

Learning from the “Frontrunner”? A Multidisciplinary Analysis of the Chinese Social Credit System and its Impact on Germany

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Abstract

China's Social Credit System (SCS) is an artificial intelligence supported system seeking to enhance moral behavior, financial reliability and social control. It is one of the most significant examples of radical digital innovation, and to date the largest attempt made in social engineering. Its effects transcend China as it affects foreign companies and individuals present in China – including those of Germany and Bavaria. Against this background, this interdisciplinary project investigates the opportunities and risks derived from China's digital transformation (through the SCS) and its impact on Germany and Bavaria's government, firms and society. To this end, we build on the team's expertise on the technical structure of the SCS from an informatics perspective; on cooperation and competition between Chinese and foreign firms, from an economics perspective; and on the impact of the SCS in global governance and diffusion processes from a political science perspective.

Chinas Sozialkreditsystem (SKS) ist ein System unterstützt von künstlicher Intelligenz, das darauf abzielt, moralisches Verhalten, finanzielle Verlässlichkeit und soziale Kontrolle zu verbessern. Es ist eines der bedeutendsten Beispiele für radikale digitale Innovation und der bisher größte Versuch der Nutzung von Social Engineering. Seine Auswirkungen gehen über China hinaus, da es ausländische Unternehmen und Privatpersonen betrifft, die in China tätig sind - auch solche aus Deutschland und Bayern. Vor diesem Hintergrund untersucht dieses interdisziplinäre Projekt, welche Chancen und Risiken sich aus der digitalen Transformation Chinas (durch sein SKS) ergeben und welche

Auswirkungen diese auf Deutschland und die bayerische Regierung, ihre Unternehmen und Gesellschaft hat. Dabei stützen wir uns auf die Expertise des Teams bezüglich der technischen Struktur des SKS aus der Informatik-Perspektive, der Zusammenarbeit und des Wettbewerbs zwischen chinesischen und ausländischen Unternehmen aus wirtschaftlicher Sicht, sowie der Auswirkungen des SKS auf Global Governance und Diffusionsprozesse aus dem politikwissenschaftlichen Blickwinkel.

Objectives

The project aims at identifying opportunities and risks for Germany and Bavaria from China's Social Credit System in three ways:

- 1) We conduct a comprehensive comparative study of Western behavioral engineering models (i.e., behavioral insights units in governments, non-governmental actors and international organizations) and contrast them with the Chinese SCS model in terms of their similarities and differences and potential for conflict but also for learning.
- 2) We focus on the effects of the SCS on firms, in particular the over 8,000 German (including Bavarian) firms present in China, since the main target of the SCS pilots are firms operating in China with an official license, incl. Western firms. We additionally evaluate whether these firms are taking advantage of China's laxer regulatory environment (e.g., on data protection) to experiment while developing digital strategies.
- 3) We investigate whether China projects domestic rules to the international level by exporting its SCS model to global governance as well as through diffusion processes or imitation (mimicry) by other governments or organizations. We examine the role of the Chinese national government in bilateral and multilateral settings. We evaluate three possible mechanisms for the diffusion of rules related to the SCS in the international arena. We look at learning processes, institutional isomorphism, rule and norms competition, in bilateral and international fora setting rules for digital governance.