

Transforming Society for the Better? Why China's Social Credit Systems are Surprisingly Popular

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ABSTRACT

In 2014, the State Council of the People's Republic of China released a document that called for the construction of a nationwide Social Credit System (SCS) with the goal to encourage sincerity and punish insincerity. The system uses blacklists that citizens land on for various cases of misbehavior, ranging from failing to pay a fine to being caught Jaywalking. This research explains the design process behind the SCS and in particular why many Chinese citizens are embracing this form of surveillance. It focuses on three topics to answer this question: the historical roots underlying the system, the perceived lack of trust in Chinese society and the comparison with concepts from surveillance theories developed in the West. From the analysis, following conclusions could be drawn: Historically, the state has often acted as a promoter and enforcer of moral virtue. The SCS fits perfectly into this tradition. The most prominent reason for the positive Chinese reaction is the lack of institutions in China that promote trust between citizens and businesses. There is a severe trust deficit which the government had to find a solution for. Regarding surveillance theory, Foucault's concept of 'panopticism' shows similarities with the SCS and underlines its effectiveness in changing and steering people's behavior while Lyon's notion of 'social sorting' is used to demonstrate the potential dangers of the Chinese system.

1. Introduction

Over the past years, the People's Republic of China has been building a high-tech authoritarian future by embracing technologies like facial recognition and artificial intelligence to identify and track 1.4 billion people. China currently also has an estimated 200 million surveillance cameras – four times as many as the United States (Mozur, 2018, para. 4). China's sole governing party, the Chinese Communist Party, intends to create a surveillance state using sophisticated surveillance technology and maintaining censorship over all media.

In 2014, the State Council released a document that called for the construction of a nationwide Social Credit System (hereafter SCS) by 2020, with a focus on creating mechanisms to encourage sincerity and punish insincerity (State Council, 2014, para. 10). In the five years that have passed since then, millions of Chinese citizens have been unable to book flights, hotels or take out loans because they had landed on a blacklist for failing to pay a fine or being caught Jaywalking. Citizens are not assigned a social credit score on a national level yet, though many pilot programs are experimenting with this. By 2020, the government says that social credit will "allow the trustworthy to roam everywhere under heaven while making it hard for the discredited to take a single step" (Mistreanu, 2018, para. 5).

Media outlets all over the world were terrified of the system, comparing it to Big Brother and an episode of Black Mirror come alive. However, articles of another sort started appearing soon after with titles such as "Chinese Citizens Want the Government to Rank Them" (Hawkins, 2017) and "Why Big Brother Doesn't Bother Most Chinese" (Minter, 2019). It seemed that there was a significant difference between the international and the Chinese reaction. Indeed, after researchers conducted a national survey

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to measure Chinese public opinion on the SCS, a high level of approval was found (Kostka, 2019). However, discussions often ended here without looking into the reasons behind this surprisingly positive response.

This paper therefore wants to explore the following research question: Why are many Chinese citizens embracing the Social Credit System launched in 2014? First, an overview of existing academic literature on the SCS will be given. Then, this research explains the design and ambition behind the government project as well as the local and commercial pilots that are currently being operated. Next, using American and British newspapers (both broadsheets and tabloids), the international response will be contrasted with the Chinese response. Lastly, the research question will be analyzed from a historical, cultural and theoretical perspective.

This paper has several goals. It wants to shed light on the SCS and the Chinese mindset to clear up some of the misconceptions people might have. It also intends to apply concepts of surveillance theory, usually developed in relation to Western politics, to the case of China. This broadens our understanding of surveillance theory as well. Finally, the goal of this research is to create an entertaining, informative and comprehensible piece of writing that can be read by anyone who is interested in the topic.

2. Literature Review

Several scholars have explored the rise of the Chinese surveillance state, often referring to China's explosive economic growth and its rapid advances in technology over the last three decades (Walton, 2001; Tai, 2010; Guo, 2012; Wang & Minzer, 2015; Qiang, 2019).

As the government initiative was only launched in 2014, academic research on Chinese SCSs is just emerging but nonetheless advancing rapidly. Samantha Hoffman (2017) focuses on the SCSs being part of the Chinese Communist Party's (hereafter CCP) broader strategy of social management and control while Chen & Cheung (2017) discuss the system's legal framework. Chen & Cheung argue that current existing Chinese legislation does not prevent the exploitation of personal data used in SCSs and that laws concerning data protection need to be revised (2017, p. 377).

Rogier Creemers (2018) provides a thorough study on the thinking and design processes behind the SCS. His research also describes the supporting technical infrastructure that is needed if the government wants to use SCSs to manage society (p. 19-21). One interesting observation the author makes is that social control techniques normally used in Western democracies are supposed to be unnoticeable. An example for this is nudging, which steers individuals through the manipulation of unconscious decision-making, are. The Chinese government however openly declares its efforts to control the conduct of its citizens and wants individuals to be conscious about their actions (p. 26).

A growing number of studies have now also turned to investigating public opinion toward SCSs in China. Ohlberg, Ahmed & Lang (2017) analyzed official media discussions of the system in 2017 and concluded that the Chinese government presents the Social Credit System as a "cure-all solution to a multitude of disparate societal and economic problems" (p. 5). They also argue that neither party-state nor private media fundamentally question the need for or legitimacy of the Social Credit System (p. 2). Instead, criticism is usually focused on commercial social credit companies (which will be explained in more detail later) rather than on the state-run pilots or the system as a whole (p. 7).

Ahmed (2017) conducted interviews with seven Chinese users of the social credit app Sesame Credit (a commercial SCS) to find out in how far users understand how they are being evaluated and what

consumer risks are posed. The goal of their study was to “challenge the media myth that Chinese social credit users accept the risks of the social credit system without raising concerns about consumer protection” (para. 5). They find that users often do not fully understand the criteria by which their score is calculated (para. 6).

Kostka (2019) notes that these findings are however based on very limited data and cannot be seen as representative of public thought. She is the only scholar so far that has analyzed Chinese public opinion on a larger scale. In her study, she used a cross-national online survey to gauge citizen’s approval of SCSs. She also conducted several interviews that helped better understand the observed high degree of approval. One of the most interesting results was that strong supporters of SCSs were more likely to be older, have a higher income, be male and more highly educated, and live in urban areas (p. 13-15). While they expected such knowledgeable citizens to be most concerned about the privacy implications of SCS, they found that they embraced SCSs because they focus on the perceived benefits and the promotion of honesty in society and economy because of the system (p. 20-22). While it briefly touched upon the issue of trust in Chinese society as an explanation for the results, the study did not go deeper into this topic as its main goal was to showcase the level of support among the public.

This research therefore wants to fill this gap in literature by explaining why many Chinese citizens are embracing the SCS from a historical, cultural and theoretical perspective, with an emphasis on the ‘trust crisis’ in China. So far, scholars have written about the legal, political and technical aspects of SCSs, as well as the current stage of implementation. Recently however, interest in Chinese public opinion and the degree of approval has grown, especially after Kostka’s research was published. Various media sites published articles discussing her study’s findings. This paper hopes to contribute to this discussion by approaching the research question from different angles.

This research is also socially relevant because of the uniqueness of the Chinese SCS and its future implications. While the system is inspired by financial credit scores in other countries such as the United States, it goes beyond these in scope and spectrum by assessing social behavior next to financial criteria (Liang, Das, Kostyuk & Hussain, 2018, p. 425). It is the first of its kind. A correct understanding of the system is necessary in order to have constructive debates and discussions on the project. The year 2020, by which the nationwide system is supposed to be implemented, is also approaching. Hence, it is interesting to take a look at the current stage of implementation. In addition, recent newspaper articles have talked about the possibility of the SCS coming to the United States (Davenport, 2018) and Australia (Rogers, 2019). Analyzing the Chinese attitude towards the project gives insight into why other governments would want to copy the system.

3. The 2014 Project

While the concept of social credit was not unheard of in China, it wasn’t until 2014 when the State Council published the Planning Outline for the Construction of a Social Credit System (2014-2020) that it received attention on a national scale.

The Planning Outline maps a specific implementation strategy, stating that a framework for implementing a SCS should be in place by 2020. It wants to achieve the realization of five major objectives: creating a legal and regulatory framework for the SCS, building credit investigation and oversight, fostering a flourishing market built on credit services, and completing incentive and punishment mechanisms (Creemers, 2018, p. 12).

The government identified four key policy areas where implementing the system takes priority. In government affairs, the SCS would increase transparency, enhance lawful administration, build trustworthiness for government actors, and display the government as a model of sincere conduct. In the market economy, social credit would enhance efficiency, trust and transparency across a range of sectors, ranging from finance to construction, food and ecommerce. In social services, the SCS would enhance trust in healthcare providers, strengthen management over particular professions and enhance scrutiny over online conduct. Lastly, the introduction of credit mechanisms would enable courts to implement judgments more effectively, enhance information sharing about parties in lawsuits and support norms for the legal profession (State Council, 2014, para. 17-53).

According to the Chinese government, the intention behind this project is to establish “the idea of a sincerity culture, and carrying forward sincerity and traditional virtues” and it believes that by using encouragement for trustworthiness and constraints against untrustworthiness as incentive mechanisms, it can raise “the honest mentality and credit² levels of the entire society” (State Council, 2014, para. 1). The implementation process can be divided into two tracks: one, creating an overall nationwide framework for assessing both financial credit and moral integrity (new laws and regulations, institutionalizing basic structures for cooperation, setting common standards) and, two, experimenting with provincial, sectoral, and commercial pilots (Ohlberg et al., 2017, p. 9). Halfway into 2019, the SCS is still far away from being a single unified system with a nationwide framework. Therefore, rather than one system or database, it is better understood as an overall policy or ideology.

One of the major goals of the 2014 Plan is creating incentive and punishment mechanisms for sincere and untrustworthy conduct. Blacklists of non-compliant individuals and legal entities and redlists for outstanding companies and individuals form the core of the current stage of implementation (Creemers, 2018, p. 13). The focus mainly lies on punishing those that land on blacklists. At present, individuals are primarily blacklisted for resisting court orders while companies are blacklisted for breaking existing laws and regulations in a number of areas. These individuals can be blocked from luxury consumption such as traveling first class, on high-speed trains, or on civil aircraft, visiting star-rated hotels or luxury restaurants, resorts, nightclubs and golf courses and going on foreign holidays. It can also restrict them in sending their children to private schools. Citizens that manage to get on redlists on the other hand can get discounts on energy bills and rent things without a deposit. Their profiles even get boosted on online dating sites (Ma, 2018, para. 6-31). As there are various pilot projects, the range of punishments and rewards is very broad and different depending on where you are and what type of system (government or commercial) you are in.

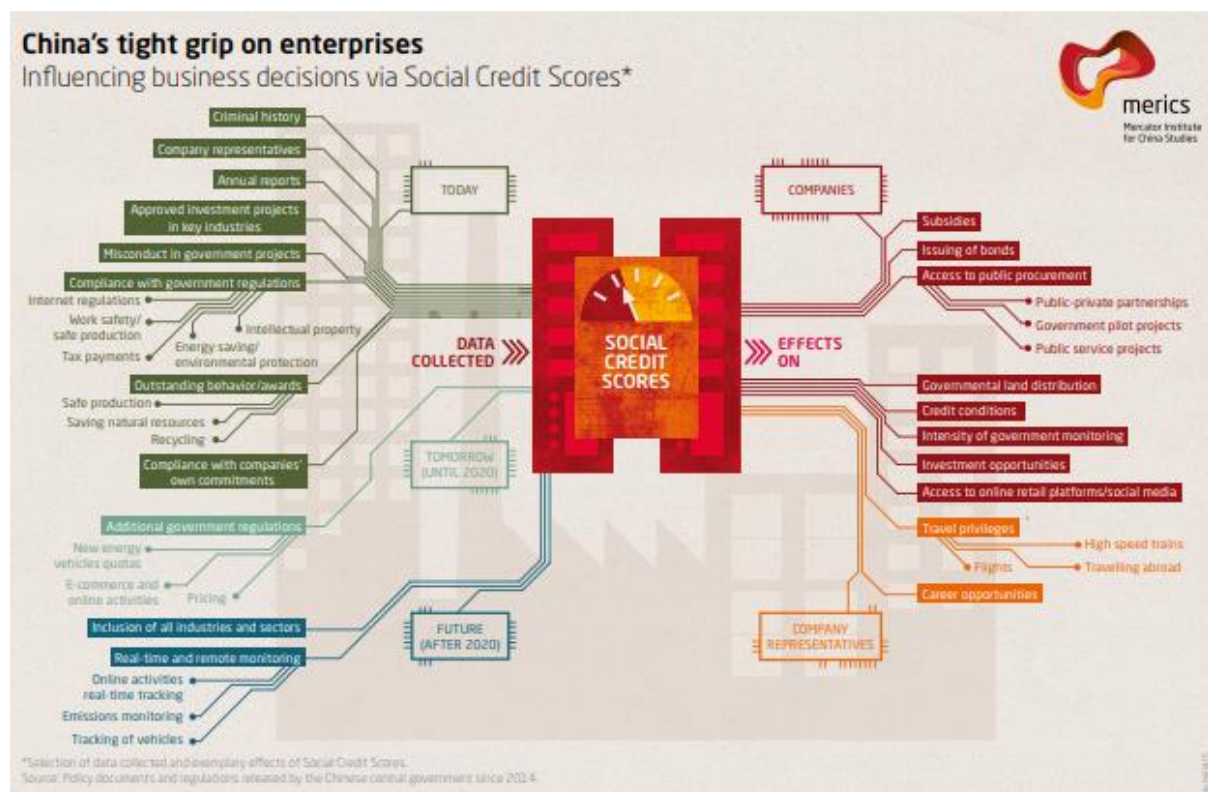
The system is designed to have serious implications for the subject’s ability to pursue a normal life or pursue their business (see figure 1 below). Being blacklisted has reputational costs, as Chinese government agencies are already making these lists publicly available through their databases as well as through major news websites. Naming and shaming through the wide publication of the names, photos, state ID numbers, and in some cases even home addresses of blacklisted persons, is an integral part of the system (Ohlberg et al., 2017, p. 10). The system combines traditional sources of data, such as financial, criminal and government records, with digital sources, such as personal information that individuals provide to websites and mobile phone applications (for an indication of the range of data

² It should to be noted that the Mandarin term ‘credit’ (xinyong) carries a wider meaning than the English translation. It not only includes notions of financial ability to service debt, but also sincerity, honesty, and integrity (Liang et al., 2018, p. 424).

used, see figure 1). The spectrum of records is very wide: from tax payments, bank statements, loans, and transactions to employment, education, criminal records, and social media use (Liang et al., 2018, p. 426).

There are currently different fragmented initiatives managed by both local governments and commercial companies (hence the plural form of SCS is often used). What the different SCSs initiatives have in common is that, by setting up systems of benefits and sanctions, they aim to steer the behavior of individuals, businesses, and other organizations in China. By looking into these, one can get a picture of what the government is trying to achieve and how it plans to do so.

Figure 1: Different categories of data collected that influence the social credit score and the effects of this score on companies and individuals



Source: Meissner, 2017, p. 3

3.1 Local government SCS pilots

There are government-run local and sectoral pilots, i.e. experiments conducted in individual provinces, cities, or limited to certain policy areas or industries. A considerable number of local governments have initiated social credit initiatives far ahead of the central government and were ready to incorporate the blacklist systems within their own jurisdictions when the initiative was announced. According to China Credit, the official website offering information on the Social Credit System, more than 40 municipal and provincial governments had established a local SCS pilot by July 2018 (Kostka, 2019, p. 3).

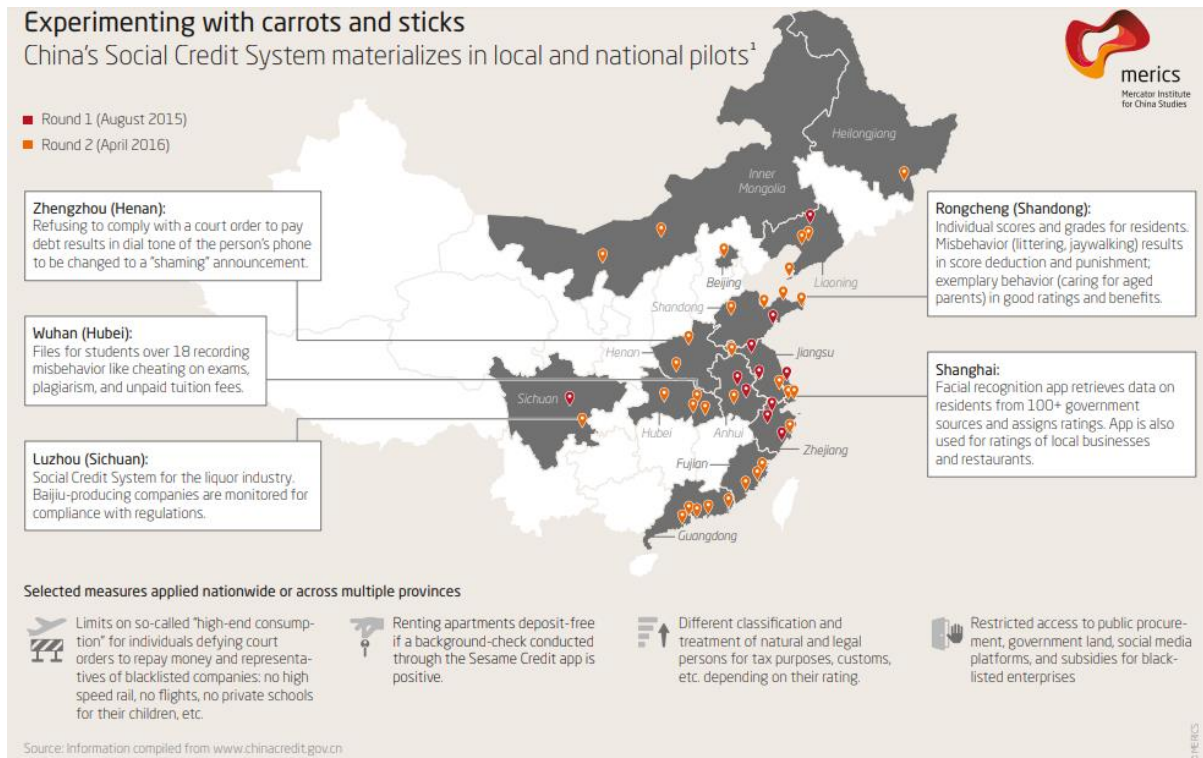
The first area policy where the blacklist mechanism was implemented, and still the most wide-ranging one, is the punishment system for failing to fulfill court judgements. Anyone who is obliged and capable of carrying out a valid legal document, such as a court order or administrative decision, and fails to do so, will be entered on the so called 'List of Untrustworthy Persons'. In principle, they will remain on that list for a period of two years and penalties for example include restricted access to government subsidies for companies (Creemers, 2018, p. 14). Taking this system as an example, individual departments started developing their own blacklist systems for their own policy areas.

Currently, many cities are experimenting with SCSs while being encouraged by the Chinese government (see figure 2 below for more examples). A local pilot in Rongcheng (Shandong), established in 2013, assigns its residents a score of up to 1000 points, with deductions for infractions such as running a traffic light and boosts in your score for donating and volunteering, and then assigning the person a grade from AAA to D. Depending on the grade, people receive preferential treatment or are burdened with additional requirements when interacting with government bureaucracies (Mistreanu, 2018, para. 8-11). Rongcheng has the most successful social credit system led by a local government so far, mainly because the community has embraced it. The community believes that the scheme has a positive effect (cars stopping for pedestrians at the crosswalk – a rare sight in China) and that it is precise in its punishment and generous in its rewards (para. 40).

Apps are also becoming an increasingly popular tool to carry out pilot systems. Since November 2016, the Shanghai Municipal Government has been experimenting with a mobile phone application called Honest Shanghai. Users can input their state ID number and within 24 hours they will receive one of three ratings, 'very good', 'good' or 'bad', based on government data collected on them. As participation is not mandatory, there are only rewards for individuals with good scores and no punishments for those with bad scores. Users of the app are also able to check the reputation of local businesses, using figures provided by Shanghai's local government offices, such as the tax and food and drug administrations (O'Meara, 2016, para. 2-5).

A large number of government bureaucracies are involved in setting up the Social Credit System. The key to making the Social Credit System work is ensuring proper flow and accessibility of information as well as cooperation between these different actors. The Chinese government is currently introducing the Unified Social Credit Number System so that different ministries can exchange information with one another. In the past, different bureaucracies used different number schemes to identify legal entities. These are now gradually being replaced by a unified 18-digit number to identify natural and legal persons across different bureaucracies and to store all social credit related information on them under a unified number. This step will lay the groundwork for social credit ratings to double as a form of identity, following citizens and companies through multiple aspects of their daily lives as well across different cities and provinces (Ohlberg et al., 2017, p. 10).

Figure 2: Examples of government-led pilots



Source: Ohlberg et al., 2017, p. 3

3.2 Commercial SCS pilots

Currently, the more widely used SCSs are those operated by commercial companies. The most common commercial SCSs are Sesame Credit and Tencent Credit. Commercial SCSs are offered on a voluntary basis as users can opt-in. Like Amazon, Alibaba is an online retailer that provides a platform for merchants to sell their products to consumers. At the time when Alibaba set up its e-commerce business, China was largely a cash country in which few people had credit cards. To be able to implement their business model, Alibaba had to secure payment transactions between buyers and sellers. As there was no provider like Visa or MasterCard in China that could handle this task, Alibaba had to set up its own payment infrastructure. Alibaba's subsidiary Ant Financial was established for that purpose. Alibaba needed factors to enable them to assess the creditworthiness of consumers and build trust between merchants and purchasers. That was the origin of the Sesame Credit Score system (Seidel, 2019, para. 10-11).

Sesame Credit combines elements of a traditional credit scoring system with components of a loyalty scheme. It calculates a score between 350 points and 950 points based on data from various categories. It considers what you buy and whether you repay your bills but also what kind of degree you have and the scores of your friends (Hvistendal, 2017, para. 14). Those with higher scores gain access to rewards, including deposit free use of power bricks and shared bicycles, as well as reduced deposits when renting property.

In a press interview, Li Yingyun, Technology Director at Sesame Credit, indicated that the type of product purchased affects the score: "Someone who plays video games for ten hours a day, for example,

would be considered an idle person [...] while someone who frequently buys diapers would be considered as probably a parent, who on balance is more likely to have a sense of responsibility." The system thus steers citizens away from purchases and behaviors the government does not like (Botsman, 2017, para. 5).

To conclude this section, one can say that certain pieces of the system are already in place. All these projects are best seen as a "microcosm of what is to come" (Minsteanu, 2018, para. 20). The target, eventually, is that the government system will be country wide, with businesses given a 'unified social credit code' and citizens an identity number, all linked to a permanent record. While many people think that the system will consist of quantifiable scores (such as in Rongcheng and with Sesame Credit) the government's idea can be better compared to a record accessible to everyone (Kobie, 2019, para. 10). One key factor to watch is the relationship between government and commercial actors. Government agencies clearly depend on private companies' technological know-how to roll out such a large-scale system. Yet, access to data that is in possession of the government is also essential. Conflicts and rivalry between bureaucratic and commercial players could delay or even derail its implementation (Ohlberg et al., 2017, p. 2). Individual government departments do not like sharing their data as they hold significant commercial and political value for those who control it. This creates difficulty when trying to set up a platform for cross-departmental sharing. While there is a national plan to set up a centralized system for the coordination of data, there is currently little incentive for sharing (Udemans, 2018, para. 42).

4. The American & British Response³

"China's new 'social credit system' is a dystopian nightmare", reads the title of a New York Post article. The author paints a bone-chilling picture of the system by listing the various punishments Chinese citizens with a low credit score may encounter. He quotes the Chinese government which claims that the purpose is to create a 'culture of sincerity' that will 'restore social trust' but rejects this statement: "What it will actually create, of course, is a culture of fear and a nation of informants" (Mosher, 2019, para. 15).

This article is not to only one to make references to George Orwell's dystopian novel '1984', as many clickbait titles make use of the term "Orwellian nightmare", often combined with words such as "chilling" or "creepy", showcasing their opinion of the Chinese government initiative (Botsman, 2017; Dirnhuber, 2019). American Vice President Mike Pence even used the term, stating that "China has built an unparalleled surveillance state, and it's growing more expansive and intrusive [...] and by 2020, China's rulers aim to implement an Orwellian system premised on controlling virtually every facet of human life" (Pence, 2018, para. 30-31).

Comparison is also made with the controversial 'Nosedive' episode of the sci-fi series *Black Mirror*, portraying a society where people are judged by a numeric rating given to them by their interactions with other people, affecting their opportunities in life (Marr, 2017; Palin, 2018, Pettit, 2018). Not surprisingly, most articles focus on the system of punishment and rewards. In 2018, several media outlets reported on the fact that over 20 million times, Chinese citizens were banned from buying travel tickets because they had landed on blacklists (Kuo, 2019; Cheng, 2019). They are also concerned about

³ In order to give an indication of the responses of advanced democracies (mostly established in the Western world) and due to time and word constraint, American and British newspapers were chosen. This is not representative of the international reaction to the SCS but nonetheless gives some insight into 'Western' thought.

the permanence of judgements and that there is no “right to delete or to be forgotten, to be young and foolish” (Botsman, 2017, para. 39). They believe that trustworthy mechanisms and transparency of the algorithm are required to make sure data is used responsibly (para. 40).

The Telegraph draws a comparison between services such as Amazon, Airbnb or Uber that have credit rating systems of their own. They mention the risks that these rating systems bring, such as “petty discriminatory biases” (Yan, 2019, para. 27). The author fears that these are challenges that the Chinese system might also face. They are skeptical about how ‘good citizenship’ is judged and, more importantly, who judges it. Yan also reports of cases where Chinese citizens unjustly landed on blacklists such as journalist Liu Hu who suddenly couldn’t book a plane ticket or take out a loan. He discovered his name on the Supreme Court’s ‘List of Untrustworthy Persons’, because the court hadn’t recognized that he had complied to his judgement in 2016. It took two years to get his name off the blacklist. He criticized the system by saying: “The Chinese government is trying to set up a ‘credible society’ through the social-security system, but how can it be possible if the government is not honest?” (Yan, 2019, para. 30). This shows that some Chinese citizens do have their doubts about the system and that Western media is not completely wrong in pointing out its flaws and showing concern for the future.

Yet recently, more newspapers are taking a deeper look into the 2014 project, trying to figure out the details and motivations behind it, and conclude that there might be some misconceptions: “Rather than instantly dismissing China’s unconventional governance innovations, we need an open-minded discussion of the pros and cons — one that is sensitive to the challenges and priorities of different cultural and political contexts” (Song, 2018, para. 10). They do not deny that there are challenges to the system that need to be addressed but argue that it is also “more complex and less sinister in its intent than the West’s neat dystopian vision suggests” (para. 2). One common misconception seems to be that there is already one single unified system in place and private systems, such as Sesame Credit, often get confused with government plans (for a list of everything media in the West has wrong, see Daum, 2017). A Wired article tried to shed light on the SCS by explaining how the system works, what happens when one is blacklisted and, most importantly, why the Chinese government is building it. In the end, they quote a scholar saying that reality lies “somewhere between the government’s claims and the Western media’s description of horror-filled dystopias” (Kobie, 2019, para. 32).

5. The Chinese Response

Social Credit has become a political buzzword in China. The Chinese media frequently frame social credit as a means of creating integrity in society and government affairs. Creating transparency and holding governments officials accountable as well as establishing confidence in the law are proclaimed as the foundation on which the SCS rests (Ohlberg et al., 2017, p. 6). In terms of economic governance, the system is treated as a catch-all solution for various market efficiency problems and fighting economic crime. It is “regularly mentioned as a solution at the end of articles on various current economic problems, such as product counterfeiting, food and drug safety violations, disrespect of market regulations, etc” (Ohlberg et al., 2017, p. 6). After their analysis of social media discussions, Ohlberg concludes that many citizens have yet to grasp what the SCS is and what its implications may be (p.2). An article on the news site ‘What’s on Weibo’, which reports on social trends in China, argues that there are clear indications that the attention for the Chinese Social Credit System in the international English-language online media environment is much bigger than that within China (Koetse, 2018a, para. 10).

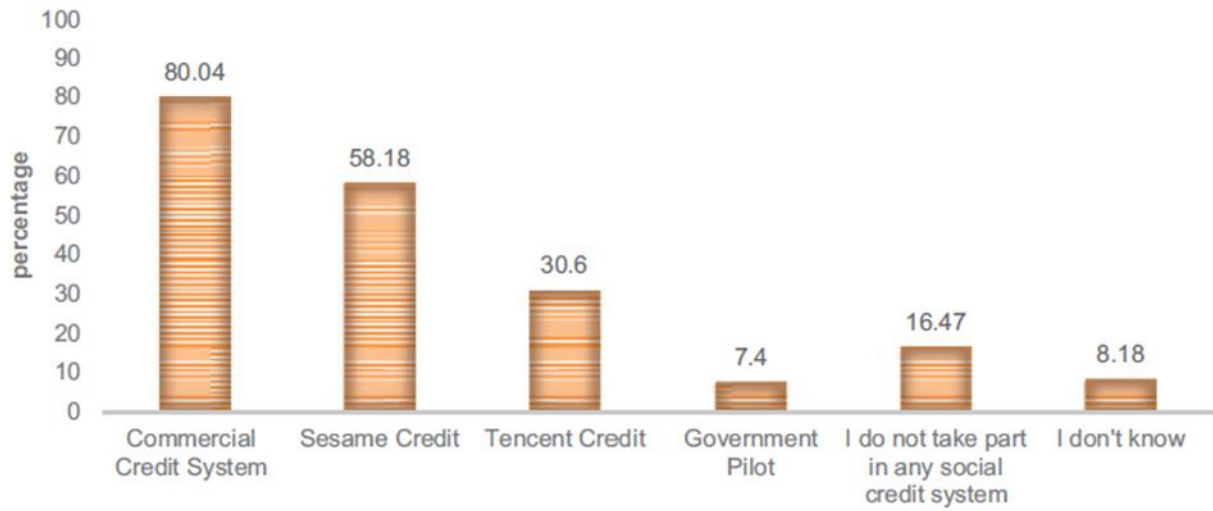
They blame the lack of sensation: "Perhaps the topic of SCS, for many Chinese, is lacking the 'Black Mirror' appeal it has for many Western consumers of news. Perhaps 'harmony' and 'trust' are not as click-worthy as 'creepy' and 'dystopian'?" (para. 55).

However, this doesn't mean that Social Credit is not discussed at all on Chinese social media. Though major discussions on the actual Social Credit System using the exact Chinese term are practically non-existent on Weibo, there are other examples of trending topics linked to the system that have gone viral. One example is the topic of 'Two Tyrants' that went viral on Chinese social media in August 2018 (see Koetse, 2018a). Two 'train bullies' were caught being rude on camera, refusing to give up the seats they had taken from other passengers, raising their voice, and talking rudely to the conductor. The news made headlines and became one of the bigger news stories of that year. When news came out that both 'bullies' were fined and blacklisted by the Chinese railways and thus banned from boarding trains for 180 days, many commenters praised the system with some even demanding heavier punishment. Many people also commented that this blacklisting system should be applied to people disturbing the order in other areas (such as hospitals) and that it should be linked to the nationwide SCS (Koetse, 2018b, para. 32). It seems that, on social media, Chinese citizens applaud seeing individuals land on Social Credit related blacklists. In 2016, when the National Tourism Administration published the names of people banned from plane travel, the news generated thousands of 'likes' and repostings on the Weibo social media site (Minter, 2019).

Lastly, Kostka's (2019) research remains the only study so far that has analyzed Chinese public opinion on a large scale and allows us to make broader claims about public opinion of SCSs. Her study finds that SCSs are already widely used in China with more than 80% of respondents using a commercial SCS and 7% of respondents reporting participation in a local government SCS (see figure 3). Her survey with 2,209 Chinese citizens finds that 80% of respondents approve of social credit systems in China, with just 1 percent reporting either strong or moderate disapproval (see figure 4). With the degree of approval varying across age, gender, education, region, etc., the study finds that more socially advantaged citizens (wealthier, better educated and urban residents) show the strongest approval. One argument for this interesting result is that urban residents in China receive a wider range of benefits from SCSs and see SCSs through particularly positive frames (Kostka, 2019, p. 20). This supports the views of those who claim that Chinese citizens focus more on the perks of SCSs instead of the challenges.

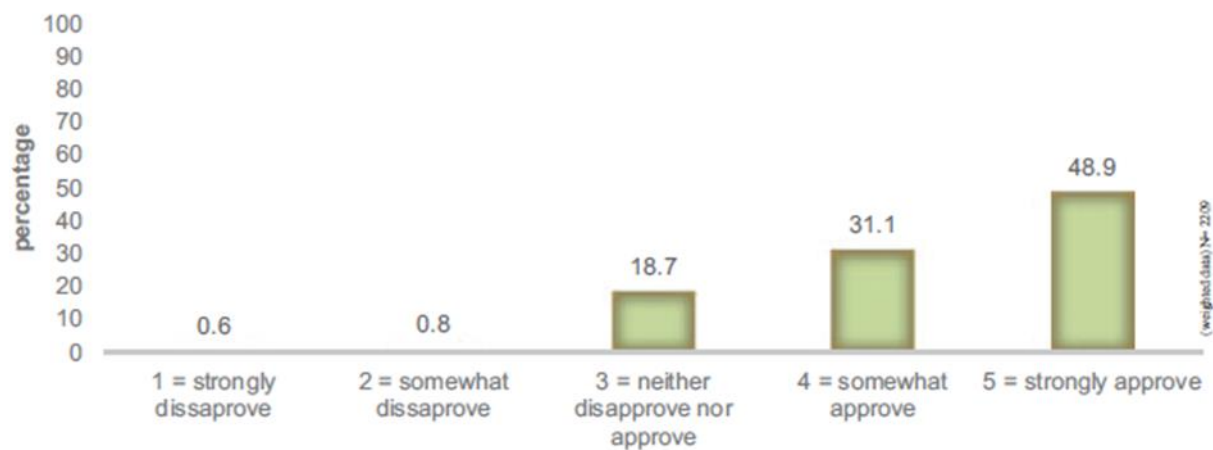
Another point this research makes is how citizens perceive SCSs as an instrument to improve quality of life instead of an instrument of surveillance (p. 21). Through a dozen interviews, the author tried to find an explanation for the observed degree of approval. They concluded that SCSs are perceived as "useful tools that help to increase trust in society and close particular institutional and regulatory gaps" (p. 21). The author however did not go into detail on this intriguing discovery which consequently served as the inspiration behind this paper's research question.

Figure 3: Participation in Social Credit Systems



Source: Kostka, 2019, p. 11

Figure 3: Participation in Social Credit Systems



Source: Kostka, 2019, p. 11

5. Historical and intellectual roots

The concept of a SCS was not unheard of before 2014. The notion of social credit first emerged in debates concerning the development of China’s nascent market economy. In 2007, the State Council released the Guiding Opinions concerning the Constructions of a Social Credit System and defined social credit as “an important structural arrangement in the market economic system” (State Council, 2007, para. 4). In other words, the government focused on the financial aspects of credit during this period (Liang et al., 2018, p. 424). However, if we go back even further in time, explanations for the ideology behind the SCS based on historical facts can be found.

China has constantly been striving towards building an effective, powerful and prosperous state. In the 19th century, early generations of reformers saw law as a key element of modernizing state and society (Creemers, 2018, p. 4). Yet, successive generations of leaders were unable to establish stable domestic governance across the entire Chinese territory and protect it from foreign intrusion (p. 5). Law was not seen as a priority anymore and only regained meaning after the Death of Mao Zedong (leader of the CCP from 1935 to 1976). This long period of neglect meant that China missed out on most of the developments in legal systems occurring around the world in the 20th century. The introduction of fundamental human rights never gained a foothold in China (p. 5).

Thus, the state became the promoter of moral virtue: "The close linkage between morality and authority lies at the heart of China's political tradition" (Creemers, 2018, p. 5). The central state would portray itself as morally superior to its local agents and would reframe political conflicts as moral failings. Enforcing these moral standards justified the expansion of the state's capacity to monitor and discipline (p. 6). The SCS fits perfectly into this tradition. From the very beginning of the Planning Outline, all problems that the government intends to solve with the SCS are framed in moralistic terms. The policy document claims that the objective is to establish 'sincerity culture' and stimulate 'trustworthiness' (State Council, 2014, para. 1-3). Thus, once again, the state is justifying its authoritarian plans with righteous principles.

Another Chinese political tradition is the perception of society as an organic whole, where harmony can be achieved if all its members conduct themselves as appropriate to their position in public and civil structures, which is a characteristic of a collectivist culture. One process that the SCS fits into is that of 'social management', a key objective of the 12th Five Year Plan (a blueprint which outlines key economic and development targets for the country for the next five-year period) launched in 2011 (Hoffman, 2018, p. 6). Social management is a political term for China's efforts to create a system that prevents and manages social unrest (Cohen, 2011, para. 2). Definitions for social management are quite ambiguous but its purpose is clear: "to solve prominent problems that might harm the harmony and stability of the society" (para. 5). One implementation of the social management process is the SCS. Social management is the management of the entire society, but it also requires the participation of the entire society. The CCP's definition of social management has always emphasized "public participation" and "self-management" (Hoffman, 2017, p. 8). The SCS creates a process for pre-empting threat by changing behaviors that might lead to larger problems. Compliance of individuals and businesses with laws and regulations is increasingly monitored, and the consequences of noncompliance are subject to swift and efficient sanction (Creemers, 2018, p. 7).

As we can see, the Social Credit System can be traced back to other government initiatives and its ideology can be explained through historical traditions. Chinese citizens therefore might not find the social credit initiative as outrageous as outsiders expect them to. It is only natural that the long history of authoritarian rule has influenced the Chinese mindset. One example for this can be found in an interview Kostka (2019) conducted, where an interviewee explains that "all data is accessible to the CCP already" (p. 22) when asked about potential concerns about what data is used in SCSs.

6. The Issue of Trust in Chinese society

As has been mentioned before, the most significant factor that contributes to the positive attitude of Chinese citizens towards the SCS is the perceived lack of trust in society. This is a topic this research looks deeper into in order to understand Chinese public opinion.

Over the last thirty years, China's economy has grown explosively and has now become the world's largest economy producing \$25.3 trillion in economic output in 2018 (Amadeo, 2019, para. 1). However, China's economic growth has outpaced its ability to create and police institutions that promote trust between citizens and businesses (for example enforce contractual agreements or food and safety regulations) (Chen, Deakin, Siems & Wang, 2017, p. 259). A few examples will be given that demonstrate this.

As recently as 2011, only 1 in 3 Chinese people had a bank account. Even now, cash still rules the country. It however never had the chance to develop Western-style credit histories which meant people could default on loans, or sell counterfeit goods, with few repercussions (Campbell, 16 jan 2019, para. 4). The government even addresses this problem its policy document: "At present, malicious arrears and fleeing bank debts, swindling and evading taxes, commercial fraud, production and sale of counterfeit goods, illegal fundraising and other such phenomena cannot be stopped despite repeated bans" (State Council, 2007, para. 2).

Other examples include a case in 2008 where contaminated milk powder sickened nearly 300,000 Chinese children and killed six babies. Twenty-two companies, which accounted for 20% of the market at the time, were found to have traces of melamine in their products. An investigation found that local farmers had deliberately added the chemical to increase the protein content of substandard milk. In 2015, a mother and daughter were arrested for selling \$88 million in faulty vaccines. When the arrests were made public and it was announced that the improperly stored vaccines had made their way across 20 provinces, the public was furious and there was a severe loss in consumer confidence (Udemans, 2018, para. 23-24). However, with no tradition or even existence of an independent judiciary, there is nowhere to take any complaint for recourse (Blaza, 2012, para. 5).

It is therefore no wonder that in China, trust is only awarded after you've proven yourself to be worthy (De Cremer, 2015, para. 9). After all, "to be Chinese today is to live in a society of distrust, where every opportunity is a potential con and every act of generosity a risk of exploitation" (Hawkins, 2017, para. 4). When old people fall on the street, it's common that no one offers to help them up, afraid that they might be accused of pushing them in the first place and sued (para. 4).

This trust deficit is a dangerous threat to a country's political system because "the less people trust each other, the more the social pact that the government has with its citizens — of social stability and harmony in exchange for a lack of political rights — disintegrates" (Hawkins, 2017, para. Thus, the government started searching for solutions. Rewarding people for 'trustworthy' behavior and punishing people for 'untrustworthy' behavior came to serve as the remedy for China's trust crisis. The government believes that the SCS will create an "environment of sincerity, self-discipline, trust-keeping and mutual trust" (State Council, 2014, para. 4). And it seems that the Chinese people agree.

7. Surveillance theory: Bentham, Foucault & Lyon

Lastly, to offer a fresh perspective, this paper uses two concepts from surveillance theories developed by Western scholars and applies these to the SCS in China. While they might not contribute much to the discussion on Chinese public opinion, this research argues that they do hold explanatory value for the ideology behind the Social Credit System. Additionally, Lyon's notion of 'surveillance as social sorting' is discussed to highlight some of the risks the SCS poses.

The idea of the 'Panopticon' is probably the most widely used metaphor for surveillance and has become particularly famous through Foucault's concept of 'panopticism' (Galič, Timan & Koops, 2016, p. 11). However, Foucault's ideas are founded on Bentham's description of the prison-Panopticon. Bentham depicts a prison as a building with an inspector in a central tower who oversees the activities of the convicts in their cell (p. 12). This architecture results in a "new mode of obtaining power of mind over mind in a quantity hitherto without example" (Božovič, 2010, p. 10). The architectural design creates the illusion that there is constant surveillance. The prisoners are not constantly watched, but they believe that they are, which sustains perfect discipline. In their eyes, the inspector is "all-seeing, omniscient and omnipotent" (Galič et al., 2017, p. 12).

Foucault builds on this idea of an all-seeing inspector and defines his panopticism as "a type of power that is applied to individuals in the form of continuous individual supervision, in the form of control, punishment, and compensation, and in the form of correction, that is, the modelling and transforming of individuals in terms of certain norms" (Faubion, 2002, p. 70). He takes Bentham's prison-Panopticon and projects it onto other parts of society to analyze power relations and models of governing, giving birth to his most famous work: "Discipline and punish: the birth of the prison". Foucault claims that in Western societies, daily life have been invaded with Panoptical mechanisms of watching and being watched and, consequently, of disciplining power. When everybody can potentially be under surveillance, people will internalize control, morals and values. He defines this as the disciplinary society (Galič et al., 2017, p. 16).

The Panopticon is perceived as an ideal system to discipline the individual. Foucault explains this by linking the disciplining process to another phenomenon, namely that of normation. By this, he means the "perpetual penalty that traverses all points and supervises every instant in the disciplinary institutions, compares, differentiates, hierarchizes, homogenizes, excludes. In short, it normalizes" (emphasis in original) (Foucault, 1991, p. 183). The norm constitutes what one has to strive for, the standard and the ideal. In disciplinary societies, the focus lies on individuals who are constantly measured against the norm (Galič et al., 2017, p. 17). Foucault's analysis resonated widely with the public, especially in relation to the rise of CCTV cameras. Through a constant gaze, "normation and internalisation of 'doing good' are achieved [...] and citizens in public space can thus be molded into behaving according to the norm" (Galič et al., 2017, p. 18).

Naturally, this brief description does not do the complex nature of both Bentham's and Foucault's studies justice. Additionally, scholars have argued that with changes in technology and society, and new modes of surveillance, the panopticon should be discarded (see for example Haggerty, 2006). The goal here however is to demonstrate some similarities between their concepts and the Chinese government's ideology. The SCS can also be seen as a mechanism that creates a disciplinary or, in the words of the State Council, a "harmonious society" (State Council, 2014, para. 2). Chinese citizens are steered into behaving a certain type of way through reward and punishment systems. Even

though technology has changed, and Chinese citizens are in some cases voluntarily submitting themselves to surveillance, Bentham and Foucault's fundamental ideas are still valid. "The lack of anonymity [...] through publicly-published blacklists, creates a system of fear even if no one is watching—much like Bentham's notorious panopticon" (Udemans, 2018, para. 49).

David Lyon (2003a) proposes that surveillance can be a powerful tool for creating and reinforcing long-term social differences through a process he calls 'social sorting'. Traditionally, concerns about surveillance are usually focused on privacy and freedom. Now, he argues, people's concerns should take a new perspective into account "for surveillance today sorts people into categories, assigning worth or risk, in ways that have real effects on their life-chances" (p. 1).

A current key trend of surveillance is the use of searchable databases. The belief nowadays is that access to improved speed of handling and richer sources of information about individuals and populations is to be the best way to check and monitor behavior, to influence persons and populations, and to anticipate and pre-empt risks (Lyon, 2003b, p. 14). At the same time, surveillance is intensifying both in everyday life as well as commercial, government and workplace settings (p.19).

The central aim of searchable databases is social sorting. The surveillance system obtains data in order to classify people and populations according to varying criteria, to determine who should be targeted for special treatment, suspicion, eligibility, inclusion, access, and so on. Ever since the terrorist attacks of 9/11, security requirements have been raised to a high level of priority in nation-states around the world. Social sorting is growing because of the increasing number of risks and the desire to manage populations (Lyon, 2007, p. 161).

Kirstie Ball (2003) gives an example social sorting through surveillance at the workplace. Several studies were conducted in call centers in the UK in the 1990s, where the main type of surveillance was computer-based performance monitoring (CBPM) (p. 202). CBPM "monitors workers' performance over a predefined time period and uses the statistics and voice recordings it generates to categorize and evaluate them according to certain performance criteria" (p. 203). Call center workers' performance was intensely monitored and rewards (material or otherwise) for effort and punishment for non-effort were given (p. 204). Ball points out that while some people might view this system as necessary to enhance efficiency, it can seriously affect workers' psychological and physical well-being and that workers should be able to challenge unfair monitoring practices (p. 204).

Relating this to the Chinese SCS, similar points can be made. In some pilot programs, citizens are already put into categories that have far-reaching effects on their lives. While surveillance can help manage society, rules need to be in place to ensure fairness and prevent abuse. However, the establishment of a national legal and regulatory framework is still far from being a reality in China and there is a clear lack of transparency into what data is currently used and how scores are calculated. China might thus run a high risk of turning into the 'Orwellian nightmare' that people fear once the system becomes operational on a nationwide scale.

7. Conclusion

The research question that guided this paper was the question of why many Chinese citizens are embracing the Social Credit System launched by the State Council in 2014. From a historical point of view, the government has always seen itself as the promoter of moral virtue and uses arguments based on righteousness to justify its authoritarian rule. Therefore, Chinese citizens might not be as shocked by

the 2014 initiative and the degree of state intervention as many non-Chinese people. The public furthermore agrees that there needs to be greater accountability and trust in Chinese society. It sees the SCS as a solution to various trust-related problems currently plaguing Chinese society. Rather than resistance from the public, it is more likely that the rivalry between government agencies and large commercial players will become an obstacle while building a national framework and a central database.

While discussing Lyon's concept of 'social sorting' and at several other points in this paper, concerns for the future of the SCS were raised. Knowledge about how and what kind of data is collected for various blacklists as well as what algorithms are used to determine social scores used in pilot programs is very limited. Currently, the most widely used pilot system, Sesame Credit, is offered on a voluntary basis. But for how long? Moreover, being blacklisted affects citizen's lives tremendously. Not to mention the people that get blacklisted unjustly. One offense, such as failing to pay a parking ticket, could result in someone not being allowed to book a train or take out a loan. At the same time, it is still unclear for how long these restrictions will exist. These are valid concerns and will need to be addressed by the government. When more and more people become blacklisted and punishments become more severe, public opinion might very well change.

This research shows that at present, a single unified system is not yet in place – and is unlikely to be completed by 2020. It tries to shed on the design and current implementation stage of the project and both the 'Western' and Chinese response as expressed in the press and online. There are however several limitations to this study. Because of the language barrier, no original Chinese source material, except for the translated State Council documents was use. This limits this study, especially when analyzing public opinion. In addition, because of time and word constraints, the complex technicalities of the SCS, the various organizations involved in its set-up and the subsequent released policy documents could not be addressed in as much detail.

It might be interesting for future research to analyze social media discussions in China (though it seems that for now, not a lot of attention is given to the government project) and conduct more studies related to public opinion as research is still scarce in this field. Future studies might also investigate the possibility of the SCS being introduced in other countries such as the US. After all, Amazon, Facebook and Google already know everything we read, search and buy and we do not know what they might do with all this data in the future.

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