

A review of studies on the effectiveness of the new rural social pension insurance policy

Shuhan Liu *

College of Politics and Public Administration, Qingdao University, Qingdao, China

* Corresponding Author Email: 15949762473@qdu.edu.cn

Abstract. The new rural insurance policy is of great significance for improving China's social pension security system, alleviating social conflicts, and promoting social stability. This article provides a comprehensive review and research on the development process, policy effects, challenges, countermeasures, and prospects of the new rural insurance policy, based on existing literature and relevant data. Research has identified three distinct stages in the progression of the rural insurance initiative.: the exploration stage of local pilot projects, the stage of central unified policies and national pilot projects, and the stage of comprehensive promotion and institutional improvement. The policy effect mainly involves the impact on three levels: government credibility, family economy, and social and cultural concepts. At the same time, it has been found that there are still some problems with the implementation of the new rural insurance policy, such as insufficient publicity, legislative and authoritative power. Finally, based on existing literature, corresponding optimization paths and prospects are proposed to address the existing problems.

Keywords: New Rural Social Pension Insurance, Rural elderly care, social security, Policy effectiveness.

1. Introduction

1.1. Realistic background

In recent years, the problem of population aging has been intensifying, notably in countryside regions, where the aging issue is getting more acute. The immediate establishment of a viable social security framework for rural pensioners is crucial. On the one hand, to better address the aging problem in rural China, and on the other hand, to continuously improve China's social security system, authorities held a national experimental initiatives conference on the innovative rural pension schemes on August 18, 2009, and officially launched the pilot work in September. The construction of the new rural insurance has been carried out in an orderly manner nationwide. The new rural social security policy has been implemented for 15 years and has achieved many results in the field of rural elderly care. However, with the continuous development of the economy and changes in the social environment, ongoing exploration of the policy impacts, challenges faced, and potential enhancement routes for the new rural social security policy remains crucial to ensure its relevance and sustained development.

1.2. Academic background

Following the enforcement of the updated rural insurance measure, many scholars in China have conducted extensive research on it, including but not limited to the analysis of its policy content, policy issues, policy effects, and optimization paths. Certain academics contend that the enforcement of the updated rural social security measure influences the government's credibility, while others believe that it has increased the trust of insured residents in the government [1]. However, there are also some scholars who believe that receiving pensions not only does not improve local government satisfaction but significantly reduces it [2]. A different set of scholars holds that the rural insurance initiative has exerted a particular influence on family finances, such as effectively improving rural households' spending level and promoting consumption [3]. They also believe that the participation of elderly people in the new rural insurance will significantly increase their family's education expenditure level [4], and have a promoting effect on the income of rural households in China,

significantly improving the income level of rural elderly people [5]. Certain academics hold the view that the enforcement of the updated rural insurance policy has also produced a specific effect on social and cultural concepts, such as improving the subjective well-being of the elderly [6] and enhancing overall social welfare [7]. However, previous studies have mostly focused on a certain aspect and lacked systematic and comprehensive research, which is relatively fragmented, and research on the policy effects in the new phase following the epidemic remains insufficient in its comprehensiveness.

1.3. Research purpose and significance

In recent years, public transfer payment projects such as inclusive pensions have gradually become important strategies for many developing countries to achieve social security and poverty alleviation. At the same time, there has been a surge in research on the impact assessment of these projects or policies on beneficiaries and their families. Similarly, upon the enforcement of China's new rural insurance policy, assessing its effectiveness has consistently been a research hotspot in academia. Scholars attempt to evaluate the impact of the new rural social insurance on the lives of rural residents and socio-economic development from multiple perspectives, including household consumption expenditure, elderly happiness, and elderly healthcare. However, there are different or even divergent views among scholars on these issues. Thus, a thorough analysis of the variables impacting the efficiency of the new rural insurance scheme is conducted to identify the possible reasons for the controversy in existing research. This has value for improving the new rural social insurance and practical significance for improving policies.

Accordingly, the aim and contribution of this article lie in categorizing and examining the determinants that shape the effectiveness of the new rural insurance policy, systematically sort out and analyze existing literature which emphasizes the efficacy of the updated rural insurance policy, comprehensively identify the possible reasons for the divergence between the policy impact of the new rural insurance and previous research results, and look forward to future research directions, in order to provide a reference for the improvement and perfection of the updated countryside insurance scheme.

2. The Development History of New Rural Pension Insurance Policies

2.1. Local pilot exploration stage (2002-2008)

In 2002, the 16th National Congress of the Communist Party of China first proposed to explore the establishment of rural pension insurance policies, marking the first establishment of the rural pension insurance system and opening a new era of rural pension development; On this basis, from 2003 to 2008, several "No.1 documents" issued by the Central Committee of the Communist Party of China and the State Council further emphasized the important position of agriculture and rural areas, establishing the groundwork for the subsequent rollout of the updated rural insurance policy.

2.2. Central Unified Policy and National Pilot Stage (2009-2010)

In 2009, the State Council issued the "Guiding Opinions on Carrying out Pilot Projects of New Rural Social Pension Insurance", which clarified the basic principles and task objectives of the new rural insurance system. At the same time, it is determined to pilot the new rural insurance in about 10% of counties nationwide and propose that the national government fully pays the minimum standard basic pension, which has become an important institutional innovation of the new rural insurance. According to the guidance and combined with pilot experience, the newly established rural social pension insurance scheme was officially implemented in 2010, filling the gap in rural pension security and providing reliable protection for rural residents' pensions.

2.3. Comprehensive promotion and institutional improvement stage (2011 present)

In 2011, the new rural social pension insurance system began to be promoted nationwide, covering more rural residents. In 2014, to promote the sustainable development of the pension insurance system, the new rural social pension insurance and urban resident social pension insurance began to integrate, gradually establishing a unified basic pension insurance program for urban and rural residents, and achieving the initial integration of urban and rural pension security systems. From 2016 to 2024, the country continuously increased its support for the system of pension insurance, gradually raised the fundamental retirement benefits standards, and proposed policy measures such as implementing national pooling of pension insurance during this period, further increasing the sustainability and fairness of the system.

3. Analysis of the Effectiveness of the New Rural Insurance

3.1. New Rural Insurance and Government Credibility

3.1.1. The influence of the updated countryside insurance on government credibility

The government plays multiple roles in the implementation of the new rural insurance policy, including leading, supporting, regulating, and promoting it, providing strong guarantees and support for its smooth implementation and landing. The consequences of enacting the new rural insurance initiative on government credibility has been studied by many scholars. The existing literature mainly starts from sorting out the psychological impact of the adjustment of pension benefits and receiving conditions in the new rural insurance policy on residents and studies what kind of impact it has on the credibility of the government.

From the perspective of welfare effects, a person's satisfaction with material interests and psychological desires will affect their evaluation of things. As a crucial component of the social safety net, the updated rural insurance system will inevitably have an impact on individuals. Therefore, in the early stages of enrollment, the increase in material welfare and improvement in social welfare that the newly implemented rural insurance scheme can bring will naturally lead to the satisfaction of psychological desires. Such measures will naturally increase the government's trust in leading, supporting, regulating, and promoting the new rural insurance policy [1]. Scholar Yang Yaoyu found through empirical analysis that the enactment of the latest rural insurance scheme significantly influences the degree of confidence in the central government, enhancing the trust of insured residents in the central government. [8]

3.1.2. The effect of implementing the new rural insurance program

As a policy, the design of the new countryside insurance is completed by the central government, and the implementation of the policy relies on local governments. The fact that there are economic differences between local governments, they cannot guarantee the provision of effective and unified public services; At the same time, the frequent occurrence of "countermeasures at the top and countermeasures at the bottom" in the implementation of central policies by local governments exacerbates the negative evaluation of the government by the public due to the inability to provide satisfactory public services[2]; Lower level governments may make various adjustments or even distort policies in order to ensure their ease of implementation; In order to ensure that the execution effect meets the needs of the higher-level government and the requirements of the central government, there may be a situation of "collusion" between the higher-level government and the lower level government, and various behaviors will lead to a decrease in public satisfaction with the government. [9]

3.2. The Impact of the New Rural Insurance Policy on Family Economy

3.2.1. Promote household consumption

Scholar Bi Yue divided the consumption of rural residents into seven categories and used them as outcome variables to test the effect of the new rural social insurance on household spending. Through regression analysis, it was found that the new rural social insurance effectively improved the spending capacity of rural households, especially for rural residents aged 60 and above who participated in the basic living consumption[3] ; This conclusion is similar to the finding made by scholar Qin Changcai through endogeneity analysis using the difference in differences method, which suggests that "the new rural social insurance can significantly increase rural household consumption" [5].

3.2.2. Promote family education expenditure

The involvement of elderly people in the new rural insurance can increase the level of their family education expenditure. The new rural insurance policy can have a certain impact on the psychological and behavioral aspects of insured individuals, such as the concept of family transmission, the importance of education, the importance of children's income, helping children take care of them, and providing economic support for children, which increase the family education expenditure of insured residents. Scholar Yao Xinyue [4] also found in her research that rural families participating in the new rural social insurance policy will have an impact on the increase of their family education expenditure, and the degree of impact will vary with differences in child characteristics, family income, and other aspects. [10]

3.2.3. Improve the utilization level of therapeutic medical services for elderly people in rural areas

Based on Grossman's health needs theory and Andersen's medical service utilization model, Li Yao, Liu Junxia, and others constructed a theoretical analysis framework for the impact of the new rural social insurance on medical service utilization. They found that the implementation of the updated rural public insurance scheme significantly improved the utilization level of therapeutic medical services for rural elderly people.[11] The introduction of the novel rural insurance measure will have an impact on the income and health preferences of insured farmers. On the one hand, the new rural insurance increases the expected income of insured people in old age, promoting their investment in health; On the other hand, the updated rural insurance scheme can alleviate concerns about elderly care, enhance health preferences, and thus increase the utilization level of medical services. [12]

3.3. The Influence of New Rural Insurance on Social and Cultural Concepts

3.3.1. Enhance the senior citizens' sense of happiness and fulfillment

Scholar Su Yanmei introduced the concepts of "objective well-being" and "subjective well-being" to study the effectiveness of policies. The analysis found that groups of different genders and physical health levels showed an improvement in subjective well-being after receiving pensions, but the impact was more significant on men and women with poorer physical health conditions [6].

3.3.2. Enhance the overall well-being of society

The adoption of the new rural social security policy provides elderly care security for rural residents, narrows the urban-rural gap, and promotes the integrated development of urban and rural areas. At the same time, as the rural economy progresses and the protection offered by the new rural social security policy enhances, it can bolster the upliftment of production and living standards for low-income families, contributing to gradual common prosperity. [7]

4. Analysis of the Current Challenges of the New Rural Insurance Policy

4.1. Insufficient policy promotion

In some countryside regions, the advancement in the implementation of the updated social insurance initiative is insufficient, resulting in many rural residents still lacking awareness of the policy. Some farmers lack understanding of key information such as the conditions to enroll in the updated rural insurance program, payment standards, and pension benefits. Only a few people have knowledge of the operation and management of the new rural insurance policy and the protection goals, which reduces the enthusiasm of farmers to participate in the insurance. [13]

4.2. Insufficient legislation and authority

The issue of legislative lag in the rollout of the new countryside insurance scheme has persisted for many years, but there is still no specialized law to regulate and ensure its operation. During the rollout phase of the new countryside insurance measure, we are still following the "Guidance Opinions" issued by the State Council in 2009. Although scheme documents have guiding significance, they lack sufficient legal binding force and authority, and are relatively old. There are also differences in policy documents between regions, lacking unified laws and regulations, which can easily lead to confusion in the management of the new rural insurance. [14]

4.3. The level of social security is not high

The capacity for raising funds in the new rural insurance scheme remains limited, with low levels of government subsidies and a low proportion of farmers' contributions, resulting in a limited degree of social security for the new rural protection. [2] There are regional differences in the level of government subsidies, and the subsidy level of local governments is influenced by various factors such as local economic development, fiscal revenue, and pension burden; Farmers can choose their own payment level independently, influenced by their own payment ability, affordability, and future pension needs. At the same time, the government will choose the payment amount that most farmers can afford when setting the payment level.

4.4. Fundraising and sustainability face challenges

The funding channels for the new rural social insurance are relatively limited, mainly consisting of individual contributions, collective subsidies, and government subsidies. However, the actual operation process mainly relies on government subsidies and individual contributions. Some village collectives have poor economic conditions, still have external debts, insufficient funds, and insufficient support for the rural collective economy, resulting in excessive financial pressure on the new rural social insurance. [15]

4.5. Lack of a Sound Supervision Mechanism

A unified supervision and management institution has not yet been established, and the updated countryside insurance fund lacks a specialized supervision mechanism. At present, in most areas, the funds of the novel rural insurance program are managed by county-level units, and there is a high risk of fund misappropriation, which can easily lead to official corruption. [16]

5. Research and Future Prospects on Further Improving the New Rural Insurance Guideline

5.1. Strengthen the publicity of the system

Organizing various promotional activities, on the one hand, leveraging the role of grassroots organizations, mobilizing the power of grassroots mass autonomous organizations such as village committees, and conducting lectures on the new rural insurance policy, household explanations, etc;

On the other hand, utilizing multimedia information platforms can improve young people's understanding of elderly care culture in a more intuitive and innovative way, promoting wider participation in financing elderly care service development. [17]

5.2. Strengthen legislation, establish and improve relevant legal systems

On the one hand, in response to the new countryside protection system, it is essential to formulate specialized laws as soon as possible, clarify the legal status, fund management and other core elements of the new rural insurance system, provide references and norms for the execution of the updated countryside coverage framework, enhance the authority of the new rural insurance policy, and provide legal basis for it; [14] On the other hand, it is necessary to clarify the responsibilities and obligations of the government to avoid situations such as institutional confusion. The government should also promptly adapt local subsidy levels in line with the advancement of the economy to alleviate the payment pressure of insured persons.

5.3. Improve the level of social security

On the one hand, increase fiscal investment, raise government subsidy standards, and improve pension benefits; [18] On the other hand, we will improve the level of fund management, ensure the safety and value preservation of funds, and expand the investment options available for the updated countryside insurance fund. We will introduce professional institutions to participate in fund management and improve the efficiency of fund operations. [2]

5.4. Expand funding channels and enhance institutional sustainability

On the one hand, encouraging multi-party participation, collective subsidies, other economic organizations, social welfare organizations, and individuals to provide assistance in raising funds for the new rural insurance [17]; Transfer a portion of state-owned capital operating income to supplement the new rural insurance funds; [19] On the other hand, continuously improving worth preservation and recognition system for the New Rural Insurance Scheme, strengthening the supervision and evaluation of fund investment and operation, and providing a solid economic foundation for the sustainable development of the system.

5.5. Enhance oversight of the new rural insurance framework

Establish a specialized regulatory department for the updated countryside insurance, boost monitoring of the new countryside insurance fund's operations while enhancing transparency in its utilization, improve transparency in the use of the new rural insurance fund, and reduce official corruption; [16] Strengthen public opinion supervision, give full play to the role of social media as the "fourth supervision", and also play the role of individual supervision to improve the corresponding reporting mechanism, ensuring the correct use of the new countryside insurance's finances.

6. Summary

The new rural insurance policy is an important component of China's rural revitalization strategy, playing a crucial role in promoting rural economic development, narrowing the urban-rural gap, and guarantee the fundamental well-being of rural residents. By analyzing and summarizing the policy effects and difficulties since the implementation of the new rural insurance policy, improvement measures for the new rural insurance policy are proposed. The research in this article has significant practical significance for further optimizing the updated countryside insurance scheme, better exerting its policy effects, promoting the advancement of China's social welfare system, alleviating social conflicts, promoting public stability and harmony, and promoting high-quality economic development in China. Due to insufficient understanding of relevant theories and limitations in existing literature, further research is needed on the new rural insurance program in this piece of writing.

References

- [1] Sui Shumin, Peng Xiaobing, Xiao Yun the welfare effects of the "New Rural Insurance" and the trust of local governments [J] *Economic Theory and Economic Management*, 2021, 41 (01): 65 - 78.
- [2] Ruan Rongping, Zheng Fengtian, Liu Li Has the 'New Rural Insurance' increased the satisfaction of insured farmers with local governments? [J]. *Journal of Public Administration*, 2020, 17 (03): 100 - 112+172.
- [3] Bi Yue, Zhao Cuiping Research on the Impact of New Rural Social Security on Household Consumption of Rural Residents [J] *Agricultural Economy*, 2024, (01): 86 - 89.
- [4] Zhang Su, Li Boning Can the New Rural Insurance Promote Family Education Expenditure? Empirical Evidence from Chinese Family Tracking Survey *Journal of Shanxi University of Finance and Economics*, 2022, 44 (12): 34 - 46.
- [5] Qin Changcai The Promoting Effect of New Rural Insurance on Rural Household Income in China [J] *Journal of South China Agricultural University (Social Sciences Edition)*, 2017, 16 (05): 41 - 48.
- [6] Su Yanmei, Liu Ting, Zhang Yunfeng Research on the Impact of the New Rural Insurance on the Subjective Wellbeing of Rural Elderly People [J] *Journal of Mount Huangshan University*, 2023, 25 (01): 73 - 80.
- [7] Huang Juanjuan, Guo Chunna Research on the Acquisition Effect of the New Rural Insurance for Low Income Families from the Perspective of Common Prosperity: An Analysis Based on the Basic Pension of the New Rural Insurance [J] *Price Theory and Practice*, 2022, (10): 155 - 158.
- [8] Yang Yaoyu Public Policy and Government Trust: Empirical Evidence from the "New Rural Insurance" [J] *Financial Supervision*, 2019, (15): 113 - 119.
- [9] Wei Jianwen, Xie Zhenrong Government satisfaction in post disaster reconstruction: empirical findings based on the Wenchuan earthquake [J] *Sociological Research*, 2015, 30 (01): 97 - 113+243 - 244.
- [10] Yao Xinyue The impact and mechanism of the new rural insurance on family education expenditure: an empirical analysis based on CFPS data [J] *Rural Science and Technology*, 2023, 14 (15): 48- 52.
- [11] Li Yao, Liu Junxia, Li Lei Research on the Impact and Heterogeneity of New Rural Insurance on the Utilization of Medical Services for Rural Elderly People [J] *Agricultural Technology and Economics*, 2022, (08): 112 - 124.
- [12] Ye Cong, Yang Songtao, Lei Quanyong Research on the Effect of New Rural Insurance on Promoting the Utilization of Medical Services [J] *Price Theory and Practice*, 2022, (07): 89 - 93.
- [13] Xu Keqin Research on the Implementation Risks and Sustainable Development of the New Rural Insurance Policy [J] *Shanghai Insurance*, 2021, (07): 52 - 55.
- [14] Ding Fang Research on the Implementation Risks and Sustainable Development of the New Rural Insurance Policy [J] *Agricultural Economics*, 2021, (05): 84 - 86.
- [15] Hao Dengpan Analysis of the Current Situation, Problems, and Countermeasures of the New Rural Social Pension Insurance: A Case Study of Jiangsu Province [J] *Management and Technology of Small and Medium sized Enterprises (Zhongxun Journal)*, 2020, (11): 170 - 171.
- [16] Wang Shuguang, Li Mengshan Research on Government Responsibility of the New Rural Pension Insurance System [J] *Contemporary County Economy*, 2022, (04): 59 - 61.
- [17] Wu Hui Difficulties and Improvement Measures in the Implementation of Rural Mutual Aid Elderly Care Policies in China [J] *Western Finance and Accounting*, 2024, (01): 64 - 67.
- [18] Zhu Zhiyong, Wang Leiming The impact of the new rural social insurance on the employment choices of rural labor force [J] *Journal of South China Agricultural University (Social Sciences Edition)*, 2023, 22 (01): 97 - 106.
- [19] Liang Jiangyuan A Preliminary Analysis of the Necessity of Financial Support in China's New Rural Social Pension Insurance System [J] *Business Exhibition Economy*, 2020, (07): 109 - 111.