## I. Introduction: Two Theses

1. *Class compromise thesis*: Under certain conditions, if workers and capitalists act rationally in the pursuit of economic interests, then they will converge on a *class compromise* form of class conflict.

2. *Transition costs thesis*: Once a class compromise is reached, then the transition costs involved in a socialist rupture will always be sufficiently high to make it *economically irrational* for workers to struggle for socialism.

## **II.** Conditions for Class Compromise

- 1. Foundational facts about capitalism:
  - Workers' present welfare depends upon two central variables:
    - 1) Level of productivity;
    - 2) Workers' ability to resist exploitation.

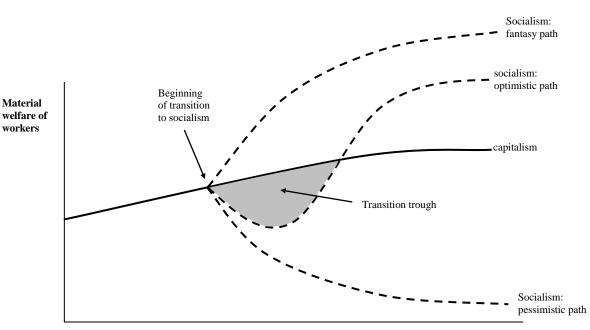
Workers *future* welfare also depends upon two processes:

- 3) Capitalists' present investments out of the surplus they appropriate,
- 4) Workers capacity to appropriate future stream of wages from productivity growth.

BUT this generates a dilemma: workers cannot maximize both #2 and #3.

- 2. Levels of Militancy & class compromise
  - "Optimal militancy"
  - "Maximal Militancy"
  - Hyper-radicalism thesis: optimal militancy = maximal militancy
  - Class Compromise Thesis: under certain conditions optimal militancy < maximal militancy.
- 3. Conditions for sustainable class compromise
  - (1). Time horizons
  - (2). Trust
  - (3). working class associational power

## **III. Transition Costs**



Historical time