



## Theoretical Logic and Practical Path of Precision-Oriented Reform of the Social Security System from the Perspective of Common Prosperity: An Integrated Analysis Based on the Evolution of the Welfare System

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### ABSTRACT

*The realization of common prosperity urgently requires transforming the social security system from a "broad coverage" paradigm to a "precision-oriented" paradigm. This paper transcends the traditional efficiency-equity dichotomy of welfare economics. It integrates welfare governance theory, institutional change theory, and digital governance theory to construct a precision governance analytical framework of "demand identification—resource matching—institutional feedback". Based on this framework, it systematically deconstructs the three major structural dilemmas faced by China's social security precision: the failure of the welfare targeting mechanism, the hierarchical fracture of basic livelihood security, and the vicious transmission of fiscal sustainability pressure. The study finds that solving these three dilemmas depends on constructing a trinity precision-oriented reform path of "technology-empowered identification, institutional hierarchical matching, and dynamic fiscal balance". Digital technology empowerment can reduce welfare targeting errors caused by information asymmetry, but the trap of "technological determinism" needs to be guarded against. Institutional hierarchical matching achieves the unity of bottom-line fairness and differential incentives through regional difference coefficient adjustment. Dynamic fiscal balance requires establishing a multi-source financing mechanism linked to changes in population structure. The theoretical contributions of this paper are as follows: First, it develops a welfare governance analytical framework applicable to the Chinese context, transcending the institutional boundaries of Western welfare state theories. Second, it reveals the interactive mechanism of the triple logics of "technology—institution—finance" in precision-oriented reform. Third, it provides an analytical tool for understanding how developing countries promote the modernization of the welfare system in the context of digital transformation.*

**Keywords:** Social Security; Welfare Governance; Institutional Change; Digital Empowerment; Common Prosperity; Bottom-Line Fairness

### 1. Introduction

As an essential requirement of Chinese-style modernization, common prosperity poses a profound proposition for the social security system to leap from the "survival-oriented security" paradigm to the "development-oriented security" paradigm (Xi Jinping, 2021). As a fundamental institutional arrangement of the national governance system, the core function of the social security system is to achieve social fairness and justice through risk sharing and resource redistribution. However, while China's social security system has achieved the historic feat of "building the world's largest social security system", it still faces three major structural challenges: inaccurate demand identification, imbalanced resource allocation, and ineffective institutional feedback (Zheng Gongcheng, 2022). These challenges essentially reflect a core theoretical issue: In a large-scale, multi-level, and differentiated governance context, how can the social security system achieve a paradigm shift from "rough targeting" to "precise matching"?

Existing studies have provided important theoretical resources for answering this question, but each has its own explanatory boundaries. The welfare economics paradigm focuses on the trade-off between efficiency and equity in welfare distribution (Barr & Diamond, 2008). Its analytical framework is based on the assumptions of rational individual choice and market equilibrium, and pays insufficient attention to the impact of institutional embeddedness and power structure. The welfare state politics

paradigm emphasizes the structural constraints of institutional path dependence and political alliances on welfare reform (Pierson, 2001; Esping-Andersen, 1990), but it cannot fully explain the space for institutional innovation in the context of digital transformation. Digital governance theory emphasizes the promoting effect of technology empowerment on the precision of public services, but often ignores the "institutional exclusion" effect that may occur when technology is embedded in the existing institutional structure. Domestic scholars have conducted enlightening discussions from the perspectives of social security institutional change (Zheng Bingwen, 2009), urban-rural overall planning reform (Yang Cuiying, 2004), and welfare governance transformation (Lin Mingang, 2024), but have not yet formed a systematic analytical framework integrating the triple logics of "technology—institution—finance".

Based on the above research gaps, this paper attempts to answer three progressive theoretical questions: First, what structural dilemmas does the precision-oriented reform of social security face, and what are their deep roots? Second, how can the triple paths of "technology-empowered identification—institutional hierarchical matching—dynamic fiscal balance" solve these dilemmas through interactive collaboration? Third, what enlightenment does China's precision-oriented reform practice have for the development of welfare governance theory? The marginal contributions of this paper are: First, it integrates the three major theoretical traditions of welfare governance, institutional change, and digital governance to construct



a precision governance analytical framework of "demand identification—resource matching—institutional feedback". Second, it reveals the interactive mechanism and collaborative conditions of the triple logics of "technology—institution—finance" in precision-oriented reform. Third, it extracts institutionalized knowledge of welfare governance from China's reform practice and responds to the international academic discussion on "developmental welfare states".

## 2. Theoretical Basis and Analytical Framework

### 2.1 Welfare Governance Theory: From "State-Centered" to "Multi-Actor Collaboration"

Traditional welfare state theory positions the state as the sole provider of welfare, with its analysis centered on state-market dynamics in welfare distribution. Since the 1990s, however, the emergence of welfare pluralism has challenged this view, highlighting the complementary roles of the state, market, family, and third sector in welfare provision. Building on this, welfare governance theory shifts the focus from "who provides" to "how coordination occurs," emphasizing the mechanisms and power relations involved in managing welfare resources among diverse actors (Bode, 2006). This theoretical shift is particularly relevant for understanding China's precision-oriented social security reforms: precision here represents not merely a technical concern, but a complex institutional arrangement for information sharing, resource integration, and incentive alignment among multiple governance bodies.

### 2.2 Institutional Change Theory: Path Dependence and Critical Junctures

Historical institutionalism highlights the "path dependence" of welfare system reforms: existing institutional structures impose constraints on reform trajectories through mechanisms such as sunk costs, interest group entrenchment, and cognitive inertia (Thelen, 2004). In contrast, the theory of "critical junctures" asserts that external shocks and policy learning can disrupt path dependence, creating opportunities for transformative institutional change (Collier & Collier, 1991). China's social security reform stands at such a juncture, shaped by rapid population aging, the digital economy's transformation of employment, and the elevation of common prosperity to a national strategy. These factors converge to create a structural opening for institutional renewal. However, successful reform requires not only dismantling outdated structures but also constructing an institutional framework attuned to the demands of a new development stage.

### 2.3 Digital Governance Theory: Technology Empowerment and Institutional Embeddedness

Digital governance theory provides an instrumental perspective for understanding precision, focusing on the reshaping effect of Internet technology on public policy agenda setting and implementation mechanisms. Subsequent studies further distinguish three mechanisms of digital governance: information integration mechanism (reducing search costs), intelligent matching mechanism (optimizing resource allocation), and process supervision mechanism (enhancing accountability effectiveness) (Dunleavy et al., 2006). Chinese scholars have conducted localized explorations from the perspectives of digital government construction (Huang Huang, 2020) and technology-empowered governance (Meng Tianguang, 2021). However, existing studies have an obvious "technological optimism" tendency and pay insufficient attention to "institutional

exclusion" (such as algorithmic discrimination exacerbating unfair welfare distribution) that may occur when technology is embedded in the existing institutional structure. This paper argues that the analytical effectiveness of digital governance depends on embedding it in a more macro-institutional analysis framework to achieve the organic unity of "technological logic" and "institutional logic".

### 2.4 Analytical Framework: "Demand Identification—Resource Matching—Institutional Feedback"

Integrating the above three major theoretical traditions, this paper constructs a precision governance analytical framework of "demand identification—resource matching—institutional feedback". This framework includes three core mechanisms: First, the demand identification mechanism—realizing accurate profiling and dynamic tracking of welfare needs through digital technology empowerment, solving the information asymmetry problem of "who needs security and what kind of security is needed". Second, the resource matching mechanism—realizing the optimal allocation of limited welfare resources among different groups, different regions, and different security levels through institutional hierarchical design, solving the efficiency and equity balance problem of "how to allocate resources". Third, the institutional feedback mechanism—realizing the adaptive evolution of the system through dynamic fiscal balance and policy learning, solving the long-term sustainability problem of "how the system self-corrects".

The three mechanisms are not in a linear progressive relationship but in an interactive and collaborative relationship: The accuracy of demand identification affects the efficiency of resource matching, the fairness of resource matching affects the legitimacy of institutional feedback, and the sensitivity of institutional feedback in turn optimizes the methods of demand identification. The unique advantage of this framework is that it pays attention to both the "technical dimension" (how to identify and match) and the "institutional dimension" (how to coordinate and evolve), providing a theoretical tool with both explanatory power and operability for analyzing China's precision-oriented reform of social security.

## 3. Three Major Structural Dilemmas of Social Security Precision

### 3.1 The Dilemma of Demand Identification: Systematic Failure of the Welfare Targeting Mechanism

The primary premise of social security precision is to accurately identify the demand characteristics and scale changes of security objects. However, the targeting mechanism of China's current system faces serious structural failure. First, the statistical blind spot due to large-scale non-standard employment. According to statistics from the Ministry of Human Resources and Social Security, the scale of flexible workers in China was about 200 million in 2023, accounting for 27% of the national employed population. By the end of 2024, the number of flexible workers participating in the basic endowment insurance for employees reached 70.57 million, accounting for 35.3% of the 200 million flexible workers. Factors such as ambiguous labor relationship identification, difficult income verification, and high payment thresholds together constitute the structural root cause of insufficient coverage of employee social security for flexible workers.

Second, the information failure of the income verification mechanism.



Traditional income verification relies on manual declaration and community publicity, facing the dual dilemma of low income declaration by applicants and insufficient verification means. For example, there are about 555,600 subsistence allowance recipients in Zhejiang Province (Zhejiang Provincial Department of Civil Affairs, 2023), but the average number of service objects per grassroots civil affairs staff exceeds 300 households, making it difficult to achieve dynamic and precise verification. Third, the prominent problem of "data silos". The 12 core business systems of civil affairs, human resources and social security, taxation, medical insurance, public security, and other departments are not connected to each other, and cross-departmental data sharing faces institutional barriers of insufficient legal basis and inconsistent technical standards. The superposition of these three problems leads to the dual errors of "should be insured but not insured" (exclusion error) and "should not be insured but insured" (inclusion error) in welfare targeting.

### ***3.2 The Dilemma of Resource Matching: Hierarchical Fracture of Basic Livelihood Security***

The second dilemma of precision lies in the inappropriate matching of limited welfare resources among different groups and regions, which is prominently manifested as the "hierarchical fracture" of basic livelihood security. From the perspective of vertical security levels, there is a convergence gap in the three-tier system of "basic insurance—social assistance—welfare subsidies": The monthly per capita pension of urban and rural residents' basic endowment insurance is far lower than the national per capita consumption expenditure level, making it difficult to meet basic living needs. There is a mismatch between medical assistance and the basic medical insurance reimbursement catalog—the proportion of personal health expenditure in total health expenditure is still 27.5%, and out-of-pocket expenses for patients with major diseases still constitute an important source of catastrophic health expenditure.

From the perspective of horizontal regional gaps, the level of basic livelihood security shows significant spatial inequality. In 2023, the urban and rural subsistence allowance standard in Shanghai was 1,510 yuan per person per month, the per capita subsistence allowance standard in Zhejiang Province was 1,149 yuan, while the standard in the five districts of Lanzhou City, Gansu Province was only 920 yuan per person per month in the same period, and even lower in other counties and cities within the province. Even within the same province, the gap is equally striking: The urban and rural subsistence allowance standard in Class I areas (Guangzhou, Shenzhen) of Guangdong Province was 1,165 yuan per person per month, while that in Class IV areas (underdeveloped counties and cities in eastern, western and northern Guangdong) was only 857 yuan per person per month, with a gap ratio of 1.36 times. This hierarchical fracture is rooted in the mismatch between central and local administrative powers and expenditure responsibilities—the central government implements a unified national subsidy standard for urban and rural residents' medical insurance, but does not fully consider the huge differences in regional economic development levels and fiscal capacities.

### ***3.3 The Dilemma of Institutional Feedback: Vicious Transmission of Fiscal Sustainability Pressure***

The third dilemma of precision is the failure of the institutional feedback mechanism, which is mainly reflected in the inability of fiscal sustainability pressure to be effectively

transformed into institutional improvement momentum. In 2023, the income of Guangdong's basic endowment insurance fund was 736.8 billion yuan, and the expenditure was 425.9 billion yuan, showing a continuous deterioration trend with the acceleration of population aging. The average annual investment rate of return of the National Social Security Fund since its establishment is 7.36%, but affected by capital market fluctuations, the annual rate of return fluctuates greatly, highlighting the risk of a single investment channel.

A more profound problem lies in the "inverted pyramid" responsibility transmission mechanism: The central government assumes the final bottom-line responsibility, provincial governments are responsible for overall planning and adjustment, and city and county governments undertake specific implementation—this "hierarchical transmission" model leads to insufficient incentives and moral hazards for local governments. Some provinces implicitly expand the fund gap by reducing the payment base and adopting overly optimistic economic assumptions in actuarial reports. There is a time mismatch between the short-term costs and long-term benefits of reform, which further exacerbates the failure of the institutional feedback mechanism.

## **4. Trinity Institutional Innovation Path for Precision-Oriented Reform**

### ***4.1 Technology-Empowered Identification: Solving the Dilemma of Demand Identification***

The core of solving the failure of the welfare targeting mechanism lies in reconstructing the demand identification system through digital technology empowerment. This reform follows the three-stage logic of "data integration—intelligent identification—dynamic monitoring". At the data integration level, it is necessary to break the "data barriers" across 12 core business systems including civil affairs, human resources and social security, taxation, medical insurance, housing and urban-rural development, and public security, and establish a cross-departmental data sharing platform with the resident ID number as the unique identifier. Zhejiang took the lead in realizing the city-level unification of subsistence allowance standards in the country, with the subsistence allowance standards of all 11 prefecture-level cities exceeding 1,000 yuan per month, laying an institutional foundation for the establishment of a full-volume data collection and intelligent comparison system.

At the intelligent identification level, multi-source data cross-validation is used to replace traditional manual declaration: Cross-comparison of water, electricity and gas consumption data, bank flow data, real estate registration data with self-declared information, greatly improving the accuracy of income verification and reducing administrative costs. At the dynamic monitoring level, establish an "exit early warning" and "gradual withdrawal transition" mechanism. By setting a 3-6-month gradual withdrawal transition period, supplemented by employment assistance and skill training, solve the traditional "cliff effect" dilemma.

However, technology empowerment is by no means a panacea. While improving identification accuracy, digital governance may trigger new equity risks: If the training data of the algorithm model is biased, it may lead to systematic discrimination against specific groups; over-reliance on technical means may further marginalize vulnerable groups (such as the elderly and residents in remote areas)



who cannot effectively use digital services due to the "digital divide". Therefore, technology-empowered identification must be embedded in the triple guarantee framework of "technology—institution—ethics": Technically establish algorithm transparency and interpretability standards, institutionally retain manual review and appeal relief channels, and ethically establish the principle of "digital inclusion"—technology should be a tool to enhance inclusiveness rather than a barrier to create new exclusions.

#### **4.2 Institutional Hierarchical Matching: Solving the Dilemma of Hierarchical Fracture**

The key to solving the hierarchical fracture of basic livelihood security lies in constructing an institutional hierarchical matching mechanism of "bottom-line fairness + differential incentives". "Bottom-line fairness" emphasizes that the state undertakes the bottom-line responsibility to ensure the basic right to subsistence of every citizen, and its theoretical basis lies in the universal principle of social rights (Marshall, 1950). In 2023, Guangdong Province took the lead in exploring the formulation of "urban and rural subsistence allowance minimum standards by four categories of regions" in the country: 1,165 yuan per person per month for Class I areas (Guangzhou, Shenzhen), 1,037 yuan per person per month for Class II areas (Zhuhai, Foshan, Dongguan, Zhongshan), and 857 yuan per person per month for Class III areas, with dynamic adjustment at an annual growth rate of not less than 3.5%. Zhejiang Province realized the city-level unification of the province's subsistence allowance standards, with a per capita of 1,149 yuan per month. The practices of the two places respectively represent two institutional paths of "standard unification type" and "classified adjustment type", each with its own advantages and disadvantages: Standard unification is conducive to eliminating regional institutional fragmentation, but imposes greater fiscal pressure on underdeveloped areas; classified adjustment respects regional differences, but may solidify or even expand the existing security level gap.

"Differential incentives" refers to allowing higher-level differentiated exploration on the basis of bottom-line fairness. Shanghai's practice provides a cutting-edge reference—starting from July 2023, Shanghai uniformly raised the urban and rural subsistence allowance standard to 1,510 yuan per month, and at the same time established a linkage mechanism between the adjustment of subsistence allowance standards and the growth rate of per capita consumer expenditure. A more fundamental institutional construction is to elevate the dynamic adjustment of security standards from administrative discretion to a statutory mechanism: Through legislation, clarify the adjustment parameters of subsistence allowance standards (such as the growth rate of per capita consumer expenditure, CPI increase, fiscal revenue growth rate), and set the "fiscal affordability coefficient" as a warning line, so that the adjustment of security standards is predictable and institutionally rigid, avoiding large fluctuations in security levels due to local leadership changes or fiscal fluctuations.

#### **4.3 Dynamic Fiscal Balance: Solving the Dilemma of Sustainability**

The solution to fiscal sustainability pressure needs to transcend the simple thinking of "increasing revenue and reducing expenditure" and turn to constructing a dynamic balance mechanism of "diversified financing—market-oriented investment—precise

adjustment". At the financing level, facing the reality of low insurance participation rate of flexible workers, it is urgent to lower the insurance threshold—the payment rate of endowment insurance for flexible workers is 20%, which is 24 percentage points lower than the combined rate of enterprises and employees, but still constitutes a substantial burden for groups with unstable incomes. Exploring the establishment of a flexible insurance mechanism of "multiple payment levels and more contributions, more benefits", and incorporating the new labor relations of the platform economy into the coverage of work-related injury insurance are feasible paths to enhance institutional inclusiveness.

At the investment level, the outstanding performance of the National Social Security Fund with an average annual investment rate of return of 7.66% proves the huge potential of market-oriented and professional investment operation. Guangdong's practice is at the forefront of the country: By the end of 2023, the accumulated balance of the province's basic endowment insurance fund was 1.8151 trillion yuan. Through entrusting the National Council for Social Security Fund to carry out diversified investment, the investment scope covers equity assets, fixed income assets, and alternative investments. By the end of 2024, the accumulated balance of Guangdong's endowment, work-related injury, and unemployment insurance funds further increased to 2.12 trillion yuan. The future reform directions include: moderately raising the upper limit of the proportion of equity asset allocation, expanding the scope of alternative investments (such as infrastructure REITs, scientific and technological innovation equity), and establishing a "dynamic risk warning—automatic rebalancing" mechanism. At the adjustment level, the institutional design of national overall planning needs to take into account the principle of "incentive compatibility" it is necessary to narrow the regional gap through the central adjustment fund, but also avoid dampening the enthusiasm of local governments to increase revenue and reduce expenditure due to the "big pot" effect. The key lies in establishing an adjustment coefficient linked to the performance of local economic and social development.

### **5. Theoretical Contributions and Policy Implications**

#### **5.1 Theoretical Contributions**

The theoretical contributions of this paper are mainly reflected in the following three levels. First, it has developed a welfare governance analytical framework applicable to the Chinese context. Western welfare governance theory presupposes institutional premises such as a mature civil society, an independent third sector, and a stable party competition pattern, which are difficult to directly apply to the developmental state context of "strong state—weak society". The framework of "demand identification—resource matching—institutional feedback" proposed in this paper shifts the analytical focus from "who provides welfare" to "how welfare resources are identified, allocated, and adjusted in a multi-level governance system", thus having broader institutional context applicability.

Second, it reveals the interactive mechanism of the triple logics of "technology—institution—finance" in precision-oriented reform. Existing studies often regard technology empowerment, institutional design, and fiscal sustainability as three independent issues. This paper demonstrates the complex interactive relationship among them:



The effectiveness of technology empowerment depends on institutional compatibility (a highly fragmented institutional structure will seriously dilute the effect of technology empowerment); the feasibility of institutional change is rigidly constrained by fiscal affordability (any institutional design beyond fiscal boundaries is unsustainable); the long-term sustainability of finance depends on the efficiency improvement brought by technology empowerment and the expansion of coverage brought by institutional reform. The benign interaction rather than one-way determination among the three constitutes the prerequisite for the success of precision-oriented reform.

Third, it provides an analytical tool for understanding how developing countries promote the modernization of the welfare system in the context of digital transformation. China's practice shows that the modernization of the welfare system does not necessarily follow the development trajectory of Western welfare states, and digital technology provides late-developing countries with the possibility of "leapfrog" welfare governance innovation. But this innovation must serve the fairness goal of the system rather than replace it—the instrumental rationality of technology cannot override the value rationality of the system (ensuring social fairness and justice), which is the fundamental political ethics of the modernization of welfare governance.

### 5.2 Policy Implications

Based on the above analysis, this paper puts forward three policy recommendations. First, build a national unified social security big data platform. On the basis of the existing decentralized systems of various provinces, step by step promote cross-departmental, cross-level, and cross-regional data interoperability and business collaboration, establish a national social security information file with the resident ID number as the unique identifier, and fundamentally solve the problem of "data silos". At the same time, formulate the "Regulations on Social Security Data Management" to clarify the scope of data collection, usage rights, privacy protection, and algorithm transparency standards.

Second, establish a dynamic adjustment mechanism for basic livelihood security standards of "bottom-line fairness + differential adjustment". The State Council formulates the national unified minimum line of subsistence allowance standards and the benchmark value of dynamic adjustment parameters, allowing provinces to make differentiated upward adjustments based on local economic development levels and fiscal capacities on the basis of the benchmark value, forming a two-level adjustment system of "the central government sets the bottom line and provincial governments make additions". At the same time, incorporate the adjustment mechanism into the social security legal system, replace administrative discretion with statutory parameters, and enhance the predictability and credibility of the system.

Third, deepen the market-oriented investment reform of social security funds. On the premise of keeping the bottom line of safety, moderately expand the upper limit of equity asset allocation, enrich alternative investment varieties, introduce third-party professional performance evaluation, and establish a transparent investment income information disclosure system. At the same time, explore a plan to lower the threshold for flexible workers to participate in basic endowment insurance—lower the lower limit of the payment base from 60% to 40% of the average social wage, and set 3-5 payment

levels for flexible workers to choose independently, so as to enhance institutional inclusiveness.

### 6. Research Limitations and Future Prospects

This paper has the following limitations, which need to be improved in subsequent research. First, the analysis level is concentrated on the institutional design level, and insufficient attention is paid to grassroots governance phenomena such as "policy adaptation" and "selective implementation" at the institutional implementation level. The "last mile" of social security precision often faces the administrative resource bottleneck of "thousands of threads above and one needle below" civil affairs assistants at the township (sub-district) level generally face the dilemma of "fewer people and more affairs", with the average number of service objects per person exceeding the service carrying capacity. A large amount of form filling, household verification, and system entry work have occupied substantial service time. Future research should introduce street-level bureaucracy theory (Lipsky, 1980) to deeply analyze the moderating effect of grassroots policy implementers' discretionary behavior on the effect of precision-oriented reform.

Second, the reform effect evaluation lacks subjective perception data of beneficiary groups. Existing studies (including this paper) mainly rely on official statistical data for effect evaluation, but the ultimate goal of social security precision is to enhance the people's sense of gain, happiness, and security, rather than just improving identification accuracy or reducing the missed insurance rate. Future research should introduce mixed research methods to supplement the subjective perception of beneficiary groups on "precision" through large-scale questionnaire surveys and in-depth interviews—the feeling of being "accurately identified" by the big data system may be the warmth of receiving timely assistance, or the unease of privacy being violated. The tension between the two is itself a sociological proposition worthy of in-depth exploration.

Third, the scope of regional comparison needs to be expanded. This paper mainly focuses on the reform practices in developed eastern regions (Zhejiang, Guangdong, Shanghai), and lacks discussion on the precision-oriented reform paths under the special constraints of central and western regions (such as weak digital infrastructure, low fiscal self-sufficiency rate, and serious population outflow). Future research should include typical provinces in the central and western regions (such as Gansu, Guizhou, Yunnan) for comparative case analysis, adopt the comparative research methodology of "maximum difference system design", and examine the differentiated paths and condition combinations of precision-oriented reform under different institutional capabilities and resource endowment constraints. This will help to extract middle-range theories with more external validity, rather than special experiences only applicable to developed regions.

Fourth, the analysis of ethical risks of digital governance needs to be deepened. Although this paper has initially discussed issues such as algorithmic discrimination, data privacy, and the digital divide, it lacks a systematic ethical analysis framework. Future research can start from the dual perspectives of information ethics and political philosophy: At the information ethics level, discuss the impact of "being governed by algorithms" on citizen autonomy; at the political philosophy level, examine whether the expansion of governance power of digital



technology has eroded the democratic consultation foundation of the social security system. A fundamental question is: When the determination of welfare eligibility increasingly relies on algorithms rather than human judgment, are we inadvertently transforming social security from "rights politics" to "algorithmic administration"? This issue deserves continuous attention and in-depth discussion from the academic community.

## 7. Conclusion

The precision-oriented reform of the social security system is essentially a process of governance modernization that realizes the optimal allocation of livelihood resources through institutional innovation under the guidance of the goal of common prosperity. It is not only a technical proposition, but also an institutional proposition and a political proposition. The core argument demonstrated in this paper is that the success of precision depends on the collaborative operation of the three major mechanisms of

"technology-empowered identification, institutional hierarchical matching, and dynamic fiscal balance", rather than the linear advancement of any single mechanism. Digital tools can improve the accuracy of welfare targeting, but cannot replace the fairness design of the system; the fairness design of the system can optimize resource allocation, but must be bounded by the long-term sustainability of finance; fiscal sustainability provides the material basis for the operation of technology and institutions. The benign interaction rather than mutual substitution among the three constitutes the key dynamics for China's social security to move from "broad coverage" to "precision-oriented". In the new historical stage of solidly promoting common prosperity, the precision-oriented reform of the social security system is not only an institutional guarantee for realizing the sharing of development achievements by all people, but also an important symbol of the modernization of the national governance system and governance capacity.

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