China’s “social credit” scheme involves cajolery and sanctions

Just over a year ago, the eastern city of Suqian announced a plan to score the “trustworthiness” of every adult resident. Everyone would start with 1,000 points. They could get more for performing good deeds, such as voluntary work, giving blood, donating bone-marrow or being a model worker. Points would be deducted for bad behaviour such as defaulting on loans, late payment of utility bills, breaking the rules of the road or being convicted of a crime. Scores would be recalculated monthly and allow residents to be sorted into eight categories, from aaa (model citizen) to d (untrustworthy).

Suqian calls the system “Xichu Points”, after the ancient kingdom of Western Chu to which the area once belonged. It appears to be up and running. A government office in the city offers leaflets explaining how it works. Residents can look up their rating by entering their identity-card number into a mini-app running on WeChat, a popular instant-messaging programme. Their score is indicated by a virtual pointer on a dial that is coloured green at one extreme and red at the other. Scorers at the green end can receive rewards, such as a discount of up to 80 yuan ($12) a month on local-transport passes and admission to hospital without having to pay a deposit.

Such citizen-scoring schemes are still uncommon. But in recent years a growing number of towns and cities have been experimenting with them. Officials often describe them in ways that suggest a relationship with the central government’s efforts in recent years to set up a “social credit” scheme. Last October America’s vice-president, Mike Pence, called this “an Orwellian system premised on controlling virtually every facet of human life”. Those who see it this way often point to the scoring of citizens by cities, as well as a separate national project that involves putting people on government “blacklists”, as evidence. So far neither has proved as dystopian as Mr Pence suggests. In Suqian, it is hard to find anyone who has heard of Xichu Points, and harder still to find someone who says it has made any difference to them. But they have worrying dimensions.

The central government began mulling plans for a social-credit system early this century, says Rogier Creemers of Leiden University in a paper on the topic. It was responding to rising public anger over officials’ failure to curb the dishonesty that had become rampant in many walks of life: everything from fraud and academic plagiarism to shoddy construction and the selling of dangerous fake goods. In a blueprint published in 2014 the government said the project would involve centralising data that it holds on citizens and businesses (the document set out broad plans for the years until 2020, but did not specify exactly what would be in place by that date). The authorities are issuing every company and organisation a social-credit registration number. For firms, this will replace the panoply of numbers they use to identify themselves to various agencies, such as the tax bureau and industry regulators. There is no known plan to create a system such as Xichu Points at the national level by giving all citizens a score based on their day-to-day behaviour.

For now the data being collated nationally are being put to use in two main ways. The first is to aid the development of a financial credit-rating industry. This will probably result in a financial scoring-system similar to those widely used in other countries. The second is to tighten the enforcement of existing laws. China’s police can respond rapidly to perceived threats to the party’s grip. But in other domains the state’s power is more limited. People commonly fail to pay workers, defy court orders or default on debts by decamping to other provinces or starting new businesses in different industries.

The blacklists are supposed to remedy this. Since 2013 the judiciary has been compiling the names of people who have defied a court order, for example by failing to pay debts or fines, or to issue an apology to an injured party. In 2016 other departments agreed to help penalise these people by preventing them from buying plane or bullet-train tickets or staying in luxury hotels, as well as joining the civil service, taking senior jobs in state-owned firms or starting companies in the food or drugs industries. More than 12m people are on this blacklist; they have been denied more than 17m plane tickets and 5m for bullet trains. They will remain on the list until courts are satisfied they have complied with orders.

The government has since encouraged ministries and regulators to draw up their own blacklists of people and businesses who have broken rules (such as ones relating to health, safety or the environment). Those named will not all suffer sanctions as harsh and wide-ranging as those imposed on people blacklisted by courts. But they will be subject to greater scrutiny, and in some cases outright restrictions, when dealing with other arms of government.

In 2015 and 2016 the central government encouraged 43 cities to carry out their own experiments with social credit. Most of them have done this mainly by ensuring better co-ordination between departments in order to help national schemes, such as the blacklists, work efficiently. But in a few places such as Suqian officials have devised other projects under the banner of social credit. These are aimed at nudging individuals and businesses to behave in a more civic-minded way. They use rewards, not punishments, to achieve this.

In Suqian a person’s score is supposed to rise and fall according to published criteria—20 points for a blood donation, 20 points (at least) deducted for failing to pay a power bill, and so on. A city employee selling bus passes needs a moment to recall the details. She says very few people have enough “credit” to claim a discount on public transport (only 3,000 have, according to state media, in a city of nearly 5m people). When asked about how Xichu Points works, a nurse staffing a blood-donation bus also scratches her head.

Scoring systems in other places have also proved unremarkable. In 2017 Hangzhou, a coastal city, released an app which claims to combine five categories of government-held data in order to produce a single number for each user. It is called Qianjiang Score, after a local river. High-scorers find it slightly easier to book municipal sports facilities, among other uninspiring gifts. Since late 2018 residents of Xiamen, a coastal city further south, have been encouraged to look up their “Egret Score”. High-achievers benefit from slightly cheaper parking and the right to borrow more library books.

Officials in Suqian had begun trying to improve public behaviour long before the party leapt on the social-credit bandwagon. Their aim was to get Suqian recognised as a “civilised city” by the central government—an award that many local administrations yearn for. Billboards across the city advertise a list of 20 rules of etiquette. They include not wearing pyjamas in public, not staring at one’s phone while in company and not encouraging others to drink to excess. There are video screens at many road junctions displaying the names and images of jaywalkers caught by cameras that appear to recognise faces. On a recent weekday they were all being used to shame two people, a Mr Dai and a Mr Wang (their full names were masked).

## **Shops being shopped**

On one of Suqian’s main streets two city-management officers sit inside a booth identifying itself as a “Trustworthy Neighbourhood Service Centre”. One of their jobs—unconnected with the Xichu Points scheme—is to assess the integrity of shop owners along two central roads. Points are docked or added depending on how far proprietors succeed in keeping displays neat and surrounding pavements clear. Inspectors’ photos flash up on a big screen next to the booth. Offending items, such as unsightly sale signs, are circled in red. The screen also lists the shops in ranking order. The officers say that well-behaved ones can enjoy free advertising space on digital displays. A shopkeeper says that owners of low-scoring establishments risk being summoned for a lecture by officials.

There is no sign that such schemes have strayed beyond the creepy paternalism that is often exhibited by local governments and that is just as often shrugged off by local residents. They look like little more than propaganda exercises aimed at emphasising the importance of “trustworthiness”, says Jeremy Daum, a Beijing-based fellow of Yale Law School. As for the national blacklists, the only way to land on them is by breaking the law, not by accumulating “bad credit”, he notes.

But the way China is setting up systems relating to social credit appears open to abuse. In some places government offices that manage petitions submitted by citizens seeking redress of injustices say they will put people on blacklists if they “cause disturbances” while doing so. That seems open to arbitrary interpretation (local officials often treat small peaceful gatherings as disturbances). Appeals systems are supposed to be in place, but challenging government rulings is very rarely successful in China. The Xichu system does not seem fair, at least as it appears on paper: among rewards for the best-behaving citizens is “priority service” in emergency wards. One employee at a government office says that “of course” people with low Xichu scores can expect to suffer consequences. The Xichu system’s published rules do not specify what these might be.

At the national level, too, the social-credit scheme has several disturbing aspects. China has a poor record of data security. Centralised databases could become honeypots for hackers. The blacklists raise questions about the proportionality of punishments. The government’s project may help curb some social ills about which the public grumbles, but it could also infringe on people’s rights.