China’s Social Credit System

The impact of power structures and objectivity to achieve social change and reduce corruption

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Introduction

The Chinese government wants to reduce corruption by increasing trustworthy behaviour in society (Woo, 2025). The government believes this can be achieved through technology, using data to penalize bad and reward good behaviours (Yang, 2022).

China's social credit system (SCS) is an ambitious technological attempt to unify financial, legal and other information from corporations and social organizations to provide a full picture of creditworthiness, the goal of which is to instill 'trustworthiness' in society, to achieve social change required to reduce corruption (Daum, n.d., Koty & Huld, 2023).

Although technology can bring substantial benefits, it is important to recognize the influence of power relations on technological outcomes and to understand that data is not inherently objective (the assumption that it is, is referred to as the 'allure of objectivity' (Benjamin, 2015)).

With this problematization, this essay will answer the question: How might power structures between local and national government, as well as the assumed objectivity in data, impact the ability of the SCS to achieve social change and reduce corruption?

We answer this question starting with further background on the SCS before moving to analyzing power structures between local and national governments. With a vast, complex and contested wealth of literature on power, this essay focuses on specific forms of power (to, over and with) and draws on concepts from Avelino's, (2021) *Theories of power and social change*. This analysis will help to understand the potential of inducing the intended social change within current social functionality in China.

We follow with the 'allure of objectivity' (Benjamin, 2015) which is an appropriate concept to analyze the SCS due to the extensive reliance on data assumed to be accurate and reliable as the authority on who is trustworthy in society. The concept of humility and how it may be applied within the parameters of Chinese society is discussed as a counter to this issue to democratize the SCS to the extent that this democratization will aid in the goals for the SCS.

This essay will not delve into specifics on how the government or SCS function, but rather focus on the SCS goals of social change to reduce corruption and analyze the elements of power and objectivity to understand the effect those elements will have on China's goals for the SCS.

Understanding the Social Credit System

Despite its market success, China has been plagued by a lack of trust due to widespread corruption and fraud such as tax evasion and product counterfeiting (Yang, 2022, Cho, 2020). For example, this lack of trust has increased transaction costs for fraud monitoring and detection (Cho, 2020).

Fighting corruption is a top priority of the central government (Woo, 2025). The government believes the increased trust built from the SCS will help reduce corruption, which will in turn expand economic growth through increased worldwide confidence from consumers, better support through the financial industry and increased foreign trade (Koty and Huld, 2023).

The SCS is similar to a financial credit rating system, however, it includes information from judicial bodies, government and businesses on unethical behaviours (Koty and Huld, 2023). The data will be stored in a database and used to determine trustworthiness (Koty and Huld, 2023).

The stated intent is to create a more transparent and trustworthy society by influencing behaviour through a system of rewards and punishments (Koty and Huld, 2023). Those deemed trustworthy will receive benefits such as being prioritized for subsidies or collateral free loans (Yang, 2022, Zhang, 2020). Those deemed "untrustworthy" will face varied challenges, including: travel restrictions, public shaming and exclusions from government jobs (von Blomberg and Yu, 2023).

The concept is that eventually there will be a comprehensive national system with different parameters to measure the creditworthiness or "trustworthiness" of four areas: businesses, government, judiciary and citizens.

Power Relations – Central and Local Governments

We will examine power within complex networks in the Chinese government through different definitions of power. Repressive power, also known as 'power over,' defined as exercising dominance over others; productive power or 'power to,' the empowerment to act on objects and mobilize, and 'power with,' shared collaborative power (Pansardi, 2012). These powers will demonstrate the deep nuances in power structures and help to analyze how government structures will impact the ability to reduce corruption through social change.

China's government is built around the cadre[1] system. With five levels of government (central, provincial, municipal (prefectural), county, township and village)[2] each level oversees and hires levels below and evaluations are based on the performance of specific tasks as opposed to accountability to citizens (Fewsmith and Gao, 2014). This tends to breed authority based on personalization which often results in corruption (Fewsmith and Gao, 2014).

Local governments pursue central government goals, however, the cadre system gives them 'power to' do so in their own way. With direct 'power over' citizens, often the cadres decide the needs of the people for them, resulting in requisition of land in the name of economic growth, ignoring central government policy agendas or using earmarked government funds to benefit themselves (Fewsmith and Gao, 2014). Despite the central government's recognition of these issues, these principal-agent problems leave little incentive for local government to enable further social change, such as giving more 'power to' the people they serve, which has slowed reforms (Cho, 2020).

In considering the ability of this power structure to impact social change, Avellino (2021) discusses Giddens (1984) view that socially transformative capacity is significantly influenced by "existing structures of domination" (p. 426). Reforming the current structure would leave much at stake, not only for the cadres, but also the central government which uses the current system to their advantage. For example, certain projects must be approved at a national level, however, if these projects go awry, local governments are blamed (Fewsmith and Gao, 2014). This allows the national government to mitigate

[1] Group of hierarchically organized political leaders working at party discretion
[2] For the purposes of this paper, governments below Provincial are described as local.

risks to their 'power over' the people by maintaining a high degree of satisfaction at the national level despite potentially low satisfaction with local government (Mitter and Johnson, 2021).

In this regard, as Avelino (2021) states, change is dependent on several factors, including how power manifests in different ways. In this case, a 'power with' relationship from the mutual dependence of national and local governments that creates a power coalition resistant to change.

Likely stemming from the desire to circumvent this interdependence without disrupting the intricate balance of power, party leadership has been keen to use technology towards government transparency (Seifert and Chung, 2009). A plan released in 2014 outlining the development of the SCS, states that the foundation of building a trustworthy society is effective management of government (Cho, 2020). The plan discusses enhancing government credibility through improved data assessment and collection (Creemers, 2014, Cho, 2020).

In this context, the SCS may help remedy some of the principal-agent problems by giving more 'power over' cadres to the central government through administrative control. Per Clegg (1989), power is relational and is possessed by those with it "only in so far as they are relationally constituted as doing so" (p. 207). However, this is a complex and intricate power relationship where mutually reinforcing relationships have helped build what is referred to as 'diffused power,' which is the normalization that certain practices are in the common interest without explicit command (Avelino, 2021). This normalization prevents conflict from occurring as the majority of Chinese citizens view the government as both legitimate and effective, with most citizens having a positive view of their government (Mitter and Johnson, 2021). Citizens value Confucianism views on peace and harmony and see respect for authority as reflecting those outcomes (Mitter and Johnson, 2021).

Given this analysis, there are many forces with regards to power relations at play which could jeopardize the central governments goals of reducing corruption. In this regard, safeguards must be built to prevent the SCS from simply constructing new tools to enable 'power to' cadres for 'power over' citizens which would not lead to the desired social change.

A starting point is through understanding the inherent danger in assuming data is unbiased and can provide the sole solution to problems of trust in society, which is where we now turn.

Allure of Objectivity

A 2021 article cites 47 institutions involved and responsible for establishing platforms to contribute to the SCS with no central structure for related data (Drinhausen, 2021). As evidenced by Spiegelhalter & Riesch (2011), inconsistent guidance (in this case between the profusion of agencies inputting information into the SCS) leads to increased likelihood of poor application of the technology such as corruption within the system and a lack of contextual information to accompany the data.

As Benjamin (2015) discusses, scientific research often overlooks political and social origins of data due to the 'allure of objectivity,' the assumption that data is neutral and unbiased. Those same neutrality assumptions are present in technology. These issues become more problematic in examining human biases present in algorithms. As O'Neil (2017) discusses, many cases have shown that algorithms are embedded with the same biases of their human designers and reinforce inequalities (Cho, 2020). This is concerning as the SCS automates blacklisting and distribution of punishments (Zhao and Liu, 2024).

Additionally, the focus on data to distill complex information from multiple areas of a person or business's respective life and dealings risks oversimplifying and potentially missing critical analysis of the information. For example, Zhao & Liu, (2024) studied individual debtors blacklisted by the SCS and noted one individual's desire to conduct business ethically and repay debts despite a convoluted financial situation. Familial support (borrowing money from family) and transparency with lenders had garnered some goodwill from creditors despite this blacklisting. However, Zhao & Liu (2024) also note that blacklists can cause challenges for those wanting to repay debts such as inability to travel or make everyday purchases, making it difficult to turn their situations around.

Denying exposure to more critical analysis leaves the system vulnerable to becoming another control mechanism for society, simply shifting the current methods of corruption to function within the SCS as evidenced by black markets to manipulate data already showing up (Ping, 2018).

Given the inherent ability for misuse and error, rather than rely solely on technology to solve corruption problems, it is crucial for central government address these complex layers by contemplating what Sheila Jasanoff (2007) called 'humility' within the system development. Per Jasanoff, "humility directs us to alleviate known causes of people's vulnerability to harm, to pay attention to the distribution of risks and benefits, and to reflect on the social factors that promote or discourage learning" (2007, p. 33).

Humility can be introduced by utilizing techniques such as sensitivity analysis and scenario planning to 'open up' the information provided to the structures, processes, discourses and actors that make up the forces creating the technology design (Stirling, 2008). Humility can also include ensuring appropriate data governance such as consistent guidance for data entry, control measures such as having independent audits on the reliability and fairness of the algorithms within the system as well as legal safeguards.

Although power structures are intricate and nuanced, using a degree of humility will incorporate both substantive perspectives to examine potential impacts of technological inputs and instrumental perspectives that focus on the practical effectiveness of the technology to achieve the government's anti-corruption goals (Stirling, 2008).

Conclusion

In response to our original question, we have seen that complex power structures are a deeply influential and embedded part of Chinese society. The central government is caught in a mutually reinforcing relationship with the cadre system and thus far there has not been any demonstrated will or ability from any branch of government to pursue structural changes as that would present a risk to power on many levels. Therefore, power structures continue to dominate which stagnates social change required to reduce corruption.

For these reasons, the central government has chosen to pursue technology to induce the social changes needed to solve corruption problems. However, caution must be exercised in relying solely on information within the database. As we have seen, technology is not inherently objective and its limitations must be recognized. The 'allure of objectivity' (Benjamin, 2015) can result in overlooking potential harms and simply reinforce power relationships. Technology, like the SCS, will continue to be heavily influenced by the power structures that create and administer it.

In this regard, without a lens of humility, the SCS is unlikely to have a measurable effect on corruption. If China truly wants a trustworthy society, building humility into the SCS by incorporating substantial and instrumental perspectives, using techniques such as scenario analysis and building safeguards such as data governance, independent assurance and legal parameters, give the system a better chance of achieving social change and reducing corruption. These suggestions and perspectives will democratize the process of building the SCS which will aid in producing a technology to achieve the intended goals. The feasibility of the types of democratization processes suggested should be explored further in future research.

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