Public Endorsement of China's Social Credit System and its Unexpected Impacts: A Qualitative Study Using Semi-Structured Interviews

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Since 2014 when Chinese government issued the Planning Outline for the Construction of a Social Credit System (SCS), related studies have increasingly mounted. Most studies analyze its ideology theoretically, some use empirical evidence to test public approval, but few focus on specific exemplary practices. This study aims to fill the gap by focusing on one typified pilot—Rongcheng, a seaport county-level city. Previous empirical studies use online survey for internet-connected citizens, but it filters most Chinese who are not practiced with Internet. To collect their opinions, we conducted semi-structured interviews in fieldwork. There are two objectives: to know the real implementation status of SCS in China, and to figure out factors contributing to Chinese public endorsement. Results reveal that people's knowledge of SCS relates to socioeconomic status (SES), implying the information asymmetry in Chinese policy implementation may reinforce the Matthew Effect. A hypothetical model is proposed to be examined for future studies.

Key Words : *social credit system, public endorsement, personal credit score*

1. INTRODUCTION

Social credit system (SCS) is commonly defined as a national credit rating system unprecedentedly developed by China. The application of credit rating in Chinese society dates to 1990s, when Chinese authorities firstly used the idea of commercial credit from western countries for solving the significant trust breaking behavior prevailing in society. As the evolution goes, the first formal birth of the term *social credit system* is marked by the issue of Planning Outline for the Construction of a Social Credit System(2014-2020). The document refers to the purpose, coverage, mechanisms and implementation methods of SCS. After this, increasingly academic efforts have been witnessed regarding this topic.

(1) Purpose, Coverage, Mechanism

According to this blueprint of developing SCS in China, firstly, SCS is going to function as a tool of allevating pervasive social untrustworthiness and boosting the whole honesty atmosphere in society. Secondly, SCS will cover all fields such as education, medical institutions, armys, etc. and identities such as business identities, individuals, and organizations[1)]. Thirdly, it will operate based on a fundamental mechanism that gets dishonesty punished and honesty awarded (see Fig.1).



Fig.1 Key mechanisms of SCS

(2) Implementation method

It is always the China governmental convention on policy implementation that the central formulates a blueprint and from it local officials devise detailed regulations. For punishing and rewarding, local officials develop blacklists and redlists while central government concentrates them, data is collected and integrated from locals to central government database, and shared within relative government agencies involved in SCS. Joint punishment makes it basis on the memorandum signed by several government agencies. For now, each prefecture has its own credit website, but the most remarkable one that makes personal credit score targeting on citizens widely and continuously adopted is

Rongcheng (荣成), a county level seaport city located in the prefecture of Shandong[2]. As the first SCS pilot city, it has been referred to by most studies, with little media exposure and controversy, Rongcheng has a widely covered personal credit score that includes all local citizens aged above 18. According to the official documents, the personal credit score is applied by citizens voluntarily, and the increase or decrease will not be informed to indivials but can be checked by the person himself and even printed out as a proof if needed. As the development and adjustment of personal credit score system, included behaviors and punishment rationale changed. And it is still in developing.

2. LITERATURE REVIEW

Since 2014, SCS as well as its rationale have been put in place, following this is the mounting academic attention on this topic.

(1) Theoretical studies

Most theoretical studies analyze the ideology of SCS from the perspective of politics, engineering, etc. And the critistic opinion is not rare to see. Zou(2021) examines the SCS as a project of moral engineering through the lens of critical theory, concluding that SCS conflates economic and social behaviors, relying on algothemic rationality for evaluating one's trustworthiness, disregarding the meanings and workings of trust in different contexts. Jessup(2021) highlights rights engaged by AI within SCS, including the right to privacy, freedom of movement, non-discrimination, freedom of expression, equality before the law and the right to a fair trial. And he concludes that there is a consistent culturally realist dissent by China of the universality of human rights, and that the expansion of future technology may leave SCS vulnerable ro abuse for political gain. Hoffman(2018) analyzes Chinese social management process through an engineering framework, and concludes that SCS is part of Chinese Communist Party's broader strategy of social management and control. On the contrary, some studies hold approval views. Ding and Zhong(2020) argue that the highest priorities of SCS are promoting economic credibility and reinforcing court orders. Meanwhile, it aims to steer citizen's social behaviors and interactions using a realist system that introduce numerous moderate rewards. Therefore, they are adamant that the concern of building a surveillance state is oversimplified and misunderstand the essence of SCS. SCS is more lax in execution than in planning, reflecting a unique Chinese understanding of law, treating is as a moral guide. Pabisiak(2020) compile SCS political, economic foundations, and impacts, then examine whether the initiative is characteristic only in Chinese reality. He finds that SCS is one of the most effective solutions considering the security needs and the nature of power in China. In contrast to the media narrations, it is a tool with interesting capabilities, not necessarily contrast to the other major civilizations' values.

(2) Empirical studies

Empirical studies favor data evidence to justify their points. But the ways data collected are different and pose impact on results. Tsai, et al(2021)'s test in city Z shows promoting integrity among business is less risky than among civil servants or the general public, so less progress has been made in the latter two areas when putting in place integrity credit score systems. Therefore they conclude that the policy implementation in China has moved toward a system where the center formulates a blueprint from which the local officials devise detailed regulations, but to minimize political risk, local officials would select easier goals to implement. Liu(2022) conducts an online sampling of mainland Chinese urban adult residents and finds that there is a general high support for expanding surveillance and punishment yet key variations among different social groups (political capital, political trust, different media consumption). Similarly, Kostka(2019) conducts an online survey of China's internet-connected population, finding that government-run SCSs are not as advanced in scope or progress as often portrayed by a few showcase examples. The overall public support is robust despite the almost nonexistent disapproval reflectred the nature of conducting a survey in an authoritarian environment. Besides, more socially advantaged citizens and older people show the strongest approval, because they interpret SCS as beneficial and honest promoting instead of privacy-violation. Scenario is another information providing method. Lee(2019) collects personal narratives of 22 Chinese citizens using a scenario-based story comnpletion method, finding that SCS is a data-driven authoritarianism using data and technology to enhance citizen surveillance. In the similar way, Rieger, et al(2020) conduct a survey on participants after introducing different policy proposals taken from real pilot projects in China. They find that there is a sunstantial decrease in Chinese students' approval after informing them potential positive and negative effects of SCS. On the other hand, Chen and Grossklags(2022) analyze SCS through the classic social control theories. They combine information form government documents, media reports, and the in-depth interviews in Beijing,

finding that perceived effectiveness of the shaming and labeling mechanisms is enhanced by SCS and digital technology but weakened by a lack of transparency, questionable justification criteria, privacy and fairness concerns.

3. RESEARCH OBJECTIVES

Although it is planned SCS would be constructed nationwide by 2020, as of 2023 no full-fledged SCS system exists[14]. A system assessing business identities and collecting data on corporate regulation compliance is better established than on individuals. But the continuous implementation of personal credit score is witnessed in several pilots, among which Rongcheng is a representative. There is no doubt SCS is a fragmented scheme including many kinds of small SCSs. However, what makes the credit rating characteristic, distinguishable and controversial is the social orientation, namely, its coverage on a broad social identities, especially common citizens, and an ambiguous range of social activities, as well as its punishments involving human rights. Given this, we shrink the scope of SCS being analyzed in this study, focusing on the personal credit score on common citizens. There are several major objectives.

(1) To figure out SCS real implementation status in Rongcheng

As mentioned, credit rating on business identities is common in China, which is generally in line with commercial rating in western countries. Small differences lie in the government-initiated and moral conducts included. What has not been nationwide implemented and is unprecedentedly invented is the credit rating on common citizens. Regarding this, critism condemn its purpose on political gain and invasion of human rights, conversely, approvals justify its neutrality and moderate implementation status. Comparing this, we find the key factor that steers public opinion is the implementation in reality. Namely, to what extent the implementation on personal credit rating fulfill the depiction in central government blueprint.

(2) To explore public experience and opinion

Personal credit rating is not a one-size-fits-all system. It has been continuously adjusted ever since the birth. According to Rongcheng governmental documents, currently personal credit score is applied by all citizens voluntarily, and is mainly used for rewards instead of punishments. Review on Rongcheng credit website shows that there had been cases of such as excaping responsibility of caring for parents[15], default on personal debts[16] and violation of traffic rules[17] being exposed on the credit website. But rare exposure is seen in recent years. As one of the most important stakeholders of SCS, citizens' experience and opinions play an indispensible part to evaluate the sustainability of SCS.

(3) To figure out factors contributing to Chinese endorsement of SCS

Although studies show it is a pretty controversial policy for westerners, studies also reveal a generally common approval of surveyed Chinese. Another objective of this study is to explore relative factors contribute to the social acceptance. Based on the the theory of popular legitimacy(Tyler&Jackson, 2014), behavior economics(Kahneman, 2003), perception of risk(Slovic, 1987), and the theory of planned behavior(Ajzen, 1991), we proposed a hypothesis model in the context of SCS, with the aim to analyze public endorsement formation and impacts on the residential decision behavior (see Fig.2).

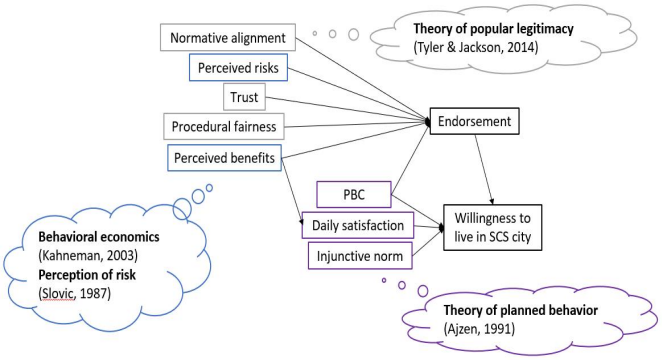


Fig.2 Hypothesis model

4. RESEARCH METHOD

Since personal credit score has not been nationaly implemented, we pay the most attention on the city Rongcheng, where citizens have daily experience with this policy. In selecting the information collecting method, we have several considerations. Firstly, compared with metropolitans like Beijing and Shanghai, the population in Rongcheng is small, and not sophisticatedly practiced with Internet. Such fact makes it difficult to conduct a proper scale of online questionnaire survey. Secondly, literature show that a large percentage of respondents are not even aware of being included in the government-initiated SCS projects, therefore, it should not be expected large numbers of qualified responses. Thirdly, the SCS on individuals is still an ongoing project in practical sense, and an in-depth issue in theoretical sense, thus we expect a survey method suitable for such characteristics. Under such circumstance, methods adopted in study include field survey in Rongcheng, semi-structured

interview locally and online, as well as reference to information on government website.

(1) Field survey

From July 26th to July 29th in 2023, we went a field survey in Rongcheng with two purposes. Firstly to know about the city history and culture background, secondly to reach local residents, especially those who are less accessible to internet, therefore not possible to be reached through online interview.

(2) Online interviews

Besides several interviews conducted in local field survey, online interview is another major approach of contacting local citizens. We recruited participants through social media platforms, snowball samplings, and convenient samplings. As for now there have been 30 finished interviews, including closed questions and open-ended questions. All participants are local citizens who have individually experienced the personal credit. The interiview is permitted by research ethic board, and strictly conducted in line with research ethics.

(3) Government website

There have been specific credit websites in Chinese local and central government. Take Rongcheng as an example, the website puts out official documents for implementation planning of personal credit, exposes the dishonest cases as warnings, and updates any progress in personal credit management methods. Therefore, it is taken as another information source of this study.

5. DISCUSSION

Analysis on the information from interviews reveal several findings and conclusions in this study. Firstly, we find that people's knowledge of SCS relates to their socio-economic status(SES). As for participants in this study, they are from diverse social status, including fastfood deliveryman, waitress, safetyguards in community, employees in private corporates, and servants from governmental departments. Comparing their familiarity and the utilize flexibility with SCS, we find that people with higher SES has more time, energy and information resources to participate in the SCS rewarding activities and therefore gain benefits. Conversely, people with low SES are less likely to know how to utilize SCS for benefits, or less possible to be available for such activities. Hence, a possible broader conclusion is that in Chinese policy implementation process, the information asymmetry may reinforce the Matthew Effect. Privileged groups are capable to gain benefits while underprivileged groups may fall poorer. Secondly, to answer the first research objective of this study, combining the government documents, and interviews with local citizens, we find that even for the first excellent pilot city Rongcheng, in real implementation sense, SCS for personal credit is still at an early stage compared to the ambitious depiction in central planning issued in 2014. Therefore a broader implication is that the power relation between China central and local government is delicate, and a gap exists between the ambition and reality. But it may also implies that the actual time period is longer than being planned in Chinese policy implementation. Thirdly, we find that for the citizens interviewed in this study, the first priority in life is to live a safe and prosperous life, which they trust the government and governmental policy can make. Thus an implication is that the trust in government is a historically-rooted culture in Chinese society. And it confirms the validity of Maslow's hierarchy of needs theory in the context of SCS. Namely, people can attend to higher needs only if the basic needs are satisfied. Also it may suggest that people's needs are mixed in the common Chinese public, people evaluate basic needs such as physiological needs, safety needs as priorer to higher needs.

Besides, there are several findings concerning the hypothesis model. Firstly, people generally show normative alignment with the rationale of SCS, that the dishonesty should be punished, but people also convey that punishments implicating offsprings is an excessive measure. Generally speaking, people agree with the ideology but have opinions on some detail measures. In a similar way, people trust the government without condition. Such basic fact in Chinese society can be said to relate with the culture and history, especially in the field survey, Rongcheng is one key setup base of the Chinese Communist Party, and people there has been influenced by not only great leaders but also philosophers like Confucius. As for the procedural fairness, people convey that the way dishonesty get punished and honesty get rewarded is a symbol of fairness. Secondly, for respondents in this study, they perceive that the privacy risks is not a new thing after personal credit, but a common fraud phenomenon has long been existing in the internet and information world. Just as we talked with a deliveryman on the street of Rongcheng, he showed a calling from abroad and said it is a telephone scam, and such callings always exist in his life. Generally, under the technology highly developed social background in China, they do not believe a perfect privacy. In such case, we should also think

about the effectiveness of SCS in fulfilling the purpose of boosting social trustworthiness, which seems to have a long way to go. For benefits, higher SES people may get fee deduction in such context, but for lower SES they generally have no strong feeling about this. Finally, comparing with metropolitans in China, the population in Rongcheng has lower mobility, most of the participants in this study have lived in Rongcheng above 5 years. They said it is a geographically comfortable city to live except for the relative high living expenses, so their priority in life is to seek more income through work. The long living period also makes them experienced with the local life, in such case, even if a new policy come into their life, the corresponding risk may be perceived as lower than the risk of moving away. We hope such findings can shed light on the complex topic and facilitate future study to examine other potential factors contributing to the social acceptance of SCS.

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