enterprises that are operated at the county level and usually established in rural areas, whereas the conventional state-enterprises operate under the control of central, provincial, municipal, or county governments.³³ In addition, Weitzman and Xu³⁴ argue that regarding TVEs performance, it was unnecessary to define TVEs property rights clearly as all actors found themselves in a politico-ideological lock-in that harmonized their agency. This vagueness continued until eventually private property rights became dominant.³⁵ In practice, TVEs were owned 'by the local government or collectively by members of a village ... operate entirely outside of the state plan, ... and are not private enterprises, since they lack clear private owners'.³⁶ Nevertheless, enterprises cannot distribute the profits to the enterprise owners as the formal private ones can do, and the members of the collective communities (i.e. villages, towns) just earn a salary as they are working for the enterprises. Accordingly, if some members leave the communities, they automatically lose their enterprise ownership.

Some scholars, such as Huang³⁷ and Nee,³⁸ instead firmly identified TVEs as private enterprises. If looking at the government documents and behaviour towards TVEs, they were surprisingly inconsistent among ministries. According to the Ministry of Agriculture (MoA) data, TVEs were clearly defined as publicly owned enterprises, whereas according to Huang,³⁹ the household businesses constituted the majority. Moreover, it was widespread that the MoA and local governments respectively defined one firm as TVE or private firm. For example, the Hengdian Group of today highlights a typical transitional pattern of the TVEs. As a representation of the Zhejiang TVEs Model, Hengdian Group (original name: Hengdian Silk Factory) initiated and operated inside the confines of the local people's communes and its administrative bodies from 1975. In 1989, it became the first private enterprise group in Zhejiang province. Nevertheless, in 1993, the National Economic and Trade Commission approved it as a TVE, although it had become independent from the local fiscal system. This approval offered Hengdian Group an anchor from which to avoid any governmental actions suppressing private ownership. From 1996, the MoA also listed this group as a TVE. However, at the local government level, it was defined as a private firm from the 1980s. A much more interesting phenomenon was the TVEs data the MoA published, which included privately run and household businesses from 1985 (for more governmental document evidence).⁴⁰ Therefore, how to understand those contradictions and paradoxes in both economic wisdom and the practice of the Chinese government deserves a large amount of effort. Meanwhile, an additional puzzle concerned why the Chinese government did not term such enterprise types according to ownership form as it usually did, but rather to geographic location. We would argue that there are no paradoxes indeed, because the Chinese central government intentionally established a strategic ambiguity with regard to TVEs ownership in order to transform the market system smoothly.

In sum, from our point of view, the TVEs ownership issues were strategically neglected or laid aside at an early stage. Policymakers and local cadres knew TVEs were contingent. As administrations realized that individual economic freedom and motivation were crucial for development, ownership in the political sense should be weakened. Hence, an equilibrium between private ownership must be compatible with the socialist Party Constitution, which needs to be appropriately reached. The term TVEs led people to pay more attention to its geographic and industrial features and keep away from the concerns of ownership and property rights concerns. However, this problematic ownership structure cannot act as a sustainable driving force for further development, which, not surprisingly, as the Chinese economy became more market-oriented and private sectors were easily acceptable, most TVEs were privatized.⁴¹

4. Understanding the term of TVEs

It is not easy to be ambiguous in practical policy formulation. Ambiguity in policy formulation is a policy setting with multifarious institutional flexibilities, which can be expressed in a set of ways: (1) Context (C) matters for policymaking, and (2) Connection among policies (C), and (3) Credibility (C) for implementation, adoption,

and modification, which is termed as a '3C' principle. In this section, we will elaborate on this principle in order to understand the policy term 'TVE.'

4.1. Context matters: the endogenously evolved privatization

Ambiguity means an openness for adaptation to the institutional environment framing interactions among stakeholders. Any new policy formulated constitutes, in general, a reflective result of changes in the focal transaction underlying context or environment. This includes macro-economic conditions, political atmosphere, social beliefs, even external shocks, and so forth. Policymakers, therefore, must make decisions considering overlapping contextual platforms and the situation. This naturally reaches an argument where 'variation in context should create variation in policies selected'.⁴² Therefore, we must ask, what situation the Chinese government was facing before crafting the term TVEs? Agriculture in China simply meant crop farming before the reform agenda started in the late 1970s. All industrial processing or ancillary industrial services were exclusively located in urban communities. The various (lower level) government agencies and people were facing many substantial uncertainties. There did not exist a clear consensus of whether China needed reforms, and if, what reform program to implement. Only with the introduction of the innovative Household Responsible System, did China's agriculture regained a dynamic development impetus and made impressive achievements. At the same time, it changed the labor and capital accumulation structure in the rural areas as well. The crucial task then was to distribute the labor and capital surplus. However, labor mobility and private investment were highly controlled within the socialist planned economic and institutional system. The newly gained dynamic development seemed to have come to a grinding hold at an ideological no go zone.

However, private economic elements, of which the majority was small scale and subsistence (*Getihu*, in Chinese), have been extensively emerging in China since the 1980s, following successful rural land institutional reform, as Figure 2 illustrates. However, those existing *de facto* private elements were incompatible with socialist principles and hence were highly regulated; for example, it was illegal to employ more than eight workers in a firm. Within such an intense communist political

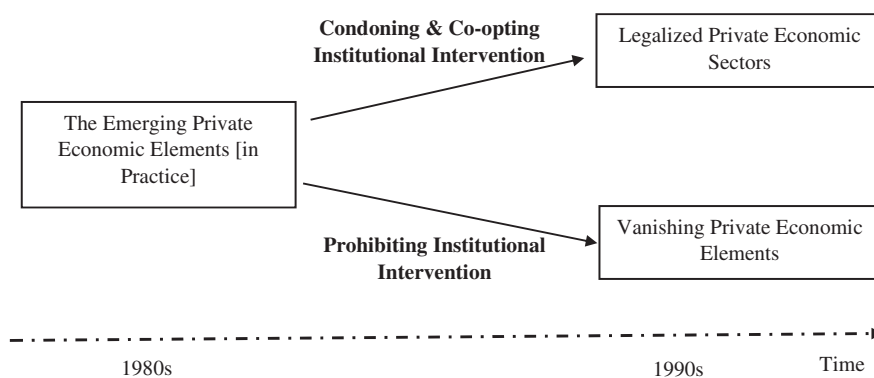


Figure 2. Endogenous emergence of privatization in China.

atmosphere, the Chinese communist government dared not to officially promote private economic sectors during the 1980s, but it understood that a spontaneous bottom-up reestablishment of private firms was inevitable, from which we can observe some hints in official documents. For example, just before the term TVEs was invented, the 1983 No.1 Central Document stated, 'The (conventional) cooperative economy, in fact, has been broken by the practices of people. Hence, as long as the labors agree voluntarily ... a dividend is allowed, besides the distribution system according to labor. This is a socialism cooperative economy in nature.' As such, practices observed in the countryside were officially recognized and tolerated.

After the HRS reforms, rural household businesses became a formal part of the existing cooperative agricultural organizations and the respective formal institutional regime. Thus, both household businesses and collective sectors became essential elements of the rural economy at that stage. In essence, this dual system had indeed already separated the issues of ownership and operation. Yet, household business still formed a part of the collective economy, i.e. a part of TVEs. This institutional arrangement proved its capacity to greatly stimulate households to increase their production output as large parts of the residual was to be theirs to pocket. However, farmers still could not become the formal owners of their firms and must work under the administration and regulation of governments. The terminological ambiguity and flexibility of TVEs reveals the fact that this type of economic organization took advantage of the ambiguity of this new fuzzy term and of the feasibility of promoting rural development. In this sense, the term TVE was an exact 'nurturing' approach that was 'guided by the endogenously evolved context, not by the morality and orthodoxy of pre-defined institutional form'.⁴³

Nevertheless, the Chinese government kept the power to stop and prohibit the emerging private economic manifestations. The private economic sector remained illegal and therefore made it very risky for any politician to support privatization publicly. Any policymakers or reformers must be aware of the fact that their policy initiatives will generate opposition and prepare for this. The formulation of the term TVEs reflected that the Chinese government accepted 'daily praxis' and tolerated the emerging private elements. At the same time, the strategic ignorance of ownership disputes left space for people's interpretation and maintained the credibility of such mixed property rights arrangements.

Ho⁴⁴ proposes an operational 'Credibility Scales and Intervention' (CSI) checklist to 'assist policymakers in becoming aware of, and better reviewing, their opportunities and constraints' and to choose 'interventional and non-interventional' (p: 1139) developmental measures. However, it might be a challenge to measure the credibility scales as the government decides to take action or wants to judge whether the running institutions function. We have argued before that all stakeholders perceive reality and act according to their own specific mental model. Their understanding of a new policy highly depends on how they are living and thinking, which is endogenously embedded in context as well. If policymakers consider (actually they do) such interactions, the context may determine policy selection directly. However, this does not imply that policymakers always act in order to appease the interests of the general public. They may follow long-term strategic goals that have not or could not yet be

communicated. Then, policymakers must be skillful in interpreting context, for example, using specific language,⁴⁵ which may meet multiple expectations from the public (policy receivers), who then may form common perceptions of the policy. Hence, ambiguities function well in the unclear context between the *de jure* and *de facto* property rights system.⁴⁶

Let us turn back to the term TVEs again, the interpretation of which was evolving over time and with local idiosyncrasies; however, as a policy in practice, it 'was perceived as credible at one given time and location'.⁴⁷ For instance, the TVEs models in Jiangsu and Zhejiang, were considered later on to be 'red hats' for private firms. Of course, it 'could be entirely non-credible, thus empty, at another time and location' (ibid.) as the private property rights became a common credible institutional arrangement. Therefore, how those government interventions worked depended on the local governments' understanding of the TVE policies. In some provinces, local governments acted as TVEs owners, while in others, such a role proved insignificant. In the southern part of Jiangsu Province (so-called *Sunan* in Chinese), such as Wuxi, Suzhou, and Changzhou, the local governments became highly involved in enterprise operations; for example regarding investment decisions, wages, and employment and strictly controlled the amount of private firms as an avenue to protect TVEs. The *Sunan* Model was a type of TVEs theorized in Chang and Wang,⁴⁸ in which the local governments possessed the real control rights and received real benefits from the TVEs' operations, and avoided risks of being a capitalist. The second type of TVE is known as the Zhejiang Model, in which the local governments were the shareholders of TVEs and also asked the TVEs to distribute profits to the villagers, but did not control the specific operations. Hence, the local governments acted as the TVEs nominal holders, and the managers, who had independent operation rights. Nevertheless, the local governments could intervene in the TVEs' personnel appointments and removal altogether. The third type was Quasi-TVEs, which were *de facto* private enterprises. Due to the restrictions on the private economy, the entrepreneurs registered their enterprises as TVEs, and took advantage of TVEs in taxation, administrative regulation, and business operations, most importantly, in political safety. This is known as wearing the 'Red Hat' strategy for privately owned enterprises. Even after private enterprises were legalized in 1988, most of these kinds of enterprises were still willing to be identified as local collective enterprises or partnership enterprises, in order to wield an additional political asset in the volatile Chinese political atmosphere.⁴⁹ In sum, the term TVEs indeed protected such *de facto* rights, and private property rights institutions became credible in this context. Hence, we can observe a co-evolution between the credibility of property rights distribution, local government intervention, and TVEs' independent management by comparing the first two types of TVEs and quasi-TVEs. In other words, since the 1980s, the decreasing local government intervention and increasing enterprises' independence demonstrated how this ambiguous term gradually maintained the credibility of property rights.⁵⁰ Such a strategic ambiguity also reflects the governance stability concern in Zhou,⁵¹ in which he argues that centralized governance in China must carefully address the institutional conflicts as balancing centralized governance and decentralized economic freedom. Moreover, local governments in China usually are the crucial parameters in policy innovation, which requires constructive

interactions with the central government.⁵² The various TVE practices demonstrated the governance structure and underlying rules among the political groups.

4.2. Connections: TVEs and private property

Due to an evolutionary concern, a policy formulation should avoid being isolated from networks of policies, and especially must be tightly connected with previous policies. The primary starting point is that once the old Chinese system was becoming unstuck, the pertinent subsystems accordingly started to search for a new equilibrium. The significance of networks of institutions lies in individual mental models, and in the course of achieving shared mental models, may lead individuals to form different understandings of institutions, i.e. tags of institutions, and then result in distinctive institutional systems that become based on individual mental models. The formulation is an encoding and decoding process, which includes policymaking, implementing, and policy reactions. Nevertheless, the whole process, in particular, the decoding process, is a black box. This includes, for instance, how people understand new policies, how policymakers predict responses before making and implementing policies. We propose that policy formulation is relevant to individual mental models.

The crucial point is to generalize a specific connection to moderate the potential conflicts, considering the specific processing procedures. The critical issue is to have common formal perceptions (i.e. shared tags) of new policies among agents. Shared mental models among groups do not mean that they have homogenous understandings or tags on policies. However, they definitely can reach a stable state in which their respective needs are satisfied during given policy periods. The term CBEs was renamed as TVEs in 1984, following the advice of the vice-premier Wan Li. The new term, TVEs, created an action space for continued reforms since it primarily led people to think more about the geographic features of these firms (i.e. the most apparent common tags), rather than to focus on its ownership structures. After around ten years, TVEs were specified as the enterprises that the rural agricultural collective economic organizations or farmers invested in, and were obligatory for supporting agriculture, in towns and villages alike (definition from the TVEs law in 1996). The focus of term TVEs here has moved even further away from the notion of ownership structures but focusses on function. Any enterprises could now be classified as TVEs as long as they were located in rural areas, utilized agricultural resources, and employed rural labor.

Assuming that the central government had already formed a clear reform agenda directed at the establishment of a market-oriented economic system during the 1980s, however, it required many institutions to sustain the marketization process, for example, constitutional norms, applicable laws, financial market, and most importantly, the ideological changes. Without a doubt, these institutional changes would take a long time and involve many top-bottom policy designs. Changes in the ideology of China's ruling elite paved the way for a reorganization of industry and the corresponding search for new institutions and property rights structures.⁵³ The process of the ideological changes was gradual and full of conflicts between the market economy reformers and the conventional socialists. Before the clear proclamation of the socialist

market economy in 1992, most Chinese citizens were cautious about the future reform trajectory. It was impossible to redistribute state assets or to allow people to own massive volumes of individual assets; even it would be perilous to have such privatization proposals that could be treated as hostilities to socialism. For example, perceptions of labor exploitation that associates with privatization contradicted with the Marxist ideology.⁵⁴ Hence, it is not difficult to understand the capricious interactions between the policymakers, entrepreneurs, and local governors.

Under these circumstances, the involved interest groups might decode a given policy in differing ways and attach distinctive tags. Hence, it is not surprising to see that the local governments and cadres strategically led the TVEs according to their understandings and cognitions within their mental model (or, the ideas of how Chinese economy works). As such TVEs formed part of the collective economy and have been used to solve local development problems. Without any political risks, they had strong incentives to support TVEs, and obtained benefits in local fiscal and political promotions. From the perspectives of farmers, TVEs were factories where they could work and earn salaries, and some with specific profiles could start their businesses, even though local governments might intervene in small ways. Nobody in this system had incentives to officially interpret TVEs as part of the private economic sector and open Pandora's Box of ideological struggle.

Problems with the TVEs' abnormal ownership structure, in fact, emerged very soon, and the central government began to solve the issue by adding ambiguity to ambiguity. In January of 1985, the Chinese central government promoted the concept of a shareholding system in the document 'Ten policies for continuously activating the rural economy.' It stated that this kind of shareholding system was collectively cooperative, which neither referred to simply merging factors, nor signalled a return back to equalitarianism. However, this government document did not stop individuals from starting businesses, and both reformists and conservatives noticed this phenomenon. The debate ended when the central government officially and formally permitted that farmers could establish share-based cooperative enterprises, which from then on, became part of the diverse body of TVEs. However, TVEs were clearly defined as collectively owned enterprises, whose dominating shareholders included rural collective economic organizations or farmers, and which were established for supporting agriculture in towns and villages. This identification and contradictions were maintained until 1996. In particular, in terms of its ambiguity in property rights,⁵⁵ TVEs could not be as easily defined as the government documents asserted.

The property rights boundary between governments and TVEs was evolving along with the legalization of private property rights, i.e. there was a process of increasing *de facto* private property rights and declining governmental interventions, as the private economic elements were becoming legalized. Of course, this evolutionary process varied in different provinces. But the process followed the fundamental premise that one institution will exist and persist only if it is credible and functioning; otherwise, it 'would have fallen into disuse or shifted into other types'.⁵⁶ After the legalization of the shareholding system in 1992, TVEs became increasingly unpopular. Most of them were contracted to individuals and not considered as TVEs any longer. Formal privatization had gone one step further.

4.3. Credibility in implementation, adoption, and modification

Credibility is endogenously formed via repeated interactions of intentional agents in functional policy changes and is ‘the perception of endogenously, autonomously shaping institutions as common arrangement’.⁵⁷ Furthermore, as polices and policy contexts are changing, the credibility will be evolving through time as well. In the context of policymaking, policymakers must find an appropriate way to legalize and sustain a credible common perception of agents for solving conflicts; otherwise, this will create further instabilities and conflicts if they create non-credible or empty policies. In reality, moreover, it is difficult to find ‘an ideal-type conflict-free, harmonious and frictionless equilibrium at which institutions are fully credible’ (ibid.). Finally, policymaking will allow ‘various grades of credibility and levels of conflicts’ (ibid.). Therefore, we claim that the credibility of policies is distributed in a range around the targeted policy, as Figure 3 illustrates. As long as the policy functions in the credible range, except the points A and B, for example, governments should not undertake any institutional interventions. Within the credible range, the easiest way to meet the credibility criteria is intervention-free. However, non-intervention also is risky because some unpredictable uncertainties may emerge and can ruin credibility, as interactive contexts change in implementing, adapting, and modifying policies over time.

From a transitional perspective, TVEs recognized the individuals’ interests in economic production processes, whereas people and the government treated this type of pursuit of individual interests as illegal behavior and sometimes punished it before the reforms. TVEs provided clear and strong economic incentives to farmers who otherwise were not remunerated according to their true efforts. TVEs policies proved successful and efficient in the long run, although it was not formal, secure, and efficient from a new classical property rights perspective. In Jiangsu province, prior to the TVEs’ establishment, CBEs had been substantially developed, of which gross industrial products accounted for 19.9 Billion RMB in 1980 with an annual 45.2% growth rate. Such an achievement immediately triggered worries from the state-owned sector. The central government investigated this case, but recognized its positive effects in absorbing rural surplus labor and in increasing industrial output. The central government, therefore, recognized the credibility of the CBEs institutions against the interests of some SOEs stakeholders. In 1984, CBEs became TVEs, and they obtained even more action

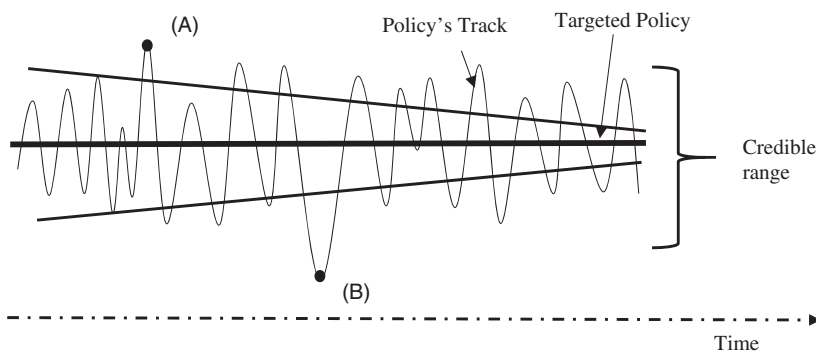


Figure 3. Credibility and policy changes.

Table 1. Growth rate (percentage) of TVEs' Total Output and Employment (1984–1991).

	1984	1985	1986	1987	1988	1989	1990	1991
Total output	68	59	30	35	36	14.3	29	22.4
Employment	61	34	14	11	8	−1.9	−1.1	3.71

Data source: Yearbook of China's TVEs.

spaces. See Table 1 for the growth rate of TVEs' total output and employment. In particular, such credible developments, in terms of the growth rate, before 1988 demonstrate that the institutional form of TVEs functioned well.

However, as we previously claimed, such an ambiguous setup also left some specific grey areas for the firms that were seriously polluting the environment, wasting energy, and operating inefficiently. Furthermore, due to its extraordinary growth, the pursuit of the private economy and liberal politics also was starting to prevail. The TVEs Policy ran out of the credible range approaching the market economy, and the central government undertook intensive interventions, for instance, through reducing bank loans on TVEs during 1989 and 1991. From Table 1, we can discern the reduced employment volume during these three years.

Deng Xiaoping, on his 1992 'Southern Tour' proclaimed market reform and criticized those conservatives who were against reform and opening up. Since then, the Chinese government has set a market-based economic system as a policy target. This formal statement provided a comfortable environment for TVEs; furthermore started to encourage different ownership structures to enter the market. Now different types of firms, such as private firms, partnerships, joint-stock companies, started to operate their businesses on an equal level. Thereof, the flexibility and ambiguity in interpretation that the term TVEs can offer was not an advantage. The credibility range of TVEs policies became smaller and smaller when more and more people considered private economic institutions to become credible. TVEs gradually lost the ability to improve and adapt to the market, especially after 1996, see the output and employment data in Table 2. For example, during 1997 and 2000, around 97% of TVEs in Jiangsu province were sold to private owners. After the privatization stage, since 2000, the Statistic Bureau of TVEs included all private and foreign-invested firms that locate in a rural area as TVEs, which marked a significant change of TVEs.⁵⁸ Hence, conventional TVEs have been disappearing since then; the current TVEs now are different species.

In this sense, TVEs development also promoted changes of related institutions, for example, concerning SOEs reforms, the financial institutions, and private economic sectors. This transitional policy was maintaining the same pace of introducing the market system in China, and institutional changes were in a positive feedback process and interlocked. Of course, it is hard to deny that TVEs have been operating with low efficient levels. However, this policy avoided the short-term shock of privatization in China's reform, and, as we argued before, this gradual change took a shorter time than that of radical change, given the targeted policy aiming to legalize private property rights.

In sum, the content of TVEs was evolving, but its function of being a collective expression of gaining economic and political interests among various agents was consistent. TVEs policies neither were a part of the dual-track reform strategy, nor became

Table 2. Growth rate (percentage) of TVEs' Total Output and Employment (1992–2000).

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total Output	52.3	65.1	35	33.6	21	18	7	12.1	9.1
Employment	10.52	16.19	–2.66	7.02	5.01	–3.4	–4	0.1	0.91

Data source: Yearbook of China's TVEs.

the third way to a market economy, but rather the bridge between the dual tracks. The most crucial point for the TVEs' survival at that stage was that it delinked the private incentive from the market economy, and acted as the transitional hybrid between the initially planned economy and the market economy that was one of the potential aims in the reform agenda.⁵⁹ Moreover, the collective attribute provided an effective way to raise capital for rural enterprises.⁶⁰

TVEs' capital accumulation and acceptable profit rate endogenously led local governments and their cadres to believe that privatization could be a credible institutional setup. As entrepreneurship became socially acceptable, the groups of entrepreneurs became dominant in the Chinese economy. Moreover, finally, the norms, values, and beliefs of this group of people became the basis of continuing institutional changes and economic transition. China's policy choices thereof are, in fact leading institutions towards harmonization with conventional market economies rather than to distinctive innovations.⁶¹ In addition, due to the exact ambiguity, as the TVEs were privatized, the public did not have too many difficulties in understanding this was a natural ownership change because they did not indeed change.

5. Conclusion

Starting with the puzzles existing in TVEs' insecure property rights setup, in the abnormal ignorance regarding the TVEs' de facto private ownership, in the barely location-related terminology, and in TVEs' extraordinary economic successes, this article, attaching to the 'credibility thesis' introduced by Ho,⁶² argued that the term TVEs applied to the industrial ownership reform agendas, which left ample room for policy formulation and interpretation. The policymakers strategically applied the specific ambiguous term to establish a bridge from the planned economy to privatization and a market economic system in China, created enough ambiguity for interest groups and kept away from political concerns about ownership and property rights.

The reason for being strategically ambiguous is to maintain the credibility of the running institutions attributed to three concerns, that way ambiguous policy terms can provide flexibilities to optimize the agents' common perceptions on new policies, help reduce conflicts, and most importantly can speed up policy changes. Based on this premise, we proposed a '3C' principle – context, connection, and credibility – in understanding the role of strategic ambiguity in policy formulation. The policy of TVEs was a reflection of the emerging private economic elements in practice from the beginning of the 1980s, and was a credible property rights arrangement. Furthermore, the content of TVEs was evolving and consistently adapting to the interactions among various stakeholders in the reform process until the private economic sector was formally legalized. The term TVEs provided a unique buffering effect for the

transformation from a highly state-owned economy to a private economy, and accordingly, reduced the uncertainty and political costs of privatization.

Without any doubt, given its success, strategic ambiguity deserves a position in policy formulation theory. This approach has fundamental implications for understanding policymaking processes and economic transitions. Ambiguity in policy formulation strategically creates certain flexibilities in people's action spaces and provides a time-space continuum for the convergence of ideology and policy changes. For example, Bräuninger and Giger⁶³ suggest that, within a political competition scenario, ambiguous positions may attract votes from different political groups, whereas clear-cut policy statements can intentionally exclude voters who hold a wide policy range and spaces. The strategic ambiguity also has been widely applied in organizational studies.⁶⁴ By applying strategic ambiguity, decision makers can achieve their goals by coordinating the divergent interests and conceptions of the incoming changes.⁶⁵

Using the term ambiguity to explore the decision process in the transition stage refers to an often-used propaganda 'contingent measure' (*Quanyi zhiji*, in Chinese) in China's government's decision-making. Moreover, ambiguous terminology reflects the non-transparency in China's top-down policymaking.⁶⁶ Of course, we are not proposing a retreat from clarity and openness in policy formulation, but rather strongly agree that clarity in most situations is desirable. Nevertheless, as policymakers are facing many alternatives and risks, ambiguity might be the best solution. Hence, an additional theoretical contribution of the current article may lie in the studies of evasive behavior in policymaking by Leitzel.⁶⁷ Evasive behavior informs people about the existence of alternative ways and conveys that the existing policies are in failure; thus, people may naturally realize and become habitual to the emergence of reforms. Ambiguity also acts as a tool similar to evasion because it may help people's expectations to converge to the one policymakers wish to adopt. This idea could develop into future research.

Notes

1. A minority of TVEs was engaged in non-industrial business models providing various types of services. For simplicity, in the following discussion we are abstracting from these enterprises, although the same logic applies to them as well.
2. Kung and Lin, "The Decline of Township-and-Village," 569–584; Wei and Li, "The Government and Rural Collective Enterprises," 115–169; Weitzman and Xu, "Chinese Township-Village Enterprises," 121–145.
3. Jin, "Township and Village Enterprises," 47–86; Putterman, "On the past and Future of China's Township," 1639–1655; Weitzman and Xu, "Chinese Township-Village Enterprises," 121–145; Zhang and Li, "Development of Township and Village Enterprises," 53–65.
4. Fu and Balasubramanyam, "Township and Village Enterprises in China," 27–46; Ito, "Economic and Institutional Reform Packages," 167–190; Zheng, Batuo, and Shepherd, "The Impact of Regional and Institutional," 591–598.
5. Ito, "Economic and Institutional Reform Packages," 167–190; Putterman, "On the past and Future of China's Township," 1639–1655.
6. Ho, "The 'Credibility Thesis' and Its Application," 13–27.
7. Weitzman and Xu, "Chinese Township-Village Enterprises," 121–145.

8. Fu and Balasubramanyam, "Township and Village Enterprises in China," 27–46; Ito, "Economic and Institutional Reform Packages," 167–190; Naughton, "Chinese Institutional Innovation and Privatization," 266–270; Naughton, *The Chinese Economy*.
9. Lin, *Dancing with the Devil*; Naughton, "Chinese Institutional Innovation and Privatization," 266–270; Oi, "The Role of the Local State," 1132–1149.
10. Coleman et al., "Ambiguity and Conflict in Policy Implementation," 1–20; Leitch and Davenport, "Strategic Ambiguity as a Discourse Practice," 43–61.
11. Rodrik, "When Ideas Trump Interests," 189–208.
12. Kingdon, *Agendas, Alternatives and Public Policies*.
13. Copeland and James, "Policy Windows, Ambiguity and Commission," 1–19.
14. Roberts and King, "Policy Entrepreneurs," 147–175.
15. Downs and Rocke, "Complexity, Interaction, and Policy Research," 293.
16. Dai, *Networks of Institutions*.
17. Jegen and Mérand, "Constructive Ambiguity," 182–203.
18. Blinder et al., "Central Bank Communication and Monetary," 910–945.
19. Eisenberg, "Ambiguity as Strategy in Organizational Communication," 231.
20. See note 11 above.
21. Denzau and North, "Shared Mental Models," 3–31.
22. See note 16 above.
23. Lau, Qian, and Roland, "Reform without Losers," 120–143.
24. See note 11 above.
25. Simon, "A Behavioral Model of Rational Choice," 99–118.
26. Barlevy, "Robustness and Macroeconomic Policy," 1–24.
27. Bernheim and Whinston, "Incomplete Contracts and Strategic Ambiguity," 902–932.
28. Ho, "An Endogenous Theory of Property Rights," 1121–1144.
29. Ellison, "Speed of Attraction, Stability, Long-Run," 17–45.
30. Selten, "Evolution, Learning, and Economic Behavior," 3–24.
31. Taube, "Principles of Property Rights Evolution," 109–128.
32. See note 7 above.
33. Putterman, "On the past and Future of China's Township," 1639–1655.
34. See note 7 above.
35. Li, Li, and Zhang, "The Road to Capitalism," 269–292.
36. Sachs and Woo, "Understanding China's Economic Performance," 1–50.
37. Huang, "How Did China Take off?" 147–170.
38. Nee, "The Emergence of a Market Society," 908–949.
39. See note 37 above.
40. Ibid.
41. See note 31 above.
42. Moynihan, "Ambiguity in Policy Lessons," 1031.
43. See note 28 above.
44. Ibid.
45. Swaffield, "Contextual Meanings in Policy Discourse," 199–224.
46. Ho, "Who Owns China's Housing?" 66–77.
47. See note 6 above.
48. Chang and Wang, "The Nature of the Township-Village Enterprise," 434–452.
49. Liu, "Reform from Below," 293–316.
50. Taube, "Stability in Instability," 59–66.
51. Zhou, *The Institutional Logic of Governance in China*.
52. Chen and Göbel, "Regulations against Revolution," 78–98.
53. See note 31 above.
54. Tsang, "In Search of Legitimacy," 21–30.
55. Li, "A Theory of Ambiguity Property Rights," 1–19.
56. See note 44 above.
57. See note 6 above.

58. Jin, "Township and Village Enterprises," 47–86.
59. Fan and Chen, "Transitional Hybrids," 937–952.
60. Oi, "The Role of the Local State in China," 1132–1149.
61. See note 36 above.
62. See note 6 above.
63. Bräuninger and Giger, "Strategic Ambiguity of Party Positions," 527–548.
64. Schnackenberg et al., "Capitalizing on Categories of Social Construction," 375–413; Yates and Orlowski, "Genres of Organizational Communication," 299–326.
65. Denis et al., "Escalating Indecision," 225–244; Scandellius and Cohen, "Achieving Collaboration with Diverse Stakeholders," 3487–3499.
66. Peters and Zhao, "Local Policy-Making Process in China," 127–148.
67. Leitzel, *The Political Economy of Rule Evasion*.

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