



Which way to go?  
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## Collective Bargaining or Universal Basic Income

### Which Way Forward for Chinese Workers?

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*The loss of political support for collective bargaining has stripped the Chinese labour movement of one of its few unifying forces. In light of this decline, in a recent essay Eli Friedman has argued that collective bargaining should be replaced with universal basic income (UBI) as a common goal of the movement. But would UBI be able to play such a role? What may be gained or lost by mobilising around UBI? To respond to these questions, this essay compares the two strategies with regard to a number of crucial aspects.*

In the previous chapter, Eli Friedman analyses the state of the labour movement in China, focussing in particular on the failure of the institutionalisation of collective bargaining. Given the loss of political support that collective bargaining seems to have experienced in China in recent years, Friedman makes an argument for replacing it with universal basic income (UBI) as a political goal of the labour movement. This is not to say that in his opinion collective bargaining will disappear or will no longer be useful, or that UBI is on the immediate horizon; rather, he believes that in the current circumstances alternative political goals and projects such as UBI should be seriously considered, even if they may seem utopian for now.

## An Impasse in the Chinese Labour Movement

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Friedman's essay provides an occasion for serious reconsideration of the goal and strategy of the Chinese labour movement. This is particularly necessary at a time when the activism of Chinese workers seems to have reached another impasse due to the double challenges of political and economic tightening. The movement led by Chinese migrant workers is autonomous in two senses: it is autonomous in relation to the official trade union—the All-China Federation of Trade Unions (ACFTU)—and it is also autonomous in that workplace-based industrial actions are independent of each other. The result is an independent, unco-opted, but also fractured movement. The notion of collective bargaining, one of a few clearly articulated goals that are widely-shared by worker-activists, grassroots labour organisations, industrial relations scholars, the government, and the ACFTU, has provided this highly fragmented movement with a sense of direction, bringing together

the efforts of a diversity of individuals, groups, and institutions.

While there is near consensus on the importance of collective bargaining for Chinese workers, not everyone is in complete agreement about the goals of collective bargaining or the forms that it should take. Some advocate for it to contain labour conflicts, others see it as a convenient tool to resolve labour disputes, while some hope to empower workers. In other words, collective bargaining has always been a contested idea, but differences have generally not been publicly voiced for strategic reasons. Herein lies the continual appeal of this strategy in debates on Chinese labour over the last decade, whether they are among workers, scholars, policy-makers, or activists. In this sense, the replacement of collective bargaining as a legitimate goal may strip the movement of one of the few unifying forces. Would UBI be able to play a similar or even more strategically sound role? What may be gained or lost by mobilising around UBI as the goal? To respond to these questions, I compare the two strategies with regard to a number of crucial aspects.

## **Workers (Dis)Empowerment**

How to build workers' power should be at the heart of any strategic consideration. Is collective bargaining furthering this goal? Scholars have identified two forms of collective bargaining: 'collective bargaining by riot' and 'Party-state-led wage bargaining' (Chan and Hui 2014). These two strategies have divergent goals: the former emerges only after workers stage collective actions and demand direct negotiation with management, and it thus contributes to building workers' collective power, confidence, and capacity; the latter is an effort led by the Party-state to pre-emptively institutionalise wage bargaining, primarily

aimed at containing labour conflict. While 'Party-state-led wage bargaining' seems reactive at best, and its institutionalisation is rarely successful, 'collective bargaining by riot', beyond the immediate goal of resolving workers' grievances, is a critical practice of workers' self-organisation and self-governance.

In contrast, the ability of UBI to build workers' power is less direct. As Friedman argues, it may require labour unrest leading to ungovernability to bring forward UBI as a political compromise, but this does not necessarily presuppose worker self-organisation and self-governance, nor does it present obvious opportunities to exercise collective power. There is no doubt that UBI, if designed and administered well, will provide employees with economic security and more bargaining power to negotiate working conditions, as well as with increased freedom and capacity to pursue other social and political goals outside employment. However, such security and freedom will still be threatened by the thorny issues of freedom of association and assembly, things that will not necessarily be brought forward by UBI. In fact, it is not impossible that UBI may actually preclude these possibilities. In terms of empowering workers, collective bargaining seems to hold an advantage over UBI.

## **Sources of Support**

Any goal, if it is to be accepted by the movement, will firstly need to be discussed, understood, and broadly supported. Collective bargaining was able to gain acceptance for a number of reasons. First, collective bargaining, in the simplest form of negotiating with employers, is often a logical demand of workers in collective disputes; second, it is seen as an inevitable component in the mature industrial relations system toward which China should be moving; and

finally, it is broad and ambiguous enough as a concept and practice to attract the interest of different constituencies. However, as Friedman has described in his essay, belief in the adequacy and plausibility of collective bargaining has perceptively declined in China. At the same time, due to the lack of better alternatives, it has been difficult to register opposition to it.

In comparison, UBI, while gaining momentum globally, is little known and discussed in China. Whereas collective bargaining has a long history—both positive and negative—in industrialised and industrialising countries, UBI does not have a lot of historical precedents, nor current instances of successful adoption beyond early local-level experimentations. A recent article looking for any UBI-type programme in China, cites the example of the minimum income guarantee (*dibao*) (Green 2017). *Dibao* is a welfare scheme that is extremely selective in the target population of disabled and elderly people, and which provides only a very modest income supplement. It is unlikely to be expanded in the near future, nor, given these limitations, is it likely to serve as a good model for UBI. Proponents of UBI may thus have to look for inspiration elsewhere. This uncertainty over what form a Chinese UBI could take, and what the effects and consequences would be, present a large hurdle for its advocates.

However, while China's social welfare system is fragmented and unevenly enforced (Carrillo 2017), there has been impetus in the last decade and a half to improve and expand welfare, in contrast to decades of cuts and ideological assault in the West. For this reason, an extension of the current system to include UBI may encounter less resistance in China, and could, in fact, even galvanise a movement behind it. However, while China should still be able to provide a fiscal basis for expanded social welfare—despite its slowing economy—even a small amount per person would be a gigantic

undertaking for the government, with any future debt-crises risking to undermining the UBI project altogether. Furthermore, the country currently has a low unemployment rate and wages have been growing, albeit more slowly than in the last decade. Lack of employment, which prompts a lot of the debate on UBI, is thus arguably not the most urgent issue for workers.

## Building Momentum

Finally, where would the momentum come from? The practice of collective bargaining takes place at the workplace, and its momentum stems from workers' collective actions within the factories, where the pressure is most direct and concentrated. Here, workers have the capacity to play a direct role in shaping the bargaining process, even though the pressure from management is enormous. This bottom-up drive is the most important reason that ensures the legitimacy and longevity of collective bargaining as a movement goal. But today, as Friedman observes, such momentum seems to be slowing down. The manufacturing industry is offering less space for industrial workers to negotiate wages, and we often see workers simply demanding severance pay due to factory closure or relocation, without getting a chance to negotiate for better salaries or labour conditions. The political tightening over civil society organisations, lawyers, individual labour activists (Franceschini 2017b), and even people who were merely documenting protests (Ramzy 2017), constrains the transfer of experience and knowledge, undermining the very foundation of the support for collective bargaining.

In comparison, UBI is a policy instrument that is designed by and negotiated at the highest echelons of the Party-state, where workers cannot exercise direct power or influence. In the past, the ACFTU might have

played a role in lobbying for the protective Labour Contract Law, and it is still possible that under the right circumstances it may choose to advocate for better welfare policies or even UBI. In these scenarios, would workers be able to have any say in a UBI initiative, or would they have to rely on the official union or other bureaucratic actors? Moreover, we are no longer simply talking about migrant workers in industrial workplaces: UBI will and must necessarily be a national debate, encompassing broad sections of the population, across sectors, regions, and employment categories. It may take a social movement broader than only workers to advocate for UBI, the building of which is a task as exciting as it is challenging.

## **A Golden Age Remnant**

Where does this leave us? Faith in collective bargaining is evidently in crisis. Enterprise bargaining, if it happens at all, is rarely sustained over time. Any attempt to move beyond enterprise bargaining, toward sectoral or regional wage setting and bargaining, has not seen much success besides in a few celebrated cases—for example in Zhejiang province (Friedman 2014). Recently, there also has been a more radical rethinking of working-class formation in Asia (Chang 2015). It may be argued that the kind of trade union movement under which collective bargaining is institutionalised is unique to the golden age of post-war capitalism in the early-industrialised countries. At a time when trade unionism and collective bargaining have been in serious decline for decades in the West, it is reasonable to reconsider this strategy.

Still, collective bargaining remains relevant. For the foreseeable future, industrial workers in China will surely continue to demand to bargain collectively with management, whatever form these

negotiations may take. While it should not be the only goal, it should still serve as a legitimate instrument in industrial relations, particularly in order to build collective capacity. There is also a distinct possibility that interest in collective bargaining will be rekindled, with the issue returning to the political agenda, in the event of a successful bargaining after an unexpected, socially significant strike—and almost all prominent strikes of the last decade in China have been unexpected.

However, the limit of enterprise bargaining is clear, and at best this should only be an intermediary goal. It may be useful to revisit sectoral and industry-wide collective bargaining as an alternative, or as the next step in a wider collective action strategy. Or, it may be strategic as a movement to combine such goals with advocacy for specific legal changes, such as strengthening anti-retaliation measures to protect workers who complain about illegal working conditions, or imposing criminal sanctions and personal liability for employers (Halegua 2017). No single goal is likely to be sufficient, nor is it likely to gain the approval of all participants in the movement. In fact, collective bargaining, UBI, and the other approaches outlined here may well be complementary to one another. At the current impasse, critical engagement with a range of goals and strategies will better inform the labour movement's strategies, providing it with coherence and direction.

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