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*The New Era of
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Rating Citizens with China's Social Credit System

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Under the leadership of Xi Jinping, the Chinese party-state has embarked upon an ambitious mission to shape the citizenry through what it calls the “social credit system”. At its initiation in 2012, the first year of Xi’s rule, foreign media depicted the system as an Orwellian instrument of control, one which allows the state to monitor and punish any social and political behaviour that it deems undesirable or harmful to its interests.

Western media articles initially compared the system to an episode of the British sci-fi series *Black Mirror* in which individuals’ everyday behaviour, down to the minutiae, were tracked and rated by other people and a “big brother” government. Since then, scholars and journalists have sought to dispel this dystopian depiction of the social credit system, but the image continued to live on, particularly after the Trump administration started to use it as part of its anti-China policy in 2017 and 2018.¹

Will the social credit system evolve into an instrument of enforcing political and ideological conformity? This chapter argues that the system is still far from a comprehensive instrument of behavioural control. First, if the trajectory of fragmented and uneven implementation of the system across localities in China continues, it is unlikely to be able to monitor, rate and control citizens’ behaviour in a totalising way. Second, the social credit system is part of a much broader agenda of building citizenship which entails propaganda, patriotic education and citizenship cultivation campaigns that pre-date the current era of surveillance technologies. Third, the high social acceptance of the social credit system among the populace indicates that citizens in China may have a different baseline of expectations of privacy and surveillance than in liberal democracies.

The Social Credit System's Origins

Inspired by Western commercial credit score systems such as Fico, Equifax and TransUnion, the Chinese government's original idea in the 1990s and early 2000s was to build a rating system to assess citizens' financial performance. At the 16th Party Congress in 2002, the Jiang administration proposed a social credit system to promote a "unified, open, competitive, and orderly modern market system" (Jiang 2002). The plan was to set up a system for monitoring individuals' financial creditworthiness and for regulating economic transitions.

Under Xi Jinping in 2014, the State Council expanded the concept of social credit to the political and social realm. In their 2014 blueprint document, "Guidelines of Social Credit System Construction (2014–2020)", the central authorities proposed to build "a national system covering the whole society as the basis to promote government integrity, business integrity, social trust and judicial credibility" (Guowuyuan 2014). In transitioning from a financial credit rating system to a comprehensive one, the social credit system became a system that rated citizens, not just consumers. Moreover, social credit mainly monitors and rates companies and government organisations, and at present focusses much less on non-state "social organizations" and individual citizens (Drinhausen and Brussee 2021).

Social credit is not a singular, state-monopolised and all-encompassing rating scheme. Instead, it comprises multiple systems, some of which are designed and operated by the state, while others are operated and served by commercial companies.

State-run social credit systems are divided between the central state and local states. At the central level, more than 47 different institutions coordinated by the State Council implement the system and keep track of various "blacklists" (lists of individuals and corporations engaging in untrustworthy behaviour and their punishments), as well as "red lists" (lists of trustworthy individuals and corporations and their rewards).

At the local level, municipal governments have implemented at least 62 social credit pilots to govern their residents and companies using score-based and/or list-based schemes. Implementation across these pilot cities has been uneven. The level of citizen participation in government-run pilots is low and many ordinary people living in pilot cities are even unaware of such a system (Kostka 2019; Kostka and Antoine 2020; Liu 2019).

Simultaneously, there are also commercially-run social credit schemes that are different from government-run systems. In 2015, the People's Bank of China gave permission to eight companies to develop personal credit ratings. Commercial

pilots of social credit systems are offered on a voluntary basis by companies such as Ant Financials' Zhima Credit and Tencent Holdings' Tencent Credit. Users with a good credit score are given a wide range of benefits (Kostka 2019).

Rating More than Political Behaviour

The social credit system's original depiction as an Orwellian nightmare stems from the fact that "disrupting social order" was listed as serious untrustworthy behaviour in the 2014 blueprint document issued by the State Council. This document is vague as to what specific activities constitute disrupting social order, and individual state and party agencies have developed their own interpretation. For example, some local governments designate certain forms of protest as disruptive behaviour and will for instance blacklist aggressive petitioners as untrustworthy citizens.²

However, to the extent that social credit is used to control citizen behaviour, explicitly political behaviour constitutes only some of the criteria. Other forms of untrustworthy behaviour include legal non-compliance, economic misbehaviour and professional misconduct. A major category of untrustworthy citizens is that of a debt-dodger (*laolai*). The term refers to people who have the ability to meet their legal obligations but choose not to do so.³

A famous *laolai* in China is Jia Yueting, the founder and former CEO of a company called LeEco. His company suffered a serious financial crisis, and he has been put on the *laolai* blacklist since 2017 for failing to repay his loans (Zhong and Zhang 2017). This blacklist is maintained by the Supreme People's Court of China. Its "National Judgment Defaulters List" was created in July 2013 to deal with the problem of non-compliance with court rulings. In other cases, professional misconduct can also land an individual on a government blacklist. For example, a high school teacher in Shandong province was blacklisted for her violation of teaching ethics. She lost her job and was downgraded in the local social credit system for inflicting corporal punishment on her student and being a bad influence.⁴

An Instrument of Political Socialisation

The social credit system should be viewed in the broader context of the party-state's long-term efforts to socialise the populace into the norms of modern citizenship. In the Xi era, the social credit system has become a mechanism through which this civilising project continues to operate.

In 2019, for instance, the National Development and Reform Commission issued a document regarding electing moral models across the country as

trustworthy citizens who should receive social credit incentives.⁵ To the extent that the social credit system and its selection of models of trustworthiness work in concert with patriotic education and political education, it aids the regime in actively moulding the next generation into what to become and also what not to become.

High Social Acceptance of the SCS

Despite depictions of the social credit system as evidencing China's digital dictatorship, social credit is highly accepted among the population. According to a survey study conducted in 2018, 80 per cent of respondents reported approving or strongly approving of the system, while just one per cent reported either strong or some disapproval (Kostka 2019).

Chinese citizens have a relatively high level of tolerance for state intervention. The fact that the state monitors and rates their behaviour is not as troubling as it may be for citizens in the United States or in other liberal democracies with a baseline expectation of limited government interference in citizens' daily lives.

Nevertheless, it is reasonable to assume that the evolution of the social credit system will be shaped by legal considerations of privacy as much as by political priorities around cultivating a compliant citizenry. Citizen concerns around big data governance have prompted the government to pass new privacy laws aimed at regulating the collection and usage of personal information by both governmental and commercial actors (Horsley 2021).

In 2021, the 13th National People's Congress enacted the Personal Information Protection Law, which complements the existing Cybersecurity Law and Data Security Law to establish a broader framework governing cybersecurity and data privacy protection in China (*National Law Review* 2021, see also John Lee's chapter in this volume). The new Privacy Law places greater restrictions on companies' processing of people's personal information (Lee et al. 2021). However, the impact of this new legislation specifically on the social credit system remains to be seen.

The Future of Social Credit

The Chinese Communist Party will hold its 20th Party Congress in the fall of 2022. The work report that will be delivered at the Congress will present China's political, economic and foreign policy trajectory for the next five years and beyond. The social credit system has already begun to be incorporated into other institutions to address various newly emerging governance issues. For instance, the system has been applied to contain the spread of the COVID-19

virus as local governments have backlisted as untrustworthy citizens individuals who have refused to abide by pandemic health measures.⁶ Many government ministries have also adopted the system to centralise data and regulation. In 2018, the Ministry of Civil Affairs adopted the social credit system to regulate social organisations.⁷ In 2021, the Ministry of the Environment incorporated social credit scoring into its enterprise assessment system.⁸ Since 2020, the Ministry of Commerce has begun to apply the corporate social credit system to the management of foreign enterprises whose production and business activities are located within Chinese territory.⁹

The next five years will see the expansion and integration of the social credit system across government agencies, but exactly how remains yet unclear. At a minimum, the system may continue to operate in a decentralised manner, with each locality implementing their own rating. In 2020, the State Council issued a document stating that the next step will be to focus on standardising the criteria for blacklisting and punishing untrustworthy citizens.¹⁰ In an updated 2022 directive, the State Council indicated it will “actively explore innovative ways to use the credit concept and methods to solve difficulties, bottlenecks, and painful points that restrict the country’s economic and social activities”.¹¹ This suggests a continued push from the central state to standardise and expand the social credit system across government agencies.

In short, there is little indication that the social credit system will be abandoned. If anything, it will become even more prevalent in all aspects of societal governance. However, as this article has argued, social credit should not be seen strictly as a monitoring and surveillance system. Rather, it is also an instrument of political socialisation in which the authoritarian state is teaching the populace how to be good citizens.

Notes

¹ For instance, “Vice President Mike Pence’s Remarks on the Administration’s Policy Towards China” given at the Hudson Institute on October 4, 2018; available at <https://www.hudson.org/events/1610-vice-president-mike-pence-s-remarks-on-the-administration-s-policy-towards-china102018> (accessed 30 July 2022).

² For example, the Yangzhou government in 2019 blacklisted six petitioners because they signed a mediation agreement with local government but still went to Beijing or other non-designated locations to petition; see “Guanyu dui Ge Zhengjun deng liu ming yanzhong shixin xinfangren shishi lianhe chengjiède baogao” 关于对葛正军等六名严重失信 信访人实施联合惩戒的公告 [Announcement on implementing joint punishment against Ge Zhengjun and six other seriously untrustworthy petitioners;

Announcement on joint punishment for petitioners], 25 April 2019. Available at http://cxyz.yangzhou.gov.cn/m_662/1879.html (accessed 5 May 2022).

³ “Decision of the Supreme People’s Court on Amending the Several Provisions of the Supreme People’s Court on Issuing the Information on the List of Dishonest Judgment Debtors (2017)”, 28 February 2017; available at <http://www.lawinfochina.com/display.aspx?id=23163&lib=law> (accessed 5 May 2022).

⁴ “Shandong Wu Lian huiying ‘jiaoshi tifa bei naru xinyong heimingdan’: wei jinru guo xitong” 山东五莲回应“教师体罚被纳入信用黑名单”: 未进入全国系统 [Shandong Wulian responds to “Teachers’ corporal punishment is included in the credit blacklist”: not entered into the national system], posted online on 11 July 2019; available at https://www.thepaper.cn/newsDetail_forward_3894105 (accessed 5 May 2022).

⁵ “Guanyu dui mofan jianxing chengshi shouxin geren shishi lianhe jili jiakuai tuijin geren chengxin tixi jianshede zhidao yijian (zhengqiu yijian gao)” 关于对模范践行诚实守信个人实施联合激励 加快推进个人诚信体系建设的指导意见(征求意见稿) [Guiding Opinions on Implementing Joint Incentives for models of honest and trustworthy individuals and accelerating the construction of the personal integrity system (draft for comment)]; available at http://www.gov.cn/hudong/2019-06/03/content_5397131.htm (accessed 5 May 2022).

⁶ “Dalian shi xinguan feiyan yiqing fangkong qijian shixin xingwei wei xinxi (di 28)” 大连市新冠肺炎疫情防控期间失信行为信息(第28) [Information on untrustworthy behaviour during the prevention and control of COVID-19 epidemic in Dalian (No. 28)], 30 November 2021; available at <https://credit.dl.gov.cn/credit-portal/gxq/article/detail/575190> (accessed 5 May 2022).

⁷ *Shehui zuzhi xinyong xinxi guanli banfa* 社会组织信用信息管理办法 [Credit information administration measures of social organisations], 24 January 2018; available at <http://www.mca.gov.cn/article/gk/fg/shzzgl/201801/20180115007671.shtml> (accessed 5 May 2022).

⁸ *Guanyu quanmian shishi huanbao xinyong pingjiade zhidao yijian (zhengqiu yijian gao)* 关于全面实施环保信用评价的指导意见(征求意见稿) [Guiding opinion on the full implementation of environmental credit evaluation (draft for comments)], 23 May 2021; available at <https://www.ndrc.gov.cn/yjzxDownload/20210323fj1.pdf> (accessed 5 May 2022).

⁹ *Shangwu bu, shichang jianguan zongju, waihui ju guanyu kaizhan 2019 niandu waishang touzi xinxi baogao niandu baogaode gongbao* 商务部, 市场监管总局, 外汇局关于开展2019年度外商投资信息报告年度报告的公告 [Announcement of the Ministry of Commerce, the State Administration for Market Regulation and the State Administration of Foreign Exchange on launching the 2019 annual report on foreign investment information], 3 January 2020; available at <http://www.mofcom.gov.cn/article/zcfb/zcwgtz/202001/20200102927881.shtml> (accessed 11 May 2022).

¹⁰ “Guowuyuan bangongting guanyu jin yi bu wanshan shixin yueshu zhidu goujian chengxin jianshe changxiao jizhide zhidao yijian guobanfa (2020) 49 hao” 国务院办公厅关于进一步完善失信约束制度构建诚信建设长效机制的指导意见国办发(2020)49号 [Guiding Opinions of the General Office of the State Council on further

improving the dishonesty restriction system and building a long-term mechanism for integrity construction, State Council General Office document 2020, no. 49], 18 December 2022; available at http://www.gov.cn/zhengce/content/2020-12/18/content_5570954.htm (accessed 5 May 2022).

¹¹ “Guanyu tuijin shehui xinying tixi jianshe gao suliang fazhan cujin xingcheng xin fazhan gejudu yijian” 关于推进社会信用体系建设高质量发展促进形成新发展格局的意见 [Opinions on promoting the construction of a social credit system with high-quality development and promoting the formation of a new development pattern], 29 March 2022; available at http://www.gov.cn/zhengce/2022-03/29/content_5682283.htm (accessed 10 May 2022).

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