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### Chinese Social Credit

There are several new developments in both business and technology. Although aimed to improve society and make it more efficient, some have repercussions that accompany their improvements. These dual sided developments create an ethical dilemma for creators and users and begs the question, is the increase in efficiency worth the cost? An example of such development is Chinese Social Credit. This is a new idea that has yet to be fully implemented, but it has a lot of implications that need to be examined before deciding if it is, indeed, the best choice for China to implement.

The very first step in examining this ethical dilemma is to look into the concept overall. Many people in the US are familiar with credit scores, but China is taking this idea one step further. Instead of just focusing on a person's reliability and trustworthiness when it comes to monetary activities, China is planning on monitoring all aspects of citizen life in order to get an overall score of a person's trustworthiness and reliability. The scoring monitors finances, payments, purchases, credit history, as well as social media, legal matters, health records and much more (Marr, 2019). In addition to having access and monitoring personal accounts and documents, the government also plans on tracking people via 200+ million surveillance cameras all around China (Marr 2019). Although the scoring focuses on the overall trustworthiness of a person in society as a whole, the system also takes into account loyalty and trustworthiness to brands/companies (Campbell, 2019). The analysis of each activity combines together to form an

overall score between 350 and 950 for an individual or company (Campbell, 2019). The score is then accessed and used by anyone who wants to know about the people around them or the people that are doing business with them. The overall purpose of this program is to “foster honesty” among citizens of China, since honesty is highly valued in China (Wong & Dobson 2019). By focusing on punishing dishonest, corruptive, and deceptive behaviors, the country is planning to move away from their past reputation as a low trust country and plans to bring in precautions to allow for a more harmonious and trustworthy society. Overall, essentially everything that a person does is reflected in the social score. In order to fully get an idea of how complicated this system is, it is important to look into how different types of actions affect a social score.

Since the system looks at several aspects of a person’s life, it is apparent that each action has a positive or negative effect on a person’s social score. While some actions are obvious as to how they affect a social score, for example, having bad credit or breaking the law will decrease your score, some actions that affect it are surprising. Since the system looks at purchases, even something as little as purchasing diapers (positive) or alcohol (negative) can affect your score (Marr, 2019). It also looks into how you spend your time, so if you spend your day being productive, it will have a reward, but if you play video games all day your score will go down. It can even track if you look up cheat codes for games and will adjust your social score based on that (Marr, 2019). Even something as small as j-walking, which proof can be obtained by surveillance cameras, can decrease a score. These are just small examples of how everyday actions can affect a score that has a huge impact on your life. Although the plan seems like a valid option to approach eliminating mistrust and corruption in both society and business, the score affects every aspect of person’s life which is a good and a bad thing.

Now that a brief description of the system and its scoring has been established, it is important to look at how it affects the people of China. It is already apparent that the monitoring will affect the day to day lives of the population in China, as people will most likely be more careful about what they are doing, but the resulting score plays a big role in the individual freedoms of the population. Just like in most situations, there are people who are benefitted by this system, while others face several hardships brought on by this system.

People who benefit from the social credit system boast lives of driving nice cars, penthouse apartments, prestigious education, luxurious vacations and much more. These people, of course, have high scores and can practically do whatever they want to in their lives. Through the system that helps determine individual scores, high scorers are awarded exclusive perks such as renting cars without deposits, better foreign exchange rates, skipping lines, discounts on products or bills, and access to lounges at public transportation depots (Campbell, 2019). Since the system is organized to reward those who have high scores, which are those deemed trustworthy and honest, it is no surprise that people with higher scores are the main supporters and beneficiaries of this system, but is it really that easy to attain a high enough score for a person to receive all of these benefits?

While people who achieve high scores lead very comfortable lives, people who receive a low score suffer at the hands of this system. People with lower scores live a limited life. They are restricted when it comes to buying high-quality goods or buying a new house or cars (Marr, 2019). They can also be prohibited from buying tickets on planes or trains, blocked from dating sites and can even be blocked from enrolling their children in certain schools (Marr, 2019). The worst thing that can happen when a person gets a low score is when the government blacklists them. This is reserved for very low scoring people who have committed several acts against

society or who have committed very egregious acts which are deemed by the government. Examples of such acts include not paying court fines, defaulting debts, major crimes, and more. A person could even be blacklisted if their court apology is deemed insincere. When a person is blacklisted their whole life is turned upside down. First of all, these people are barred completely from luxury purchases such as transportation tickets, hotel rooms, houses, cars, etc. So far, although the system is yet to be fully implemented, over five million people have been barred from trains and 17 million people have been barred from airplanes due to this (Campbell, 2019). Other effects of being blacklisted include: public humiliation that can be created by facial recognition via surveillance that allows for blacklisted people to be identified and can even project their image labeled with “blacklisted” on billboards around them, and even as warning for the people a blacklisted person call before they can talk which states their blacklisted status and urges the other party to help them improve (Campbell, 2019). Overall, life with a low score is drastically different than a life with a high score. While the system seems like it only focuses on monitoring individuals, it also focuses on and affects businesses.

Just like individuals, businesses can earn high or low scores resulting in either success or hardship. Mimicking the tracking that the government plans to do with individuals, the system will look into information such as payroll data, copyright violations, court procedures, types of employees hired, employee beliefs and backgrounds, environmental effects and more (Stevenson & Mozur, 2019). Once a score is determined from the information that is gathered about the entire business, the effects of the score set in. Businesses with low scores suffer limitations for borrowing money, frozen bank accounts, investigations and other limitations of crucial business tasks, while businesses with higher scores thrive (Stevenson & Mozur, 2019). The scores have shown to really hinder business growth and success because it makes it hard for businesses to fix

one problem due to the penalties and limitations it puts on companies due to the one issue (one violation could ruin the whole business since it piles on more limitations when a violation occurs). Bad scores for businesses can even affect personal scores. If a business owner cannot pay bills or even speaks out against the government in any way, they are not only risking themselves being blacklisted, but their whole family and employees too (Stevenson & Mozur, 2019). Although it may seem like only Chinese businesses and individuals should be affected by this scoring system, US companies, that operate in any form in China, have also been threatened to conform to Chinese rules and scoring in order to avoid being blacklisted and barred from doing business in China (Stevenson & Mozur, 2019). The scoring system and the resulting list of unreliable companies could also be used as a weapon in trade wars. China could blacklist companies from other countries to harm other countries and businesses and benefit Chinese companies. Overall, companies/businesses are affected in similar ways to individuals.

Now that the many people being affected by the implementation of the social credit system have been identified, it is important to look into how this new system affects the various sectors of society and moral dimensions. The five moral dimensions in the information age are information rights and obligations, property rights and obligations, accountability and control, quality of life and system quality. Starting with information and property rights/obligations, people monitored and tracked by the Chinese social credit system have very little rights and ways to protect their information and property. Since the system has access to most accounts and personal information in order to generate the scores, people really have no way to protect any information about themselves. As for accountability and control, the people who have the power in this situation and who would be responsible for any harm done with the information would be the Chinese government, who chose to implement this system and is making participation

mandatory in 2020, and also the creators of the software who could be responsible for information leaks or hacks. Although these people will be held accountable if any information is leaked or harmed, the idea of the system is for citizens to be held accountable for every action they commit by making them pay for mistakes in order to become a better person in the future. The next moral dimension is system quality. So far, the system has been relatively reliable and has not had any issues in the early phases of the system. They need to be sure to keep this under control as they expand from gathering select information to gathering information from the billions of Chinese citizens because as an operation gets bigger it is harder to monitor everything and mistakes or issues can come up that did not occur when the process was smaller scale. Finally, the last moral dimension is quality of life. Since the government can track everyone's every move, people may act differently and feel restricted. If people feel restricted and fearful in everything that they do, their quality of life will decrease. On the other hand, the system is put in place to take distrust and corruption out of their country. Through the scoring system, people are immediately able to tell who they can trust which would make certain functions easier and take a different type of fear out of society. Although there are two sides to this system, it is very apparent that it affects all of the moral dimensions.

Now that the effects of the system have been established, it would be important to look into early adaptations of this system and evaluate their successes and failures. The first time that the idea of a social credit system came about was in 2014 when a plan came out about the construction of the system (Wong & Dobson, 2019). Currently there are several pilot programs that are voluntary for people to participate in, that the government is monitoring in order to tweak and manage their own system which will be implemented in 2020. These programs include Sesame Credit and "Honest Shanghai" (Wong & Dobson, 2019). Sesame Credit is one of the

more successful and widely used pilot program. It is created by Alibaba and it has one of the better algorithms out of all of the pilot programs (Wong & Dobson, 2019). It very much mimics credit scores but includes a ranking system of the individuals that use it. Through it, people can share their scores publicly, but do not have access to how their data and score was collected and determined (Wong & Dobson, 2019). There are also smaller scale projects implemented in towns and cities across China. These monitor drunk driving, debts, following laws, etc. that can result in scores with either letter or number scores that lead to possible rewards (small scale) (Cheng, 2019). Through these systems, they are learning that a numerical scale works better than a letter grade and are testing out rewards and punishments that will lead to citizens acting the best that they possibly can. Although no real issues have come about, these pilots are determining the best algorithm or combination of algorithms to collect information and to assign fair scores.

Although the idea behind the system seems reasonable and the pilot programs have been going so well, there is still room for this idea/system to improve. One thing that should be improved is how the system plans to treat businesses. If a business makes one mistake or violation, it will be almost impossible for them to recover. A violation lowers a score and adds limitations to what the business can do which stunts growth and makes it more difficult to correct the one issue since more problems and limitations are imposed on them because of that one issue (Stevenson & Mozur, 2019). Although the point is to have honest and trustworthy companies, not all aspects of business are ethical and adding penalties to businesses will kill them rather than allow them to change. Instead of doing this, they should issue warnings before they deduct points from scores in order to allow for people to correct mistakes before they are punished so the people know what activities are wrong so they can improve instead of just suffer. This could apply to their individual scores too. If people have no way of knowing what they did to decrease

or increase their scores since some actions that cause fluctuations are less obvious than others, how would they be able to improve their behavior in order to be better members of society? One other suggestion would be changing the policy when it comes to penalizing businesses by blacklisting family members and employees of the business (Stevenson & Mozur, 2019). Although the point is to get businesses to be more accountable, it isn't fair to punish people related to the company just because the company is not doing the right things. This could also be improved when it comes to individual scores. It doesn't seem fair for your score to go down if you are friends with or related to lower score people. Your relationships should not be taken into account in the score. There are several other suggestions and improvements that I would make, but these are the ones that stand out in my mind now.

With all that being said about the good and bad aspects of the social credit system, there is one final component to analyze, the population's reaction to the system. Although the system seems very dystopian and somewhat grim, the reality is that this idea is supported and is not feared by most Chinese (Minter, 2019). The majority of the population has embraced the pilot systems with open arms and for one central reason, they want generate trust throughout the country, which is a trait that the country had lacked for several years (Minter, 2019). Although they are aware of the privacy and freedoms that they will lose due to this system, they feel that the benefits greatly outweigh the costs. Currently, over 80% of the population is enrolled in a pilot program, which shows the immense support for the system (Minter, 2019). Although the system seems terrifying and unjust to people in other countries, the Chinese people support this dystopian system with open arms as it is seen as government action to public concerns.

The idea of social credit is relatively new and is not supported by everybody but is supported by more people than western civilization could have ever imagined. Although it restricts people's freedoms, it is a way for trust to be built throughout a country seeking just that. The idea of this system does present some ethical dilemmas and issues that need to be sorted out before it can be a fully accepted development in society. Even though it seems like this new system is futuristic and scary, it is a development that aims to improve society and make it more efficient. It may be the first of its kind in the modern world, but if it is a success, it will open doors for similar developments all over the world.

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