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China's Social Credit Score — rating a people

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The words "Social Credit System" have been ghosting through Western media ever since the Chinese government published its planning outline for establishing the system's framework in the short time between 2014 and 2020. Journalists and academics all over the world have begun the hunt for not only the few known facts about this ephemeral big-data project but more importantly all it's possible, most disquieting applications. Meanwhile in China very little is being said about the SCS and the "Westerner's hysterics" are being remarked upon with the pragmatism only a people already very much under a lifelong constant surveillance by their state can manage.

What is the Social Credit System?

The social credit system (Chin.: 社会信用体系) is first and foremost a system that is meant to monitor, rate and manage how people, companies, organizations or institutions behave. It is not one number which measures one's worth, but a complex conglomeration of data collection and rating systems managed mostly by government agents aided and abetted by private companies. Behind the bureaucratic screen a black box of algorithms enforces the Chinese government plans to "allow the trustworthy to roam everywhere under heaven while making it hard for the discredited to take a single step".

Beyond that definition, the shape the Social Credit System will take is speculation, as it is a multi-stage as well as multiple decade project. More than three dozen pilot cities are in the process of implementing forms of social credit score

monitoring. The extent to which behavior is rated varies as well as the incentive and punitive measures throughout the pilot systems. News about a student not gaining entrance to a university due to their father being on a credit blacklist and somebody in the admission office showing their enthusiastic support beyond the actual scope of the Social Credit Score is one of the extreme cases that caused insecurity about the future of the SCS. Its equation with customer loyalty schemes and credit rating systems like the "Sesame Score" (芝麻Credit: a reward system implemented by Ant Financial Services Group, an Alibaba Group affiliate company), that incorporated moral aspects to online consumeristic behavior and shared the data it collected about its customers through publicized scores, added fuel to the speculation of "Orwellian" apocalyptic scenarios being spread around by Western media.

It is at this moment in time indubitably easier to say what the SCS is not, or at least not yet planned to be should it be implemented starting

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2020. Basing the definition of the Credit system on the Chinese government's planning outline, the new system is to ensure trustworthy behavior on all levels: the governmental, the judiciary, the social as well as the economic sphere. Concerning the focus area of the Social credit score system, the amount of information provided in the planning outline is highest on the topic of economy, while the least amount of information is given in the field of the improvement the system should bring to government work.

Origins

The idea of a "Social Credit System" is neither new, nor is it particularly surprising in its appearance in China or Western regions.

In Germany we know of the impact our Schufa report has on our chances when looking for an apartment. However, the degree to which China aspires to integrate such scoring systems into every aspect of life in China is unique. The Schufa only monitors easily quantifiable data: your credit card history, payment infractions as well as the length of credit history to assist moneylenders and landlords in sizing up the risk of getting involved with a person. Schufa is also only one factor of our credit rating (Bonitätsprüfung); in Germany other factors could be one's marital status, number of children, job, the sector you work in… etc. China has not had such a unified credit rating system so far which made it difficult to borrow money, invest safely or acquire real estate for many people. Now, imagine a Schufa report having an impact on whether or not you can buy a flight ticket for the next holiday thereby curtailing your right of free movement and one will grasp the extended impact the Chinese credit rating system will have on one's life. However, one component which is repeatedly highlighted in the Chinese Social Credit System is clearly missing in Western versions: the moral education factor.

"Trustworthiness, is the base on which the government builds the project ideologically." So, states the planning outline. Answering the demand of its people to deal with the uncertainty and distrust that companies created in 2008 with the toxic baby milk scandal or the Red Cross mismanagement scandal of Guo Meimei.

The Chinese government has always had a key role in the moral education of its people. As such the paternalistic, educational and behavior modulating aspect of the SCS is not as outlandish to Chinese as it appears to Westerners so the opinion of many China researchers.

Self-policing has a long-standing tradition in China. The Communist party continued the efforts of social control that even the emperors of China's past tried to extend since it came into power in 1949. Self-policing can be found in China as far back as the Song dynasty when the ruler monitored and influenced people's behavior by making groups of households keep an eye on each other in a systematic manner. Ideology plays a central role in the ruling party's legitimation and resonates heavily in the planning outline for the Social Credit System, it must be deeply ingrained into people as there is not enough man power otherwise to ensure compliance. The rise of mandatory ideological education at universities, the billboards teaching the value of correct Chinese behavior, the public idealization of moral as well as the shaming of immoral citizens, are all tools used to cement the top-down ideology which is needed for the legitimization of the Social Credit System. The advanced digital means of our time simply offer a new scope of control, using them has been part of Jiang Zemin's plans, who already asked for: "the (…) automation, of economic and social management" (Samantha Hoffman, 12/2017) in 1995; as well as Hu Jintao and Zhou Youkang who tried to establish a "Modern Grid Policing" project in Shanghai in 2000. Therefore, Xi Jinping's government does not steer to far from the path Chinese rulers have taken in the past.

The Communist party is linking technology and governance based on harvesting data about people, organizations and companies to inform decision making and now to create a standardized system of incentives and punishments to influence behavior as well.

Economic goals to be achieved by the SCS

Rectifying and regulating the order of the market economy, improving the market's credit environ-

ment, reducing transaction costs, preventing economic risk, reducing administrative governmental interference, improving the Socialist market economy as a whole by fighting monopolies and enforcing sensible pricing, all those are goals which the Social Credit System should achieve in the name of the Chinese government. Thereby building a self-enforcing mechanism for already existing and future market regulations as well as steering market participants towards industrial and technological targets and strengthen transparency as well as trustworthiness.

Various ministries and private companies which so far have been gathering data for example for the small and micro enterprise credit system or the rural credit information are now being pushed for more comprehensive supervision of their subjects and more importantly data sharing via interdepartmental platforms. This will be managed under the guidance of the "Regulations on Administration of the Credit Investigation Sector" and promulgated by the State Council.

The use of credit ratings is thereby expanded beyond the financial and product quality aspects. For example, should a company not comply with labor rights or commit environmental pollution their social credit ranking could be lowered automatically enforced by real-time monitoring systems. This would lead to them being blacklisted for government contracts, it could also induce higher taxation, unfavorable loan conditions or other punitive measures. Many voices see this as a one of the most favorable aspects of the Social Credit System. Keeping in mind that the rules and regulations enforced

are those of the Chinese government, aligned with its rhetoric and goals one might be cautious in this assessment.

China's Civil Aviation Authority made front-pages at the beginning of 2017 by sending out 44 letters to airline companies (among which foreign companies were included) insisting on the PRC's exact wording and categorization of Taiwan as a Chinese self-ruled island. Failure to adhere to the Chinese rhetoric would lead to a lowering of the company's credit rating and the possible punitive measures including public blacklisting, rising amount of inspections and difficulties with Chinese banks.

Such forceful integration amounts to IT-backed authoritarianism as well as speculation on whether this system might lead to a "Planned economy 2.0". The SCS might force companies to comply with producing a quota of electronic cars for example to avoid punitive measures and adhere to the government's plans to reach China's environmental goals, however if there is no demand on the market we might see a massive misallocation of resources. On the other hand, the SCS could channel investments into cutting-edge technology sectors and steer companies into behaving in ways which solve social and environmental problems.

Whether the impact of the Social Credit System on the economic sector is positive or negative depends on the comprehensiveness of the data available and the complexities of the algorithms interpreting that data correctly. Calling the endeavor ambitious is putting it mildly.

Social goals
to be achieved by the SCS

According to the government's planning outline social contradictions are prominent in Chinese society and the Social Credit Score should assist in perpetuating harmony. The planning outline does not elaborate what exactly those contradictions are. We can assume, that the source of some of the problems the Chinese government sees are due to the growing inclusion of China in the global community, which opens its civil

society and citizens to Western ideas of governance and other un-Chinese concepts. According to the Chinese government, the lack of a comprehensive, coordinated and all-encompassing credit system poses a threat to the economic and social development of the Chinese state, as people do not trust each other, national companies or state actors.

How do you engender trust and bend public behavior in a society which is not allowed open public debate or electoral feedback without putting a police guard on every single person? You can't; therefore, you put a cyber guard on them that tracks and judges every activity, and punishes or rewards you consequently.

According to the government, the goal is to make honesty and trustworthiness the entire populations' conscientious behavioral norm.

Rongcheng, in Shandong province is one of the pilot hubs for the Social Credit System. Every citizen received an amount of 1000 credit points to raise or lose. People's credit scores provide them a rating from A+++ to D. A scoring already used in companies and social organizations all over China. Applied to citizens it might mean that being caught drunk driving lowers you to a C, taking in your bedridden mother in law and caring for her raises a person to an A. The resulting punitive of reward measures might range from being excluded from public posts to lower interest on loans. The town's Social Credit Management Office an example of the infrastructural change needed to implement the SCS, displays high scoring citizens like the heroes of the past in posters around town.

An article on the Social Credit Score claimed it to be an improvement for Chinese citizens' rights as it offered precise controlled subjugation instead of broadband repression e. g. instead of prohibiting all travel to Beijing during "sensitive" times like the National Congress of the CP only those with low credit scores might not be able to purchase tickets. Articles of that kind downplay the impact the system will have claiming that the SCS does not force people into self-censorship and compliance. The interlinkage of the system into every aspect of one's life however does make participation in this point game the only logical choice.

The role the SCS will play for civil society organizations is another unknown. Civil society becomes active where the state is not fulfilling the needs of citizens. This might include pointing out system failures or unpunished trespasses against people, how are they to act according to their nature when demonstrating might become an action scored negatively. Even membership in an organization might make people vulnerable to lowered scores and their consequences should the organization become the target of punitive measures due to its behavior.

While companies might argue against the SCS complaining about the necessity of private data to be able to compete, this line of argumentation is impossible to use for individuals, if you have nothing to hide why protest transparency and innovation for the betterment of the Chinese people? This marks the social aspect of the Social Credit Score as the truly inescapable one even though China has made many advances in privacy rights. Adding the gamification principle of scoring high and being rewarded for doing good it is not surprising that very little is said in opposition.

Consequences, idiosyncrasies and conclusions

There are many unknown factors to the scope the Social Credit System might take on. Therefore, the possible consequences and many of the idiosyncrasies in the current analysis of the SCS are subject to change and speculation:

Longevity of punitive measures — Different target groups are monitored by different scoring systems. Once a citizen is on a list of the drug user Social Credit Score system, or the journalist Social Credit Score system, these scores will always appear when the person is being checked for "trustworthiness" no matter how long ago or unconnected the information is.

Data reliability – Researchers have always encountered the problem of finding independent, reliable data in China. Whether it be air pollution monitoring, unemployment rates or crime scores. Independent monitoring or reporting on topics the government issues "sensitive" is a punishable

offense. The infrastructure to ensure the reliability of the data the Social Credit Score is based upon does not exist yet and is as much of a technological hurdle as it is a systemic one. Directly interwoven with this aspect is the judiciary problem. While the system is supposed to help develop a better judiciary system, one might ask how people are to deal with false and inaccurate scoring? And how is any accused to be treated equally in the eyes of the judge if the scores already judge them ahead of any evidence?

Transparency – Which government agency, which company collects what information and which platforms are used to share the data. Who is granted how much access to personal information? Western citizens complain about being made out of glass in these digital times, while systems like the SCS are mostly impenetrable due to national information security. The German author Marc-Uwe Klinge wrote a book based on the premise that an algorithm fed with enough data can pick out your order and have it delivered to you before you are even aware of the wish for the product yourself. The protagonist in his book: Qualityland starts a journey that ends up being the hopeless search for the factors used by the algorithm and its' structure that led to a product being delivered to him which he has no use for. There are many parallels to the development of the Social Credit Score in China. The system's goal is to promote transparency and trust in a convenient, automated manner, however the people are not trusted with the knowledge of its inner workings.

Reach and Access – The aspect most often taken to extremes in media reporting on the SCS is the interconnectedness with which the Chinese government is supposedly planning to handle the data provided. Already it is known that the Supreme Court shares the names of people having been judged on financial fraud with private companies. The connection between credit fraud and the ability to consume luxury products a logical step to take. But the university application office's decision not to take on students whose parents are blacklisted from credit loans could also be viewed as such. Making a high SCS score another hurdle in the hiring procedure could be as much a consequence of the system as companies not receiving candidates due to

bad labor right scores. Equal rights and access to economic and social benefits will be undermined deeply.

Standards and Internationality — The standards used for the judgement of companies, organization's and people's behavior alike are those dictated by the Chinese government. How many credit score points might Mercedes Benz have potentially lost for its' use of the Dalai Lama phrase "Look at situations from all angles, and you will become more open"in its advertisement? International companies are forced to adopt the Chinese rhetoric in all things to be able to compete. We know of the necessity of global standards for peaceful cooperation and development. China has already shown that it is not willing to adhere to standards set by the UN or other global institutions in the case of the South China Sea dispute, however with the SCS it shows that imposing its own standards on the global community poses no problem to the country.

The list of possible consequences and the likely scope the Social Credit System with its rewards and punishments will take can be continued endlessly. So far only the pilot cities and a number of public backlistings along with the planning document are our only source of reference for hard data. Not unusual in the government's conduct before implementation of new regulations is the use of insecurity to further its own agenda. As for example seen when the ONGO law was implemented in 2017. A lack of concrete knowledge and necessary infrastructure did not stop that regulation from being implemented and it will most likely not pose a hurdle to the SCS.

There is a global trend of solving social problems with technological approaches. Stelly and Yang (2006) have shown that most of the Chinese population already believes that economic and technological development will undo any damage wrought on the environment and therefore should take precedence in decision making processes. Extending such technocratic views into the social sector is not much of a stretch: technology to combat moral decay, to reassure you of a products quality, to enforce compliance with air pollution standards. The gamification aspect, making earning points as enjoyable as crushing candy, being employed in the promo-

tion of the Social Credit System as it adheres to individuals might lead to the underestimation of it. But to every reward system there is a punitive aspect that in the hands of an authoritarian government that is known for taking advantage of vague laws and in-transparent decision-making processes turns the SCS into a dangerous tool.

It is important to notice that when we speak about the Social Credit System in China, we do not primarily speak of plans for a financial trustworthiness score but a more multi-facetted analysis of a person's (or organization's) conduct to numbers based on a number of unknown factors and algorithms that can be used to manage their behavior. And it is not a system that stops at China's borders. International data collection hubs and the inclusion of foreign companies and organizations into the Chinese Social Credit Score System are part of the future vision of the system's development.

Owning big data today is like owning oil fields. Facebook, Payback Points, WeChat, Sesame Credits, we are putting our data out there, as long as we are willing to let go of our privacy rights for convenience sake or other advantages a form of the social credit score is likely to be looming above our heads like a Damocles sword. To paraphrase Hanna Arendt: it's when we stop thinking, that we open the door for bad things (The Banality of Evil, 1968). Every time we hit "accept the terms and conditions" without reading or altering the privacy settings in our journey through cyberspace, we hand out what is by right ours to be used and abused. The Social Credit Score System is eliminating the "o. k." button online and in real life, harvesting information on our behavior everywhere and feeding the results to the Chinese government to use at its discretion, thereby successfully implementing a digital totalitarian state.

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