

A Study on the Theoretical Evolution, Practical Dilemmas, and Policy Innovations in Enhancing Rural Social Welfare

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Abstract: China's long-standing social welfare system has exhibited a distinct urban bias, resulting in institutional segmentation between urban and rural welfare frameworks. Consequently, rural residents experience significantly lower levels of social security and public services compared with their urban counterparts. Guided by the macro policy orientation of the Rural Revitalization Strategy, this paper examines the theoretical foundations and explores the policy innovation pathways for improving rural social welfare. Existing research indicates that the current rural welfare system faces three major issues: first, the overall level of welfare provision remains low, with a pronounced urban–rural gap; second, the structure of welfare providers is highly homogeneous, characterized by “remedial” and “relief-oriented” features; and third, the welfare content lacks multi-dimensionality, as economic subsidies continue to dominate the social security system, with insufficient comprehensive social support. Based on the conceptual connotations and functional definitions of social welfare, this study explores the institutional logic and practical feasibility of reform. On this basis, it compares two pathways for improvement—enhancing the degree of rural-to-urban integration (“rural population urbanization”) and strengthening local rural welfare development—by examining their respective advantages and limitations. Finally, the paper proposes targeted policy recommendations for optimizing the rural social welfare system, with the goal of offering theoretical insights and practical guidance for achieving welfare equality between urban and rural areas and advancing the overarching goal of common prosperity.

Keywords: Social Welfare; Urban–Rural Integration; Rural Revitalization; Socialization of Welfare

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1. In trodution

Social welfare, distinct from social insurance and social assistance, refers to the rational allocation of social resources under the guarantee of public policy. Its purpose is to promote the continuous improvement of the quality of life of social members and, to a certain extent, to maintain social justice and harmonious order^{[1][2]}. As an important component of the social security system, the social welfare system serves as one of the core indicators for assessing the level of social development and the government's governance capacity^[3]. However, due to the dual urban-rural structure formed under the influence of policies during the planned economy period, China's social welfare system has exhibited a “urban-centered, rural-peripheral” pattern. This has resulted in institutional and structural disadvantages for rural areas in terms of welfare coverage and social service provision^[4]. Therefore, this paper aims to explore the theoretical evolution and practical challenges of China's rural social welfare system and propose institutional innovations for promoting welfare equality between urban and rural areas.

From a historical perspective, the development of China's social welfare policies can be characterized by an institutional feature of "urban priority and rural lag." This feature can be traced back to the differentiated welfare systems implemented since the 1950s—an urban welfare system based on work units and a rural welfare system centered on collective mutual aid and family support^{[5][6]}. Admittedly, this system effectively maintained regional and social stability during long-term urban-rural governance^[7]. However, with profound changes in the economic structure and human capital mobility, the drawbacks of such a differentiated system have gradually emerged. A state of relative deprivation^[8] has become concentrated in rural residents' access to education, healthcare, and elderly care. This "institutional exclusion" not only widens the urban-rural gap but also hinders the modernization of rural society to a certain extent^[9].

At the new stage of development, with the deep transformation of the social structure and the rapid advancement of new productive forces, public demands have gradually shifted from securing basic subsistence to pursuing fairness and shared prosperity. This transformation—from "basic protection" to "developmental welfare"—requires social policy and public governance to achieve comprehensive and multidimensional improvements in quality of life, social participation, and human dignity^[10]. The report of the 19th National Congress of the Communist Party of China proposed the Rural Revitalization Strategy, which provides strong policy support by emphasizing the establishment and improvement of institutional mechanisms and policy systems for integrated urban-rural development^[11]. This strategy not only provides an essential foundation for advancing agricultural and rural modernization but also offers an institutional opportunity to balance the urban-rural welfare gap and reconstruct the rural social welfare system^[12].

From a policy perspective, rural social welfare demonstrates several characteristics. With the continuous advancement of fiscal reform and the equalization of public services, the guiding ideology of national welfare construction has shifted from "urban priority" to "urban-rural coordination"^[13]. This transformation is reflected in the expansion of the rural minimum living security system and the institutional development of rural medical and pension insurance, which have collectively laid the groundwork for the overall improvement of the social welfare system^[14]. Nevertheless, the current institutional design still lacks adequate consideration of the specific characteristics of rural society. Therefore, within the macro policy context of rural revitalization, exploring the theoretical logic and institutional innovation pathways to enhance rural social welfare is both an urgent practical task and an issue of significant academic value. Methodologically, this study adopts a historical institutional and policy analysis approach, combining theoretical review with policy document analysis to examine the evolution, dilemmas, and reform paths of China's rural welfare system.

2. Theoretical Evolution

The evolution of the social welfare system is often related to the logic of national governance, social transformation, and ideology, and it is dynamically adjusted based on these factors^[15]. In general, the localization of China's social welfare development has gone through three stages: the initial stage of introducing the concept of the welfare state and adapting it to socialism with Chinese characteristics; the institutional construction of the social security system; and the new stage of welfare diversification. During this process, the policy transformation from state dominance to social coordination and from relief-based protection to developmental welfare has been manifested.

2.1 Planned Economy Period: Nationalization of Welfare Concepts and Institutional Dependence

In the early years after the founding of the People's Republic of China, social welfare theory was influenced by the Soviet Union and showed state-dominated institutional characteristics. During this period, social welfare functioned as an auxiliary component of the state's distribution structure, with the aim of maintaining social stability. Due to the underdeveloped productivity and low population mobility in rural areas, welfare systems were primarily dependent on people's communes and collective economic organizations, focusing on collective mutual assistance and self-protection. From a theoretical perspective, when welfare is embedded as a component of the planned economic system, it reflects the state's distributive justice and political will rather than an independent social power structure. In light of the resource allocation mechanisms under the planned economy, the core of welfare nationalization lies in the fact that social welfare is not determined by social needs but allocated by political authority to serve the goals of national production. Although this distributive model significantly enhanced social stability, particularly in grassroots governance during the early period of nation-building, its

structural deficiencies created potential risks of urban-rural disparity.

2.2 Since the Reform and Opening-up: Marketization of Welfare Institutions and Reconstruction of Social Policy

During the market-oriented economic transformation that began in the 1980s, the core of social welfare gradually shifted from state protection to social sharing. At the same time, Deng Xiaoping's new development strategy—allowing some people to become rich first—placed welfare system development in a secondary position to economic growth. Research on social welfare during this period focused more on adaptive reforms of welfare policies within the market mechanism, and arguments such as “social welfare should serve economic reform” began to emerge. The people's commune system completely collapsed under the impact of the market economy, and rural grassroots governance was reconstructed by the state into a family-centered support network. The government supported this reform process through social assistance, medical cooperatives, and the minimum living allowance system, thereby forming a “tiered and gradual” rural welfare structure. From this period onward, social understanding of welfare theory shifted from a focus on distributive mechanisms (economic subordination theory) to recognizing welfare as a supporting factor for social stability and development (social development theory), with increasing advocacy for policies that promote social integration.

2.3 Since the New Era: Transformation from Relief-based to Developmental Social Welfare

Since the 18th National Congress of the Communist Party of China, China's social welfare theory has entered a new stage of “developmental welfare.” The core is to integrate social welfare into the modernization governance system and achieve inclusive and balanced urban-rural development through policy innovation. Social welfare is no longer a passive relief mechanism but is endowed with active functions that promote social equity and support rural revitalization. At this stage, new concepts such as “socialization of welfare” and “universal services” have been proposed, reflecting a shift from policy dominance to multi-party collaboration. “Balancing equity and development” has become the underlying tone of governance in this period.

Within the context of rural social welfare, the state has utilized the institutional advantages of socialism with Chinese characteristics to reform rural public services and protection systems, constructing a comprehensive and multidimensional welfare framework that continues to be improved. Meanwhile, under the guidance of the rural revitalization strategy, welfare research has shifted its focus toward “empowerment-based development,” marking the evolution of China's social welfare system from “state-dominated welfare” to “social governance-oriented welfare,” and gradually building a localized theoretical framework centered on the integration of state governance, social participation, and welfare diversification.

3. Historical Dilemmas of China's Rural Social Welfare

3.1 Low Welfare Level and Significant Urban–Rural Disparity

As one of the key institutional structures shaping China's social welfare system in the early years after the founding of the People's Republic, the dual urban–rural system, together with the resource allocation preference toward “urbanization–industrialization” during the stage of rapid development, placed rural development issues at the margins of the national development framework. For a long time, agriculture functioned as the “blood transfusion” sector for industry within the social structure. As mentioned earlier, during the planned economy period, the work-unit-based social welfare system provided urban residents with a comprehensive welfare supply structure jointly supported by the state and enterprises, covering housing, employment, healthcare, and pensions. Compared with the collective land economy represented by people's communes, this urban welfare model—with its broad coverage and strong guarantee capacity—had more abundant financial resources and higher public service capabilities.

After the reform and opening-up, the further widening of the urban–rural gap led to a massive and rapid inflow of rural labor and human capital into cities. Urbanization accelerated significantly, and industrial agglomeration and economies of scale flourished, providing a solid material foundation for the continuous development of the urban welfare system. However, during the period of relatively stable human capital stock, the expansion of the urban population and labor force meant that rural areas suffered from serious aging and labor hollowing, which ultimately caused the construction of the rural welfare system to lag far behind the level of regional economic development. Policies such as rural medical insurance and the

minimum living security system have served as effective measures for improving rural welfare, yet they face challenges regarding sustainable funding and service quality. Significant disparities still exist between urban and rural residents in education, healthcare, elderly care, and social services. This imbalance in social welfare has become a major obstacle to achieving rural revitalization and the goal of common prosperity.

3.2 Single Supply Entity and the Prominent “Residual” Nature of Welfare

For a long time, China’s rural grassroots welfare system has relied on government macro-regulation, providing a single-source supply through special subsidies and transfer payments. However, this welfare model—characterized by the absence of active social participation—has led to low sensitivity in resource allocation and limited service capacity. In contrast, the urban welfare system features multiple providers, including enterprises and social capital, resulting in higher efficiency and service quality. Yet, rural areas, constrained by natural geographic disadvantages and weak infrastructure, lack the prerequisites for attracting participation from social capital and social organizations.

Moreover, the rural land system has exerted a profound psychological and structural influence on both the supply and demand sides of welfare. Under the influence of smallholder agriculture, Chinese farmers tend to view land as a natural security resource, while the state and enterprises regard it as a safeguard for farmers’ livelihoods. This preconception has led to relatively reduced direct investment in rural welfare systems during policy resource allocation. However, the inherent limitations of smallholder agriculture—relying on natural conditions for survival—and the ongoing reform of the land transfer system have gradually weakened the land’s security function. Before gaining access to urban welfare systems, rural residents have already been exposed to growing social risks. The current rural social welfare system exhibits a clear “residual” characteristic. Although this model can maintain basic living stability in the short term, it fails to meet the multidimensional welfare demands of rural populations in education, health, culture, and social participation.

3.3 Single-layered Supply Structure Focused on Economic Welfare

Social welfare exhibits stage-specific differences in the process of individual development. Specifically, at the stage of survival security, welfare demands focus mainly on economic and material assistance; whereas at the stage of new development, welfare content expands beyond basic survival to encompass political, social, cultural, and ecological dimensions. With the completion of the key task of poverty alleviation, rural socioeconomic development has gradually shifted from basic survival needs to welfare in areas such as political participation, cultural life, and ecological environment. However, the current rural welfare supply in China remains concentrated on economic welfare, primarily through fiscal transfers and income subsidies that provide “material security.” The degree of welfare provision has become disconnected from the actual needs of the population, leading to structural imbalances characterized by “economic support dominance and spiritual welfare deficiency,” particularly in areas such as cultural resources, educational opportunities, and public services compared with cities.

Meanwhile, in contrast to cities—the final destination of human capital inflow—rural areas currently face dual pressures of resource outflow and ecological degradation. From the perspective of national security, rural regions also serve as the protectors of the country’s cultivated land red line and executors of ecological restoration responsibilities. Under such multiple pressures and overlapping roles, policy designs and implementation strategies that remain focused solely on financial subsidies are evidently inefficient. The administrative effectiveness of the state in the soft governance domain cannot be advanced merely through economic means. Therefore, future rural social welfare reform should transform from “single-layer economic protection” to “multidimensional social development,” emphasizing coordinated progress in political empowerment, cultural participation, and ecological sharing.

4. Two Approaches to Enhancing the Social Welfare Level of Rural Populations

In view of the significant disparity between urban and rural social welfare levels, as well as the strategic goals of achieving common prosperity and integrated urban–rural development, improving the social welfare level of rural populations has become a crucial focal point. The academic community has formed two representative approaches to address the core question of “how to enhance” welfare: the urban absorption model, characterized by the emphasis on human capital mobility and structural redistribution, and the rural endogenous model, which focuses on improving local welfare supply capacity through rural industrial upgrading and institutional innovation^[17]

4.1 Urban Absorption Model: Achieving Welfare Integration through Population Mobility

This approach advocates further expansion of urbanization pathways to promote the continuous migration of rural populations to cities. The inflow of labor leads to both the optimization of resource allocation and the enhancement of economic growth, which, in turn, can generate more social wealth through industrial agglomeration and economies of scale. On this basis, the state continues to optimize and implement fiscal transfer payment mechanisms, channeling multiple forms of resources back to rural areas to improve the overall social welfare level. Under this model, the rural social welfare protection system relies more heavily on the spillover effects of the urban economy, balancing existing structural disparities through an “industry-supports-agriculture” mechanism^[16].

However, in practice, it is necessary to consider local conditions such as the carrying capacity of urban areas, regional cultural differences that affect farmers’ willingness to migrate, and the fiscal pressures arising from economic fluctuations. If urban public service systems fail to achieve equalization, migrant farmers may find it difficult to integrate into urban society and instead fall into a state of “semi-urbanization”. Particularly during macroeconomic downturns, migrant workers’ employment opportunities and social security may face greater uncertainty. Therefore, while this model possesses certain efficiency advantages, it remains limited in terms of social sustainability and fairness.

4.2 Rural Endogenous Model: Strengthening Welfare Supply Capacity through Rural Development

In contrast to the previous approach, the rural endogenous model focuses on guiding the inflow of human capital and emerging technologies into rural areas, thereby channeling key development factors from cities toward the countryside to promote comprehensive revitalization of rural industries and social systems. This concept aligns with the policy direction proposed in the report of the 19th National Congress of the Communist Party of China, which emphasizes transforming rural development from “blood transfusion” to “blood creation.” Its goal is to stimulate the autonomous generation of social welfare through the enhancement of local productivity in rural areas.

Under this framework, the importance of two-way factor flows between urban and rural areas will further increase: cities enhance rural economic vitality by channeling back human and technological capital, while rural regions contribute their resource endowments to support the sustainable development of urban areas. Theoretically, this model aligns more closely with the long-term goal of “integrated urban–rural development.” It also helps preserve the welfare protection function of rural land, safeguarding farmers’ basic livelihoods and reinforcing their social identity^[8].

Although this model is relatively more sustainable, its effectiveness largely depends on whether local rural areas can genuinely overcome development bottlenecks and break through the long-standing “ceiling effect.” In other words, industrial upgrading and institutional reform in rural regions determine the feasibility of factor backflow. The rural endogenous path is more consistent with the principle of social equity, yet its efficiency and replicability still require sustained institutional innovation and policy support for assurance^[20].

4.3 Comparative and Integrative Reflections

In summary, the two approaches to improving social welfare represent the respective logics of efficiency and equity. The urban absorption model improves welfare distribution by enhancing allocative efficiency, while the rural endogenous model embodies the principle of social equity within integrated urban–rural development. These two approaches are not mutually exclusive but rather complementary within the broader framework of balanced urban–rural development. Policy design should optimize the allocation of human and material resources while coordinating urban and rural development, balancing economic growth with social equity, and ultimately forming a closed-loop mechanism for enhancing rural social welfare characterized by human capital output → urban resource feedback → endogenous resource regeneration. This dynamic interaction provides the theoretical foundation for the subsequent policy recommendations.

5. Policy Recommendations

5.1 Adapting to Local Conditions and Creating an Enabling Development Environment

Building upon the two approaches to enhancing rural social welfare discussed earlier, and considering the complexity of China’s regional development patterns, a single, uniform model may prove ineffective in different areas due to local variations. For instance, in the vast rural regions of central and western China, achieving large-scale urbanization of the population in the short

term is unrealistic. Cities in these areas also lack the capacity to accommodate a large influx of labor or non-labor populations. In contrast, rural areas in the more developed eastern regions already possess economic and social development conditions comparable to urban areas. Therefore, exploring region-specific strategies for improving rural social welfare levels based on local development realities is an effective path toward promoting integrated urban–rural development^[17].

More specifically, it is essential to improve urban public service systems while enhancing their capacity to accommodate incoming labor. At the same time, policies such as “talent returning to hometowns” and “capital flowing into rural areas” should be effectively implemented to strengthen the endogenous driving force behind rural social welfare development^[18]. Regardless of which approach is adopted, the fundamental objective remains the same: to build a sustainable social welfare supply system based on regional economic growth^[19].

5.2 Leveraging the “Three Rights Separation” Reform to Revitalize the Welfare Function of Farmland

Since rural residents enjoy stronger security through land ownership compared to urban residents without property, some scholars have expressed concerns about whether rural residents can obtain social welfare benefits equivalent to those in cities. However, with the deep upgrading of the rural industrial structure and the continuous strengthening of non-agriculturalization trends, the security function of land has gradually weakened, and its economic output is increasingly insufficient to sustain daily living expenses. In this context, deepening the reform of the “Three Rights Separation” (ownership, contracting, and management rights) provides a new institutional opportunity to reactivate the welfare function of farmland.

This mechanism allows farmers to retain contracting rights while gaining stable income through the transfer of management rights, thus institutionalizing property-based income derived from farmland. Once land is operated on a larger and more intensive scale, overall production efficiency can be improved, and through the extension of industrial chains and the optimization of profit distribution mechanisms, farmers can receive more stable and sustainable economic returns. Therefore, it is necessary to further advance the “Three Rights Separation” reform, improve the land income distribution system and legal protection framework, and transform farmland from a “subsistence guarantee” into a “welfare asset,” thereby making it a key lever for enhancing rural social welfare^[20].

5.3 Promoting Urban–Rural Integration and Developing Socialized Welfare

Under the goal of common prosperity with Chinese characteristics, the ultimate objective of constructing a social welfare system should be the universality and fairness of welfare benefits. Regardless of the policy path adopted, this process depends on the free flow of factors between urban and rural areas and the institutional integration of public services. Consequently, removing institutional barriers and communication obstacles between urban and rural regions, and promoting the balanced regional allocation of public resources such as infrastructure, education, science, culture, and healthcare, should become a key policy focus^[21].

At the same time, reforms on the supply side should continue to advance, guiding diverse social actors—including enterprises, social organizations, communities, and individuals—to jointly participate in the provision of social welfare. Gradually, a socialized welfare structure featuring “government leadership, social coordination, and market participation” should be established. By constructing a multi-level, multi-channel, and all-dimensional welfare supply system, it is possible to both reduce fiscal pressure on the government and enhance the flexibility and sustainability of the rural social welfare system^[22].

6. Conclusion

As an essential component of the social welfare system under the goal of common prosperity with Chinese characteristics, the improvement of the rural social welfare system represents the people’s active pursuit of sharing the fruits of social development amid new opportunities and a new development paradigm in the new era. Within the framework of the Rural Revitalization Strategy, it is crucial to follow the principles of local adaptation and gradual advancement while continuously exploring effective pathways to enhance rural social welfare. By narrowing urban–rural disparities and optimizing the allocation of social resources, the rights and opportunities of rural residents to participate in and benefit from development can be more effectively safeguarded. Only in this way can China achieve progress toward overall social equity and realize the fundamental goal of common prosperity. In sum, the reform of China’s rural social welfare system exemplifies the evolving balance between efficiency and equity in the nation’s pursuit of common prosperity and provides valuable insights for welfare

reform in developing economies.

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