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:

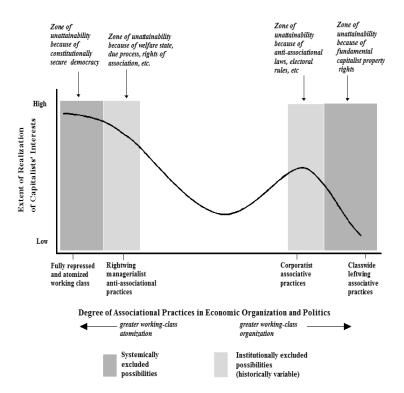
- 1) Level of productivity;
- 2) Workers' ability to resist exploitation.

Workers future welfare also depends upon two processes:

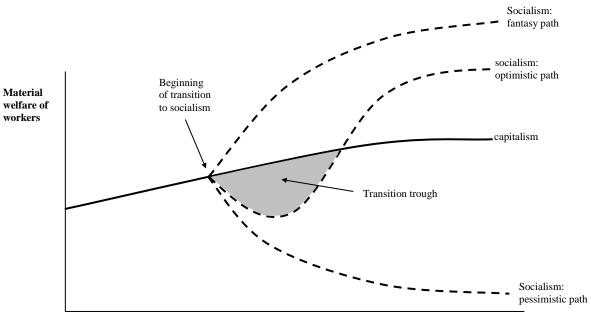
- 3) Capitalists' present investments out of the surplus they appropriate,
- 4) Workers capacity to appropriate future stream of wages from productivity growth.

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
- 4. The model of positive class compromise



III. Transition Costs



Historical time