Social Credit System of China

# Technologies Used

**China’s surveillance system:**

The Chinese big data department has calculated that 80% of the data available in China is centred in the government, due to this they must enhance the operation of government data to develop the big data system the government desires. So far, the big data department together with big data administration and big data development bureau have established departments in various places across the country, to manage and collaborate big data resources nationwide.

The Chinese big data department holds “the goal of the big data system is to form data assets through the collection and exchange of a wide range of data sources, through data governance and development, and in accordance with the internal and external sharing needs of the government, thereby proving a comprehensive, efficient, and reliable data supply chain”

Rui, a giant tech-company expert, wrote a column on china.org.cn at the beginning of 2020, claiming that AI and blockchain are the future leading technologies of scientific and technological innovation. Furthermore, he presents that China will become the leader of this game-changing and widely influential technology, due to the “Next Generation Artificial Intelligence Development Plan” (henceforth the Plan), which the Council developed in 2017. The column holds that this was a huge event in history of science and technology since it was the first AI plan ever developed. The Plan holds “that it will give full play to the role of AI technology in enhancing social interaction, promoting credible communication, facilitating the integration of blockchain technology and AI, establishing a new social credit system, and minimizing the cost and risk of interpersonal communication”

**Blockchain**

According to a blockchain expert, the government has mainly been concentrating its resources on private blockchain projects, although it has cautiously and discreetly been engaging in public blockchain projects too. The expert believes that the government aims to track everything with this new technological network.

**Fifth Generation cellular network**

Xinhua holds that 5G in combination with big data and AI, will take revolutionary steps towards a digital economy and this will make a huge positive impact on China’s future economy.

**Monitoring behaviour across platform**

A United States Human Rights report (Henceforth U.S HR-report) claim that behavioural data can include: “collected information on academic records, traffic violations, social media presence, friendships, adherence to birth control regulations, employment performance, consumption habits, and other topics”

The report criticizes China’s expansion of AI, by arguing that the system is already causing damage by monitoring speech and movement, not only through cameras but also through other electronics such as phone apps.

**Identifying individuals**

The Ministry of Foreign Affairs of the PRC holds that the “Next Generation Artificial Intelligence Development Plan Issued by the Council” has developed a three years Internet + AI plan, enhancing the industrial development, and measures for applications and technology Robotic Development. During the last couple of years, this plan has made China become the world-leading within the technology of voice and visual recognition, but also developed advanced biometric recognition and intelligence monitors, and also evolved practical apps of Chinese information processing.

The video made by VICE News on the SCS holds that AI appears everywhere, for instance at various fast food restaurants in China, citizens can order their food at a machine and then pay with their face. This system is called “smile-to-pay” and is a highly technological camera which will scan the person's face and identify him/her. The camera will recognise the paying customer even though (s)he is wearing a wig or a lot of make-up. The video also states that many giant tech-companies in China are developing video analysis systems.

# Possible Reasons for Rewarding and Deducting.

There are multiple social credit systems in China right now. Scholars have conceptualized four different types of systems:

* The Judicial system,
* The Municipal social credit system,
* People's Bank of China financial credit system, and
* Commercial credit-rating system.

These four systems are not interconnected seamlessly, but relevantly independent from each other with their own jurisdictions, rules, and logic.

The social credit system compiles a score for both individuals and companies after collecting, aggregating and analysing data from different sources.

For businesses, in addition to its own operations, companies are asked to submit information on their partners and suppliers to local and national authorities.

* Bad behaviour,
* low trustworthiness and
* ratings from suppliers and customers

will also influence a company’s own credit score.

A good rating will lead to rewards, while a poor rating could see an individual or a company punished or sanctioned.

Every citizen starts off with a score of 1,000. NPR reported the ranking as follows: 960 to 1,000 is an A; 850 to 955 points is a B; 840 to 600 is a C; and any score below that is a D, which designates the score-holder as “untrustworthy.”

# **Advantages**

1. Solving the “trust deficit”

According to officials, the SCS will address China’s “trust deficit,” an epidemic of low-quality goods and fraud and financial scams that are harming the population. For example, the contaminated milk powder scandal in 2008 sickened almost 300, 000 children. By increasing trust and monitoring businesses, the government can better hold people accountable.

2. Subprime credit

Many Chinese citizens don’t have a credit history, making it hard to obtain loans or mortgages. By using non-economic measures to evaluate credit, these citizens could gain access to resources for economic and social mobility.

3. Punished for actions, not credit

In an article, “No, China isn’t Black Mirror,” Ed Jefferson points out that the current government SCS does not punish citizens simply for having low credit (those pilots like Sesame may). Only people who commit fraud or civil offenses are punished. While some petty actions, like walking your dog off-leash, may lower your score, they won’t get you blacklisted or banned from flights.

# **Risks**

**1. Rates businesses and individuals**

According to a 2014 State Council report, the goal of the SCS is to promote “trustworthiness” through four goals: honesty in government affairs, commercial integrity, societal integrity, and judicial credibility. Three of these four goals (excluding societal integrity) could easily be accomplished by focusing on businesses and state institutions. It’s one thing to hold producers and government accountable, but a whole other ball game to hold individuals to such rigid standards.

**2. Algorithms are biased too**

Since algorithms are made by humans, they inherently contain human bias. Thus, the decision of what is “good” or “bad” behaviour has serious implications. For example, Sesame’s understanding of video gaming as a negative trait is clearly debatable, but holds serious consequences for gamers. Just as racial profiling often surfaces in crime prediction algorithms, I’d be worried about discrimination in the SCS.

**3. Algorithms are “black boxes”**

Academics have described algorithms as a “black box,” highlighting how little we know about their inner workings. While some blacklists and credit scores may be published, we have no way of knowing how these are combined with consumer and personality attributes to result in an individual rating. Without transparency, there are concerns that the government could misuse this program for its own purposes.

**4. Ignores social and personal context**

Algorithms are extremely reductive, yet have the power to change people’s lives. For example, there is clearly a difference between one person who misses a payment while in hospital and another who is simply a freeloader. Further, social norms privilege the elite, rather than those in need.

**5. Labelling and stigma**

As I learned in an introductory criminology course, labelling acts of “deviance” often results in stigma, decreased life chances, and a higher rate of repeated offending. Stigma requires an audience, and what better way to shame someone than defaming them through a nation-wide reputation system? This may harm an individual’s chances of rehabilitation after an offense or mistake.

**6. Human rights violations**

Some aspects of SCS and its pilot initiatives may violate basic human rights. For example, Sesame users with a high score can skip the long lineups at healthcare clinics. This policy gives priority access based on a judgement that is not even medical. Further, SCS adjusts your score based on who your friends and associations are. A friend whose “bad” actions lower their credit score may drag yours down as well, punishing innocent people.

# **Potential Rewards of a Good Score**

* **Discounts on energy bills**
* **Rent things without deposits**
* **Better interest rates at banks**
* **Will reportedly get more matches on dating websites.**

Companies with a high score are placed on a “redlist”. There is a range of rewards to businesses that do well in this regard, including:

* **Streamlined administrative procedures.**

For example, companies that are classified as an ‘Advanced Certificate Enterprise’ may receive faster customs clearance. A-rated tax-payers may have their tax returns processed more quickly.

* **Fewer inspections and audits**
* **Fast-tracked approvals.**

# **Potential Negative Effects of a Bad Score**

* **Banning you from flying or getting on the train.**

China has already started punishing people by restricting their travel.

Nine million people with low scores have been blocked from buying tickets for domestic flights.

* **Throttling internet speeds.**

Spreading fake news, specifically about terrorist attacks or airport security, will also be punishable offences.

### **Banning from the best schools.**

Citizens with low social credit would also be prohibited from enrolling their children at high-paying private schools.

### **Stopping from getting the best jobs.**

"Trust-breaking" individuals would also be banned from doing management jobs in state-owned firms and big banks.

### **Keeping out of the best hotels.**

People who refused military service were also banned from some holidays and hotels.

### **Being publicly named as a bad citizen.**

Naming and shaming is another tactic available. A 2016 government notice encourages companies to consult the blacklist before hiring people or giving them contracts.