

Episode 198: Will Chinese-Style Social Credit Be Coming to America? with Todd Zywicki

Speaker 1 ([00:03](#)):

Welcome to the Bill Walton Show, featuring conversations with leaders, entrepreneurs, artists, and thinkers, fresh perspectives on money, culture, politics, and human flourishing. Interesting people. Interesting things.

Bill Walton ([00:25](#)):

Welcome to the Bill Walton Show. I'm Bill Walton. China has been working for almost a decade to impose a social credit system that monitors, rewards, and punishes people according to how closely their behavior conforms to the Chinese Communist Party standards. When they announced it, proudly, they said, "The social credit system is an important component of the social market, socialist market economy, and the social government system. Keeping trust is glorious, and breaking trust is disgraceful." Like all totalitarian regimes, trust is defined by the party, which also determines what behavior's labeled "glorious", or "disgraceful". And the consequences of breaking trust will depend on your social credit store. Well, there are a lot of us, my guest today, Todd Zywicki included, who are very concerned that the social credit scores, which have been pioneered in China for almost a decade, are coming to a house near you. Maybe your house.

Bill Walton ([01:30](#)):

In contrast to China, at least for the time being, the government's restrained from imposing social credit criteria at Americans, but they're not necessarily going to have to do it as the government. Some people believe that social credit scoring could be implemented through our financial services system: banks, insurance companies, credit rating agencies, insurance companies, what have you. And they would use the criteria to determine who does or doesn't get credit or banking services. Well, somebody who's studied this a lot is Professor Todd Zywicki, returning guest a couple of times now. Todd, it's great to have you here. Todd's a professor at George Mason University. He's a foundation professor of law at the Antonin Scalia Law School. Todd, hi. Welcome.

Todd Zywicki ([02:19](#)):

Hey Bill. It's great to talk with you as always.

Bill Walton ([02:21](#)):

So when we got into this, you sent me an email last week about what's going on in China. And before our very eyes, this is unfolding there. Tell us about that.

Todd Zywicki ([02:33](#)):

Yeah. I think this potentially sums up where this might be headed Bill, which is, we could talk about how this has been building, but we can kind of see potentially end game here. Last week in China, what they have is a situation in which some rebel rousers, according to them, were organizing a rally to protest the government. So what was the first thing they did? The first thing they did was they just flipped a switch. And in China, they monitor your COVID health status. And so they just flipped a switch and everybody who looked like a troublemaker, they just turned their health codes to red. And so if you've got a red health code in China, because of COVID, then you can't leave your house, or it's against the law.

Todd Zywicki ([03:22](#)):

The next thing they did was to get at the same people after that moment passed, they flipped their health codes to red, and that was used as a vehicle to keep them from spending any money and getting access to the banking system. And so what they've done now is basically used this COVID pass as a vehicle for controlling dissent, for punishing dissenters, by shutting off access to their banking system and the like. And the sort of constant surveillance we have and the constant ways now potentially that the government or powerful private actors, as we can talk about, can monitor our behavior, we are seeing a de facto social credit system evolving in this country. And all we've got sort of missing right now is that last switch where the government can be the one that flips the switch on us.

Bill Walton ([04:12](#)):

So the way this worked was there were three banks in China, as I understand it, that mysteriously cut off their customers from access to their deposits. And some of them were denominated in yuan, but in dollar terms, hundreds of thousands, if not millions of dollars. And a couple hundred of them were going to march in protest, and when the government got wind of this, that's when they turned their cards from green to red. But it's not only now that they don't have access to the banking services, they can't use public transport, they can't go into restaurants, they can't go into malls, they've got no right to travel. So in effect, they've made them non-persons.

Bill Walton ([04:55](#)):

And the thing, it's really disturbing, is our friends over at the World Economic Forum, the Global Reset people, their last meeting began talking. They had some presentations there where private actors were beginning to roll out credit cards that would monitor your carbon footprint.

Todd Zywicki ([05:17](#)):

Right.

Bill Walton ([05:18](#)):

And the obsession, of course in the World Economic Forum is our carbon footprint, but that could be expanded a lot of other things. And they've even at the meeting rolled out, somebody was there with a really nifty new product, it was a chip that they can put in your hand if you don't want to use a credit card. Then they can monitor your carbon footprint through the chip in your hand. Have you heard about that?

Todd Zywicki ([05:47](#)):

I've heard about these chips. I've not heard about the carbon footprint, but if you recall, a few months ago, they were openly discussing this sort of as a permanent monitoring system for COVID, which was that if you didn't get your vaccine, then basically you could be... Obviously we already had vaccine mandates for passports, but they would automate the whole thing. And so that if you didn't get your booster at the appropriate time, you would have this chip in your system that would remind you, and if you didn't do it, then you'd be shut off from access to public locations.

Todd Zywicki ([06:21](#)):

There's no reason to think they couldn't also tie to your banking account or all the different things we're talking about. And we shouldn't fool ourselves here, Bill, like you said, the World Economic Forum

obsessed with your carbon footprint, but we see something like this already going on in the country, but not so much on that frontier. We've seen a proto version of it as we saw with COVID monitoring, but think about all the stuff involving diversity, equity, inclusion, or whatever they call it now, which is we have people who have been accepted to colleges who then have had their admissions rescinded because of something that was deemed offensive on social media that they said when they were 14 or 16 or 17 years old. We've had people lose their jobs because they didn't say the right thing about Black Lives Matter. We've had people lose their bank accounts, as we've talked about on your program, for not sort of towing the party line.

Todd Zywicki ([07:18](#)):

And all these things are always like, "Well, what about, you know, it all starts with the Nazis," but pretty soon it's Mike Lindell from My Pillow and it's George Will being banned from campus for being able to speak.

Bill Walton ([07:29](#)):

Well, on that point, it's not just banks, but evidently Walmart recently announced that My Pillow, Mike Lindell, is not going to be carried in Walmart because it had gone below their quote "threshold" in their rating system. And they won't tell you what the rating system is. Walmart used to be Sam Walton, very libertarian, very "Government, leave us alone. We're going to run business." Now they've gone completely woke are completely engaged in all the agendas in Washington. And so Walmart has joined the fray by banning Mike Lindell's products and I guess his bank has already kicked him out as well as we talked about last time.

Todd Zywicki ([08:17](#)):

Yeah. His bank kicked him out. And I think this is a great example, Bill, is if they're going to use these sort of rating systems. We all know now that the left makes organized attacks on books on Amazon, for example, to go in and they will have... I remember I reviewed our friend, Peter Wallison, I reviewed one of his books a few years ago. And what I was stunned was he had like 50 one star ratings before the book was even published, because the left had decided they didn't want to hear that message to be heard. They didn't want Wallison to be heard. So they launched an organized attack based for purely political motives. We see it on Yelp. I've seen restaurant reviews on Yelp that are motivated purely by people's political animus. You can just start magnifying this as if Walmart's going to rely on those sorts of things, all they're doing is creating a target for the left to engage in these either direct boycotts or these indirect boycotts by these negative rating processes.

Bill Walton ([09:25](#)):

Well, the reason I wanted us to talk about this is I think everybody ought to be aware that this green agenda and the ESG, environmental social governance, and critical race theory and all the things that seem to want to limit our freedoms and get us to tow the line with prescribed behavior, well, if they can't get it passed through legislation, they're using all these other mechanisms to do it. And the American Bankers Association has gotten together and led in part by Brian Monahan at Bank of America, who's as green and as woke as Larry Fink is at BlackRock. And they're leading the charge and they're saying, well, "Gee, if we can't get this done through government, the banking system is going to unite to do it through the way we control credit." And they're really already working to withhold credit from the fossil fuels industry, oil and gas companies, drillers, consultants, things like that. And so if you're an

ordinary system citizen and understand that we need fossil fuels to stay in the 21st century, we got to start raising awareness about all these financial institutions.

Todd Zywicki ([10:40](#)):

That's right. And one of the things people often overlook about this is that what amounts to tax on energy, that is a regressive tax. You can only set your thermostat so low.

Bill Walton ([10:56](#)):

Explain that. "Regressive", meaning it hurts the poorest people the most?

Todd Zywicki ([10:59](#)):

Poor people a lot more. Yeah. Right. It hurts poor people the most.

Bill Walton ([11:03](#)):

Like gasoline.

Todd Zywicki ([11:04](#)):

Yeah. Like gasoline's a good example. I mean, think about this sort of, frankly asinine, response to the big gas cost of \$6 a gallon. "Well, just buy an electric car, right? Buy a \$75,000 electric car." Not to mention the fact that our [crosstalk 00:11:18].

Bill Walton ([11:19](#)):

Let them eat Teslas.

Todd Zywicki ([11:20](#)):

Let them eat Tesla. Right. Not to mention the fact of kind of the absurd part of this is, our highway system is maintained through gas, excise taxes on gas. So the people are driving around these super heavy electric cars, I don't know if people realize that they put a lot of wear and tear on the system. All these rich people buying their Teslas don't even pay to maintain the highways because they don't buy gas. And so the poor guy, the guy who has to live an hour and a half from work and drive an older car that's not electric, this guy's paying huge amounts of money for gas. He's heating his home. He's air conditioning his home. That can only cost so much, and you can just start replicating these things. And so it doesn't affect Brian Monahan at all to impose these costs on ordinary working Americans.

Bill Walton ([12:10](#)):

Repeat That's stunning. I didn't quite realize. So if you got these electric charging stations set up all over the country, which they're now proposing, you don't pay any gas tax on that. It's just free. You get a free ride if you're driving a Tesla, but not if you're putting fuel on your 18 wheeler?

Todd Zywicki ([12:30](#)):

Yeah. That's right. Exactly right, because what is it? It varies by state, but 20-30 something cents a gallon for a gas tax. Some states have talked about gas tax holidays, but the electric car, the Tesla drivers, don't pay any of that. Yet they use the roads.

Bill Walton ([12:47](#)):

Well, there's this thing I wanted to ask you about. You worked for, what was Elizabeth Warren's monstrous creation? What's the name of the...

Todd Zywicki ([12:57](#)):

The name of the Consumer Financial Protection Bureau.

Bill Walton ([12:59](#)):

Yeah, you were... We thought we were going to shut it down. Remember in transition with Trump, we were going to get rid of it. Well, we didn't do too well there, but you were there. So you understand the whole of government approach. I mean, whole of government is where they sort of say, "Well, here are all the agencies, here are your marching orders. We can't get this done through Congress, but we're going to do it through the administrative agencies." And we've got the Federal Reserve Department of Labor and Department of Justice. Department of Justice has set up a group called the Office of Environmental Justice and Labor.

Bill Walton ([13:34](#)):

Trump got a regulation in there where he said, "You're not allowed to manage pension funds except to maximize the profit and returns for your investors. You're not supposed to have a green agenda." Biden's people have thrown that out. So, that's back in there. They've got all kinds of non-financial criteria, including ESG, and then the Federal Reserve. I mean, I thought the Federal Reserve was supposed to preserve our money, value of our money, but instead I get they've joined something global network of central banks and supervisors for the greening of the financial system.

Bill Walton ([14:11](#)):

How do you green the financial system? Is that just code for shutting off credit to industries you don't like, like fossil fuels?

Todd Zywicki ([14:24](#)):

That's all I can take away from it, Bill. Other than the fact that the Fed seems to printed a lot of green backs over the past few years, they created a lot of inflation, but otherwise, this is the choke point. And what it looks like is the corrupt bargain that's basically being struck, as far as I can tell, Bill, is like, going back to 2008, the government has now basically made an implied deal that they're going to bail out the big banks when things go bad. Literally nobody believes that Dodd-Frank got rid of bailouts. So the big banks now understand the deal is, whatever they do, they don't fail. And they just keep getting bigger and bigger. And in exchange, they basically play this game with the government where they basically respond to what the government wants them to do.

Todd Zywicki ([15:11](#)):

If it's green agenda, if it's diversity agenda, if it's cracking down on people who say things that they don't like, they are basically completely intertwined with the government, as far as I can tell at this point. And they like it, it's cozy for them. They're protected from competition. We both know, Jamie Diamond's great quote that "Dodd-Frank widened the moat" for competition between the big banks and everybody else. And this is basically the world we live in, which is they basically become indirect arms of the government. I think that the CEOs of these companies is signed onto this agenda because it gets them a good table of Davos every year, and a lot of praise from their peers and the rest of us basically don't have any choice because it's not like we're going to go out and start a bank.

Bill Walton ([16:08](#)):

Well, there's some seeds of hope in the FinCEN space where you've got non-bank actors providing credit and some deposit services, but that's a drop in the ocean compared to the big, big, big banks, not only here in the US, but in Europe and England and Japan. But I wanted to come back to what I opened with, because I wanted to find this quote from this guy, his name is Jay Michael Evans, and he's president of the Chinese eCommerce and technology firm, Alibaba. And they've developed a new technology for, they call it an individual carbon footprint tracker.

Bill Walton ([16:52](#)):

And through technology and ability for consumers, it's for us to do, we're not being coerced, yet. This program would collect data on individuals about where they are traveling, how they're traveling, what they are eating, and what they are consuming. Coming to your credit card near you. Now, how they do that, I don't know, but that's all these technologies are not understood until they're implemented. Do we have a line of defense here? As we hear about these alarming things, is there any way those of us who don't want our travel track to measure our carbon footprint, how do we fight back here?

Todd Zywicki ([17:37](#)):

That's the big question, Bill, and what I've thought a lot about. And the reason is what we've seen is that these guys are relentless. The left is relentless. I always joke, it always starts with the Nazis, but it never ends with the Nazis. Which is, they go step by step by step. They have the long game. You may recall when, for example, the COVID vaccines came out, they said, "Well," including the eventual president Biden, "We're never going to mandate these vaccines." They mandated the vaccines. "Where never..." Now we've turned it like universities now. In order to get hired, or in order to get promoted, in order to get raises, you have to not only do the traditional criteria, which is research service and teaching, you've got a fourth criteria now, which is, "What have you done personally to advance diversity?" As defined by them. A particular narrow view of diversity is now necessary for your career, regardless of the field. And they bounce you out if you don't do that.

Todd Zywicki ([18:40](#)):

And so the left in these guys, they are playing the long game. They understand, they just kind of grind away. And so I think the lesson here, Bill, is that we all have to be much more aware of where it ends up, not where it starts, because they always start with some reasonable little incursion. And then that is used to create a precedent that expands, expands, expands, expands. And like I said, pretty soon, you've gone from the Nazis being banned on campus, to George Will being banned on campus. And so I think all of us at this point, the joke now is, "What's the difference between reality and conspiracy theory? About three months." That's basically where we're at with almost every single thing we can think of that they might want to do, including a social credit scoring system. We should anticipate that that's where it's going.

Bill Walton ([19:35](#)):

So it sounds like it's...

Todd Zywicki ([19:36](#)):

We're talking about...

Bill Walton ([19:36](#)):

Go ahead, go ahead.

Todd Zywicki ([19:36](#)):

No, because we're talking about people who, two thirds in a poll, two thirds of American Democrats agreed with what Justin Trudeau did to the truckers in Canada. 50% of Democrats believed that unvaccinated people should be rounded up and sent basically to concentration camps. These are people who do not appreciate dissent. It's kind of like the Spanish inquisition. The logic of the Spanish inquisition was, "There's no need to tolerate error. It's bad for your soul and it's bad for society, so we'll just make you recant on what you, what you believe." And this is basically the mindset of these people, and there's no logical stopping point to that woke worldview, except complete obedience.

Bill Walton ([20:31](#)):

Well, that's what we mean by that's what the Chinese call "glorious", or "disgraceful"?

Todd Zywicki ([20:37](#)):

Right. It's good for your soul. Their view is that it's good for you to hold the right world view, not just good for society.

Bill Walton ([20:47](#)):

Well, Citibank seems to be on a jihad against the firearms industry. They're tossing all the dealers out of Citibank branches and refusing to extend credit. And so it's not just the environment, it's also firearms. And I just did a show with John Lott, who've written some very long, long, long list of books he's written about guns and the fact they actually make us safer. And had we had concealed carrier permits in these schools, the shootings probably wouldn't have happened. So there's this jihad against firearms, when in fact they make citizens safe, and of course, we know that the first thing you talk about Nazis, the first thing Hitler did when he took power was he took all the guns. And the first thing Mao did was he took all the guns. And so that's a fairly standard playbook.

Bill Walton ([21:47](#)):

One of the things I've heard is a lot of the states though, there are some states that are beginning to pass some legislation or try to get some legislation in place, I don't think it's passed yet. Kansas has got something where they're saying you can't base credit decisions on subjective or arbitrary standards, and in that they include social credit scores, political affiliations, ESG, and social media points, I guess, tweets. I mean, we're trying to protect President Trump here.

Todd Zywicki ([22:19](#)):

The right to tweet.

Bill Walton ([22:21](#)):

I think Minnesota's got something in the bill, something like that. It seems like the states, I mean, you've written, you've talked about the federalism, the system of states, might be the main ball work we have against the federal government, whole of government encroaching on our freedoms this way.

Todd Zywicki ([22:40](#)):

Yeah. When we talked about this in your program, Bill, also about the idea that Brian Brooks had when he was acting control of the currency of the fair non-discriminatory access to credit, which was designed to protect the industries, but also individuals through the national banking system the states doing it. And here's, I think, the larger question for all of us to consider ourselves conservatives or libertarians, Bill, which is that I think about when I wrestle with this. Obviously, unlike the left, all of us have principal reservations about the idea of telling banks you have to lend to this person or that person or that company or that industry or whatever, or eliminating the criteria for doing it. All of us have reservations about using government power to do that.

Todd Zywicki ([23:33](#)):

But here's the thing, the left has no reservations about doing that. The left is doing that. So I think the argument that, "Well, if we give the states the power to this, or if we give federal government the power to do this, what happens if the left, you know, when it's in the hands of Elizabeth Warren?" The reality is, Bill, Elizabeth Warren isn't sitting around, waiting for legal authorization to tell banks what to do. And it's pretty clear that the SEC and the CFTC, it's not like they're sitting around wondering whether or not they have legal authority to enforce these things on banks and securities firms and everything else. They're just doing it. And maybe courts will strike them down, maybe they won't. But here's the question we need to ask ourself is, what's going to change? Whatever we're doing now, isn't working. Whatever our strategy is now isn't working.

Todd Zywicki ([24:31](#)):

So I think we need to ask ourself, is it the case that using these affirmative policies, like you're talking about, states engaging in this, especially red states, the federal government doing it, if we just swear off using the power of government to promote freedom, what have we got left? Every other institution in American society is taken over by the left. The only thing that's sort of contestable for libertarians and conservatives is, to some extent, political power. And so I think we really need to have sort of a soul searching discussion, which is, "Does this make sense? What are the pros and cons of this? And what does this mean if we choose to use the kind of power you're talking about or where we refrain from using the power we're talking about?"

Todd Zywicki ([25:20](#)):

It's sort of the chamber of commerce idea that, "Oh, you shouldn't tell private businesses what to do," I think is a bit naive for those of us who actually believe in real freedom at this point, like freedom of expression, freedom to protect yourself, like you're saying with firearms, freedom to work, freedom to bank, all these different sorts of things, that may be, as we've recognized in the past, that sometimes government activity may be promoting freedom and we can't just reflexively fall back on sort of thinking, "Well, less government power is, you know, inherently conducive to freedom."

Bill Walton ([26:03](#)):

So as a card carrying libertarian, you're telling me that I can't just want to have most of government melt away. It may be our only way to actually fix this? Which is to get control back through the electoral process of... We've already got a lot of states that are behaving sensibly, but if we get the federal government back... I mean, Trump was beginning to do this in the agencies because...

Todd Zywicki ([26:29](#)):

That's right.

Bill Walton ([26:29](#)):

You know better than anyone that most of this bad stuff, as I've just illustrated, is being done through the agencies. It's not the doing through Congress, it's administrative fiat. So if we get a chance to handle ruling those fiats, we can roll this back. I know there are a lot of people now working to create a strong agenda to do just this when we get control of the White House again in 2024. Brook Rollins has got a group, Heritage has just launched a group that's going to be focusing on lines of action when we win the election. I think one of the problems we had with the Donald was when he got elected, he didn't have a clue what he really wanted to do. And he had some good instincts, but he didn't have any people. He didn't even know where to find the Department of Labor.

Bill Walton ([27:24](#)):

I love the guy he was, but it was amateur hour. And I do think we're beginning to figure it out. I think you're saying something very smart. If we can't control K12, we can't control universities, or Hollywood, whatever, we've got to actually use the federal government to bring about what we want to bring about.

Todd Zywicki ([27:46](#)):

Or state government.

Bill Walton ([27:47](#)):

Or state.

Todd Zywicki ([27:48](#)):

And I'm still working through this, Bill. I think this is a discussion for libertarians and conservatives to have, which is... The old idea we had was there was a binary distinction between public and private, and all we really needed to care about was public power. But if you look at the banking system, for example, to say that Citibank is a private business, is kind of an abuse of the English language. They're so intertwined with government and go, the regulatory state just has so many different tentacles that they push it around. I don't think that's really a fair description. We've got these things that are kind of these hybrids, these amalgams, and I think we need to develop our thinking in a little more sophisticated way to think about how we deal with those questions.

Todd Zywicki ([28:38](#)):

And I do believe firmly that the long run goal here should be to get back to neutrality, by which I mean, most of the institutions of American society should be non-political in my view. The churches, the banks, the workplace, the K12, universities. These should be sort of non-political areas where people are free to kind of be themselves. And it may be that it's necessary in the short run to push back against power with power in order to try to get to that goal. I'm still working through this. I haven't concluded whether that's the case, but I think those are the kind of discussions that would be worth having. And I give you an example of...

Bill Walton ([29:24](#)):

Well, Todd, I'm going to give you a final word. We're working on this new audio format. We're trying to get it under 30 minutes.

Todd Zywicki ([29:31](#)):

Good.

Bill Walton ([29:32](#)):

I think you just put together the rallying cry. First we're going to get together a self-help group of recovering, or not recovering, but libertarians, to accept this line of action. Anyway, until the next time we'll be back. We'll be talking about this a lot more in the days to come. So Todd Zywicki, professor at George Mason University School of Law. Thanks. And thanks for you all for listening. This has been the Bill Walton Show. You can find us on Substack, YouTube, Rumble, Apple, all the major podcast platforms. And I hope you enjoyed this and hope you'll tune in for the next installment. So thanks. This is where you can find out what's true, what's right, and what's next.

Bill Walton ([30:15](#)):

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