Life Inside China's Social Credit Laboratory

The party's massive experiment in ranking and monitoring Chinese citizens has already started.

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RONGCHENG, CHINA — Rongcheng was built for the future. Its broad streets and suburban communities were constructed with an eye to future expansion, as the city sprawls on the eastern tip of China's Shandong province overlooking the Yellow Sea. Colorful billboards depicting swans bank on the birds — one of the city's tourist attractions — returning there every winter to escape the Siberian cold.

In an attempt to ease bureaucracy, the city hall, a glass building that resembles a flying saucer, has been fashioned as a one-stop shop for most permits. Instead of driving from one office to another to get their paperwork in order, residents simply cross the gleaming corridors to talk to officials seated at desks in the open-space area.

At one of these stations, Rongcheng residents can pick up their social credit score.

In what it calls an attempt to promote "trustworthiness" in its economy and society, China is experimenting with a social credit system that mixes familiar Western-style credit scores with more expansive — and intrusive — measures. It includes everything from rankings calculated by online payment providers to scores doled out by neighborhoods or companies. High-flyers receive perks such as discounts on heating bills and favorable bank loans, while bad debtors cannot buy high-speed train or plane tickets.

By 2020, the government has promised to roll out a national social credit system. According to the system's founding document, released by the State Council in 2014, the scheme should "allow the trustworthy to roam everywhere under heaven while making it hard for the discredited to take a

single step." But at a time when the Chinese Communist Party is aggressively advancing its presence across town hall offices and company boardrooms, this move has sparked fears that it is another step in the tightening of China's already scant freedoms.

But it has been hard to distinguish future promises — or threats — from the realities of how social credit is being implemented. Rongcheng is one place where that future is visible. Three dozen pilot systems have been rolled out in cities across the country, and Rongcheng is one of them. According to Chinese officials and researchers, it's the best example of the system working as intended. But it also illustrates those intentions may not be as straightforward as they like to claim.

The system is the brainchild of city hall staff, says He Junning, the deputy director of the Rongcheng Social Credit Management Office.

The bureaucrat, wearing square glasses and a black checkered sweater, shares the social credit department with seven other employees on the second floor of the city hall. The system they have devised assigns 1,000 points at the beginning to each of Rongcheng's 740,000 adult residents. From there, the math begins.

Get a traffic ticket; you lose five points. Earn a city-level award, such as for committing a heroic act, doing exemplary business, or helping your family in unusual tough circumstances, and your score gets boosted by 30 points. For a department-level award, you earn five points. You can also earn credit by donating to charity or volunteering in the city's program.

He stresses that "anything that influences your points needs to be backed by official facts with official documents." That reduces subjectivity and limits penalties to mainly breaking laws and regulations.

Depending on their score bracket, residents hold a grade ranging from A+++ to D. Some offenses can hurt the score pretty badly. For drunk driving, for example, one's score plummets straight to a C. On the other hand, triple As are rewarded with perks such as being able to rent public bikes without paying a deposit (and riding them for free for an hour and a half), receiving a $50 heating discount every winter, and obtaining more advantageous terms on bank loans.

Companies are also included in the gauntlet of social credit. They can remain in good standing if they pay taxes on time and avoid fines for things such as substandard or unsanitary products — a sore point for Chinese people, who

tend to [mistrust](#) firms and service providers due to frequent scams and food safety scandals. High-scoring businesses pass through fewer hoops in public tenders and get better loan conditions.

But even though the system, established in late 2013, theoretically extends to every part of people's lives, many of the city's residents don't even know it exists yet. Sometimes people only realize it when their big life plans — buying a home, applying for a government position or an academic title — take them to the bright hallways of the city hall.

Yu Guanqing sports black Nike sneakers as he rushes from one counter to another, his wife by his side. The 30-year-old company employee needs his social credit score among other documents to apply for a house loan.

"This is making me do extra work! It's too troublesome," Yu says while walking, his documents in hand. He hasn't given the social credit too much thought but says it might help improve people's behavior. When asked, he checks his score. "I'm an A," he says — just like 90 percent of Rongcheng's population.

Oversized pictures depicting the heroes of this brave new world are displayed outside the city hall. They include Bi Haoran, a 24-year-old policeman, who saved some students one evening by pushing them out of the way of a car that crashed into the crowd. Yuan Suoping, a 55-year-old villager, is also there. After her husband's death, she took care of her bedbound mother-in-law, and when she remarried years later, her only condition for her new husband was that the old woman come live with them.

High-scoring residents are shown outside the public library and in residential communities and villages, which are already operating their own trial social credit systems. Boards explaining how you can win or lose points and showing pictures of the best scorers are a common sight in Rongcheng; passersby talk about them with pride.

But the most startling thing is that cars yield to pedestrians at the crosswalk — a sight I've never seen in another Chinese city.

"I feel like in the past six months, people's behavior has gotten better and better," says Chen, a 32-year-old entrepreneur who only wanted to give his last name. "For example, when we drive, now we always stop in front of crosswalks. If you don't stop, you will lose your points. At first, we just worried about losing points, but now we got used to it."

Rongcheng is a microcosm of what is to come. The national credit system planned for 2020 will be an "ecosystem" made up of schemes of various sizes and reaches, run by cities, government ministries, online payment providers, down to neighborhoods, libraries, and businesses, say Chinese researchers who are designing the national scheme. It will all be interconnected by an invisible web of information.

But contrary to some Western press accounts, which often confuse existing private credit systems with the future schemes, it will not be a unified platform where one can type in his or her ID and get a single three-digit score that will decide their lives. This caricature of a system that doles out unique scores to 1.4 billion people could not work technically nor politically, says Rogier Creemers, a scholar of Chinese law at the Leiden University Institute for Area Studies in the Netherlands. The system would instead expand and automatize existing forms of bureaucratic control, formalizing the existing controls and monitoring of Chinese citizens.

"The social credit system is just really adding technology and adding a formality to the way the party already operates," says Samantha Hoffman, a consultant at the International Institute for Strategic Studies (IISS) who researches Chinese social management.

The Communist Party has experimented with forms of social control ever since it came to power in 1949, though China's self-policing tradition stretches back to the Song dynasty. An 11th-century emperor instituted a grid system where groups of five to 25 households kept tabs on each other and were empowered to arrest delinquents.

But previous efforts largely focused on groups, not individuals. As early as the 1950s, during Mao Zedong's rule, rural Chinese were forced into communes that farmed collectively — to disastrous effect — and had their status measured as a group. Similarly, *danwei* were work units whose members were apportioned public goods and were ranked based on their "good" or "bad" political standing. Such groups were supposed to police their own members — efforts inevitably tied to the violent political struggles of the Maoist era.

Post-1980s, the state relied on *hukou*, or housing registration, to keep tabs on where people lived, worked, and sent their children to school. But the hukou system often broke down when confronted with China's mass urbanization in recent decades, which saw hundreds of millions of migrant workers move into metropolises despite poor access to housing and social services.

Along with society at large, the Communist Party has always monitored its own members for both ideological and personal loyalties. E-government projects that started in the 1990s, such as the Golden Shield, which connected public security bureaus across the country through an online network, have been aimed at both efficiency and control.

Former President Jiang Zemin in 1995 called for "the informatization, automation, and intelligentization of economic and social management." In the early 2000s, his successor, Hu Jintao, attempted to automate social surveillance through modern grid policing projects in cities such as Shanghai. Hu, with his minister of public security, Zhou Yongkang, dreamed up a monitoring system capable of functioning automatically, with the end goal being to keep the Communist Party in power.

The result of decades of control, however, is that Chinese society suffers from a lack of trust, says veteran sociologist Zhang Lifan. People often expect to be cheated or to get in trouble without having done anything. This anxiety, Zhang says, stems from the Cultural Revolution (1966-1976), when friends and family members were pitted against one another and millions of Chinese were killed in political struggles.

"It's a problem the ruling party itself has created," Zhang says, "and now it wants to solve it."

But around Rongcheng, nobody wants to talk to foreign journalists about the difficult times. "Life in our village has always been good," says Mu Linming, a 62-year-old resident of Daxunjiangjia Village. "After introducing the system, it's gotten even better."

The retiree and his wife treat visitors the way people used to in the old days: They invite us into their home, insist that we have some noodles, and practically force bags of apples and nuts into our hands before we depart. The orderly village, where some rooftops are covered with seaweed, has its own social credit system that's separate from Rongcheng's. Here, the criteria boil down to whether you take care of your parents and treat your neighbors nicely.

Most people's scores are middle of the road, Mu says, though the top rankers are displayed on a board near the village center.

"We are all good, and we can all encourage bad people to be good," he says.

In Beijing, Zhang Lili is one of the researchers designing the national social credit system. She works at Peking University's China Credit Research Center, which was established more than 15 years ago for this purpose.

Zhang, wearing her hair in a ponytail, talks about how the idea for the system originated in China's rapid economic expansion. It's a narrative commonly put forward in China: Because the Chinese market economy didn't take centuries to expand like in the West, people need the government to keep companies and businesspeople in check, as well as to ensure a smooth urbanization.

The Peking University credit center started in the early 2000s with social credit projects for tourism agencies, the Ministry of Commerce, and academic researchers. The rankings were based on criteria such as permits and professional qualifications.

"But now with the inclusion of personal information, because there's more debate about it, [the government] is more cautious," Zhang says.

The experience of an early citywide experiment might explain why. In 2010, authorities in Suining, a county in Jiangsu province near Shanghai, launched a pilot project that included criteria such as residents' education level, online behavior, and compliance with traffic laws. Locals would earn points for looking after elderly family members or helping the poor and lose them for minor traffic offenses or if they illegally petitioned higher authorities for help. High scorers were fast-tracked for job promotions and gained access to top schools, while those at the bottom were restricted from some permits and social services.

The scheme was a disaster. Both residents and state media blasted it for its seemingly unfair and arbitrary criteria, with one state-run newspaper comparing the system to the "good citizen" certificates issued by Japan during its wartime occupation of China. The Suining pilot was canceled but not before teaching the government some lessons about what is palatable to the public.

The reason why Rongcheng has the most successful social credit system so far is that the community has embraced it, Zhang says. And that has happened because the scheme basically only deducts points for breaking the law. It is precise in its punishment and generous in its rewards.

As a result, schools, hospitals, and neighborhoods are independently running versions of it. "It's not because the government has asked them to do it," Zhang says. "It's because they feel it's better for their own administration."

One such microsystem has been built by residents of First Morning Light, a neighborhood of 5,100 families a stone's throw from Rongcheng city hall. The spacious, modern-looking community has been divided into grids of 300 families, each grid overseen by a management team. Residents have even taken the official Rongcheng credit system a few steps further by adding penalties for illegally spreading religion — echoing recent countrywide crackdowns on religious practice — abusing or abandoning family members, and defaming others online.

The effects have been positive, says Yang Lihong, a resident in her 30s who uses a pseudonym. Quality of life in First Morning Light has shot up — along with property prices. Yang, who asked that her real name not be used, says she sees no downsides to the social credit system and has no privacy-related concerns.

"I trust the government," she says. "Who else can you trust if not them?"

China needs a "very delicate" type of administration, Zhang adds.

As Rongcheng shows, enforcing the law is a priority of the social credit system. Chinese courts struggle to enforce their judgments, especially civil ones. They're hampered by their relatively low status in the political system, the country's sheer size and scale, and the varied and often contentious levels of law enforcement.

On the one hand, the scheme wants to address real problems that Chinese society is confronting, such as financial scams, counterfeit products, and unsanitary restaurants, which amount to a "lack of trust in the market," says Creemers of the Leiden Institute.

"Yes, the social credit system is connected with maintaining the integrity and stability of the political regime," he says. "It is also the case that it tries to do so by addressing legitimate concerns. And that complicates the criticism."

Perhaps the most controversial initiative so far is a supreme court blacklist of 170,000 defaulters who are barred from buying high-speed train or airplane tickets or staying at luxury hotels as a means to pressure them to repay their debt.

The public blacklist has been incorporated by another incarnation of the social credit system — Zhima Credit, a service of the mobile payment provider Alipay. China has a huge mobile payment market, with transactions totaling $5.5 trillion in 2016, compared with $112 billion in the United States. Alipay, owned by Ant Financial, and WeChat Pay dominate the still-growing Chinese market.

Zhima Credit is an optional service embedded in Alipay that calculates users' personal credit based on data such as spending history, friends on Alipay's social network, and other types of consumer behavior. Zhima Credit's technology director controversially told the Chinese magazine *Caixin* in 2015 that buying diapers, for example, would be considered "responsible" behavior, while playing video games for hours could be counted against you.

Hu Tao, Zhima Credit's general manager, paints a different picture now. She says the app doesn't monitor social media posts "nor does it attempt to measure qualitative characteristics like character, honesty, or moral value." Zhima Credit is not a pilot for the social credit system and doesn't share data with the government without users' consent, she says.

However, the company is blending into the invisible web of China's upcoming social credit system. Ant Financial has already signed a memorandum of understanding with Rongcheng, whose residents will be able to pay their utility bills using Alipay and show their Zhima Credit score — if high enough — to obtain better health insurance and borrow library books and rent public bikes without a deposit.

There's no single institution in command of the social credit system. Instead, the web made of various schemes stretches and blends, inching from the more popular restrictions for breaking laws to new, grayer areas. The National Development and Reform Commission, a powerful central body, said in March that it would extend train and flight travel restrictions for actions such as spreading false information about terrorism and using expired tickets.

The government will in the end have inordinate amounts of data at its disposal to control and intervene in society, politics, and the economy. This strategy is deliberate and well thought out, argues Sebastian Heilmann of the Mercator Institute for China Studies in Berlin. "With the help of Big Data, China's leadership strives to eliminate the flaws of Communist systems," he wrote in a *Financial Times* op-ed. China's troves of data will help the government allocate resources, solve problems, and squelch dissent — or so, at least, the government hopes. Some people already feel trapped in China's

social credit web. Investigative reporter Liu Hu in 2013 published an article alleging someone was an extortionist. The man sued Liu for defamation and won. The court ordered the journalist to pay a fine, which he says he did. However, when Liu next tried to book a plane ticket using a travel app, he was notified that the transaction couldn't go through because he had been included on the supreme court's blacklist.

He contacted the local court and learned he had transferred the money to the wrong account. He hurried to repay the fine and sent the judge a picture of his transfer. He didn't hear back. Later, through connections, he managed to meet the judge and plead with him to be removed from the blacklist, but so far nothing has happened. Through a loophole, Liu can buy plane tickets using his passport, but he feels like there's nothing he can do to get himself off the blacklist. "It's helpless," he says.

The unified social credit system will rally all sectors of society against those deemed untrustworthy, says author Murong Xuecun, who has had run-ins with the Chinese government because of his writings. Murong believes dissidents will experience a "multifaceted punishment," and more and more people will become cautious about their remarks.

"The Chinese government is increasingly inclined to use high tech to monitor ordinary people, turning China into a police state, a big prison," says Zhang Lifan, the sociologist.

Zhang and Murong's voices, however, are so far exceptions. If people have doubts, they're not voicing them. In Rongcheng, at least, the social credit system has been embraced. If that continues elsewhere, the system will be a success. And the government will see to it that it does.

In the larger picture, the Communist Party is trying to stay in power "by making China a pleasant and acceptable place for people to live in order to not get angry," Creemers says. "It doesn't mean it's benevolent. Keeping people happy is a much more effective means than employing force."

The party is using both coercion and cooperation to integrate the scheme into people's lives and have it bring benefits to them. "To me, that's what makes it Orwellian," says Hoffman of IISS. The social credit system provides incentives for people to not want to be on a blacklist. "It's a preemptive way of shaping the way people think and shaping the way people act," she says. And to the extent that people believe they can benefit socially and economically from the Communist Party staying in power, the system is working.