

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

