

Chapter 11

Symbiotic Transformation

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The basic idea of symbiotic transformation is that advances in bottom-up social empowerment within a capitalist society will be most stable and defensible when such social empowerment also helps solve certain real problems faced by capitalists and other elites. While there are historical moments in which it may be possible, through effective popular mobilization and solidarity, to deepen and extend forms of social empowerment even when this sharply threatens the interests of capitalists and other dominant elites, such gains will always be precarious and vulnerable to counterattack. Gains won in a period of heightened mobilization will therefore tend to be undone in periods where such mobilization declines. Forms of social empowerment are likely to be much more durable and to become more deeply institutionalized, and thus harder to reverse, when, in one way or another, they also serve some important interests of dominant groups, solve real problems faced by the system as a whole. Joel Rogers and Wolfgang Streeck formulate this idea in terms of the general conditions for the robust success of the democratic left: “The democratic left makes progress under capitalism when it improves the material well-being of workers, solves a problem for capitalists that capitalists cannot solve for themselves, and in doing both wins sufficient political cachet to contest capitalist monopoly on articulating the ‘general interest.’”¹

Historically the most important examples of this mode of transformation were the relatively stable forms of “class compromise” between capital and labor mediated by the state in many developed capitalist countries in the second half of the twentieth century. Forging the conditions which make such class compromise possible has been at the center of the more progressive currents in social democratic politics. In this chapter we will explore the implicit logic of this kind of strategy and its emancipatory potential.

CLASS COMPROMISE²

The concept of “class compromise” invokes three quite distinct images. In the first, class compromise is an illusion. Leaders of working class organizations — especially unions and parties — strike opportunistic deals with the capitalist class which promise general benefits for workers but which, in the end, are largely empty. Class compromises are, at their core, one-sided capitulations rather than reciprocal bargains embodying mutual concessions.

In the second image, class compromises are like stalemates on a battlefield. Two armies of

¹ Joel Rogers and Wolfgang Streeck, “Productive Solidarities: Economic Strategy and Left Politics,” in *Reinventing the Left*, edited by David Miliband. (Cambridge: Polity Press, 1994), p. 130.

² Much of this section is drawn from a previously published article, “Working-Class Power, Capitalist-Class Interests and Class Compromise,” *American Journal of Sociology*, Volume 105, Number 4 (January 2000): 957-1002

roughly similar strength are locked in battle. Each is sufficiently strong to impose severe costs on the other; neither is strong enough to definitively vanquish the opponent. In such a situation of stalemate the contending forces may agree to a “compromise”: to refrain from mutual damage in exchange for concessions on both sides. The concessions are real, not phony, even if they are asymmetrical. Still, they don’t constitute a process of real cooperation between opposing class forces. This outcome can be referred to as a “negative class compromise.”

The third image sees class compromise as a form of mutual cooperation between opposing classes. This is not simply a situation of a balance of power in which the outcome of conflict falls somewhere between a complete victory and a complete defeat for either party. Rather, here there is a possibility of a non-zero-sum game between workers and capitalists, a game in which both parties can improve their position through various forms of active, mutual cooperation. This outcome can be called a “positive class compromise.”

The central idea of symbiotic transformation is that the possibilities for stable, positive class compromise generally hinge on the relationship between the *associational power* of the working class and the *material interests* of capitalists.³ The conventional wisdom among both neoclassical economists and traditional Marxists is that in general there is an inverse relationship between these two variables: increases in the power of workers adversely affect the interests of capitalists (see Figure 11.1). The rationale for this view is straightforward for Marxist scholars: since the profits of capitalists are closely tied to the exploitation of workers, the material interests of workers and capitalists are inherently antagonistic. Anything which strengthens the capacity of workers to struggle for and realize their interests, therefore, negatively affects the interests of capitalists. The conventional argument by neoclassical economists is somewhat less straightforward, for they deny that in a competitive equilibrium workers are exploited by capitalists. Nevertheless, working class associational power is seen as interfering with the efficient operation of labor markets by making wages harder to adjust downward when needed and by making it harder for employers to fire workers. Unions and other forms of working class power are seen as forms of monopolistic power within markets, and like all such practices generate monopoly rents and inefficient allocations. As a result, unionized workers are able to extort a monopoly rent in the form of higher wages at the expense of both capitalists and nonunionized workers.

-- Figure 11.1 about here --

An alternative understanding of the relationship between workers’ power and capitalists’ interests sees this as a curvilinear *reverse-J* relationship rather than an inverse relationship (see

³ Throughout this discussion of class compromise I will rely on a simple, polarized concept of the class structure of capitalism in which workers and capitalists are the only classes. For some purposes it is important to deploy a highly differentiated class concept which elaborates a complex set of concrete locations within class structures. My work on the problem of the “middle class” and “contradictory locations within class relations” would be an example of such an analysis (see Erik Olin Wright, *Classes*, London: Verso, 1985, and *Class Counts*, Cambridge: Cambridge University Press, 1997). For some problems the causal processes cannot be properly studied without specifying a range of fine-grained differentiations and divisions within classes on the basis of such things as sector, status, gender, and race. For other purposes, however, it is appropriate to use a much more abstract, simplified class concept, revolving around the central polarized class relation of capitalism: capitalists and workers. This is the class concept I will mainly use in this chapter.

Figure 11.2).⁴ As in the conventional wisdom, capitalist class interests are best satisfied when the working class is highly disorganized, when workers compete with each other in an atomized way and lack significant forms of associational power. As working class power increases, capitalist class interests are initially adversely affected. However, once working class power crosses some threshold, working class associational power can begin to have positive effects on capitalist interests. The classic example of this was the role of organized labor in helping to solve certain problems posed by Keynesian macro-economic policy. Full employment, insofar as it implies high levels of capacity-utilization and higher aggregate demand for the products of capitalist firms, potentially serves the interests of capitalists. But it also risks a profit squeeze from rapidly rising wages and spiraling levels of inflation. Keynes himself recognized this as a serious problem: “I do not doubt that a serious problem will arise as to how wages are to be restrained when we have a combination of collective bargaining and full employment.”⁵ The emergence and consolidation in a number of countries of strong, centralized unions capable of imposing wage restraint on both workers *and employers* was perhaps the most successful solution to this problem. In this sense, a powerful labor movement need not simply constitute the basis for a *negative* class compromise, extracting benefits for workers through threats to capital. If a labor movement is sufficiently disciplined, particularly when it is articulated to a sympathetic state, it can positively contribute to the realization of capitalist interests by helping to solve macroeconomic problems.

-- Figure 11.2 about here --

In order to more deeply understand the social processes reflected in the reverse-J hypothesis of Figure 11.2, we need to elaborate and extend the model in various ways.⁶ First we will examine more closely the underlying causal mechanisms which generate this curve. Second, we will extend the range of the figure by examining what happens at a very high levels of working class associational power. Finally, we will examine various ways in which the institutional environment of class conflict determines which regions of this curve are historically accessible as strategic objectives.

Mechanisms underlying the reverse-J relation

The reverse-J curve presented in Figure 11.2 can be understood as the outcome of two kinds of causal processes – one in which the interests of capitalists are increasingly undermined as the power of workers increases, and a second in which the interests of capitalists are enhanced by the increasing power of workers. These are illustrated in Figure 11.3. In broad terms, the downward sloping curve reflects the ways in which increasing power of workers *undermines the capacity of capitalists to unilaterally make decisions and control resources* of various sorts, while the upward sloping curve reflects ways in which the associational power of workers may *help capitalists solve certain kinds of collective action and coordination problems*.

⁴ The reverse-J shaped relationship between working class power and capitalist interests was first suggested to me in a paper by Joel Rogers. “Divide and Conquer: Further ‘Reflections on the Distinctive Character of American Labor Law’.” *Wisconsin Law Review*, 1990, 13:1–147.

⁵ Andrew Glynn, “Social Democracy and Full Employment.” (*New Left Review*. 1995. 211:33–55.) p. 37

⁶ A more formal elaboration of the theoretical foundations of this model can be found on pages 969-976 in Erik Olin Wright, “Working-Class Power, Capitalist-Class Interests and Class Compromise.”

-- Figure 11.3 about here --

Class struggle and compromise do not occur within an amorphous “society”, but within specific institutional contexts -- firms, markets, states. The real mechanisms which generate the reverse-J curve in figure 11.3 are embedded in such institutional contexts. Three institutional spheres within which class struggles occur and class compromises are forged are particularly important:

The sphere of exchange. This concerns above all the labor market and various other kinds of commodity markets, but in some situations financial markets may also be an arena within which class conflicts occur and class compromises forged.

The sphere of production. This concerns what goes on inside of firms once workers are hired and capital invested. Conflicts over the labor process and technology are the characteristic examples.

The sphere of politics. Class conflict and class compromise also occur within the state over the formation and implementation of state policies, and the administration of various kinds of state-enforced rules.

There is a rough correspondence between each of these institutional spheres of class conflict and class compromise and characteristic kinds of working class collective organizations: *labor unions* are the characteristic associational form for conflict/compromise in the sphere of exchange; *works councils* and related associations are the characteristic form within the sphere of production; and *political parties* are the characteristic form within the sphere of politics.

The central task of our analysis, then, is to examine the mechanisms which enable these different forms of working class associational power -- unions, works councils, parties -- to forge *positive* class compromises within the spheres of exchange, production, and politics. These mechanisms are summarized in Figure 11.4.

-- Figure 11.4 about here --

The sphere of exchange

Capitalists have a range of material interests within the sphere of exchange that bear on their relationship with the working class: minimizing labor costs; having an unfettered capacity to hire and fire without interference; selling all of the commodities they produce; having a labor force with a particular mix of skills in a labor market that provides predictable and adequate supplies of labor. As has often been argued by both Marxists and nonMarxist political economists, some of these interests contradict each other. Most notably, the interests of capitalists in selling commodities means that it is desirable for workers-as-consumers to have a lot of disposable income, whereas capitalists' interests in minimizing their own wage bill implies an interest in paying workers-as-employees as little as possible.

Increases in working class associational power generally undermine the capacity of individual capitalists to unilaterally make decisions and allocate resources within labor markets. In the absence of unions, capitalists can hire and fire at will and set wages at whatever level they feel is most profitable given existing market conditions. Working class associational power reduces capitalists' individual capacity to make profit-maximizing decisions on labor markets and thus hurts their material interests.

If capitalists' interests within the sphere of exchange consisted entirely of interests in their individual ability to buy and sell with minimal constraint, then something close to the inverse relation portrayed in Figure 11.1 would hold. But this is not the case. The material interests of capitalists – their ability to sustain a high and stable rate of profit – depends upon the provision of various aggregate conditions within the sphere of exchange, and these require coordination and collective action. The solution to at least some of these coordination problems can be facilitated by relatively high levels of working class associational power.⁷

The classic example of this is the problem of inadequate aggregate demand for the consumer goods produced by capitalists. This is the traditional Keynesian problem of how raising wages and social spending can underwrite higher levels of aggregate demand and thus help solve “underconsumption” problems in the economy. Inadequate consumer demand represents a collective action problem for capitalists: capitalists simultaneously want to pay their own employees as low wages as possible and want other capitalists to pay as high wages as possible in order generate adequate consumer demand for products. High levels of unionization, in effect, prevent individual firms from “defecting” from the cooperative solution to this dilemma. Working class strength can also contribute to more predictable and stable labor markets. Under conditions of tight labor markets where competition for labor among capitalists would normally push wages up, perhaps at rates higher than the rate of increase of productivity thus stimulating inflation, high levels of working class associational power can also contribute to wage restraint.⁸ Wage restraint is an especially complex collective action problem: individual capitalists need to be prevented from defecting from the wage restraint agreement (i.e. they must be prevented from bidding up wages to workers in an effort to lure workers away from other employers given the unavailability of workers in the labor market), and individual workers (and unions) need to be prevented from defecting from the agreement by trying to maximize wages under tight labor market conditions. Wage restraint in tight labor markets, which is important for long term stable growth and contained inflation, is generally easier where the working class is very well organized, particularly in centralized unions, than where it is not.

A second example concerns the serious problem of skill formation in labor markets faced by capitalists. As we discussed in chapter 7, while it is in the interests of capitalists to have a labor force with high levels of flexible skills, it is not in the interests of individual capitalists to provide for the needed training since in a free labor market other capitalists, who have not provided such training, can poach such well trained workers. Strong unions can play an active role in helping to solve this kind of problem by insuring greater job security of workers, stabilizing and enforcing

7. This does not mean that working class associational power is a necessary condition for the solution to such coordination problems. There may be other devices which may constitute alternative strategies for solving these coordination problems. All that is being claimed is that working class associational power can constitute a mechanism which makes it easier to solve such problems.

⁸ For a discussion of union power and wage restraint, see L. Calmfors, L., and J. Driffill. “Bargaining Structure, Corporatism and Macroeconomic Performance.” *Economic Policy* 1988.6:13–61; Andrew Glynn, “Social Democracy and Full Employment.” (*New Left Review*. 1995. 211:33–55; Jonas Pontusson, “Between Neo-Liberalism and the German Model: Swedish Capitalism in Transition.” Pp. 50–70 in *Political Economy of Modern Capitalism: Mapping Convergence and Diversity*, edited by Colin Crouch and Wolfgang Streeck. (Thousand Oaks, Calif.: Sage. 1997)

seniority rules, and in other ways reducing the possibilities of poaching.

These positive effects of working class associational power on capitalist interests in the sphere of exchange need not imply that capitalists themselves are equally well organized in strong employers associations, although as the history of Northern European neo-corporatism suggests, strongly organized working class movements tend to stimulate the development of complementary organization on the part of employers. In any case the ability of workers power to constructively help solve macro-economic problems is enhanced when capitalists are also organized.

Assuming that the positive Keynesian and labor market effects of working class power are generally weaker than the negative wage-cost and firing discretion effects, the combination of these processes yields the reverse-J relationship for the sphere of exchange in Figure 11.4.

The sphere of production

A similar contradictory quality of the interests of capitalists with respect to workers occurs within the sphere of production: on the one hand, capitalists have interests in being able to unilaterally control the labor process (choosing and changing technology, assigning labor to different tasks, changing the pace of work, etc.), and on the other hand, they have interests in being able to reliably elicit cooperation, initiative and responsibility from employees.

As working class associational power within production increases, capitalists' unilateral control over the labor process declines. This does not mean that capitalists are necessarily faced with rigid, unalterable work rules, job classifications, and the like, but it does mean that changes in the labor process need to be negotiated and bargained with representatives of workers rather than unilaterally imposed. Particularly in conditions of rapid technical change, this may hurt capitalist interests.

On the other hand, at least under certain social and technical conditions of production, working class associational strength within production may enhance the possibilities for more complex and stable forms of cooperation between labor and management. To the extent that working class strength increases job security and reduces arbitrariness in managerial treatment of workers, then workers' time horizons for their jobs are likely to increase and along with this their sense that their future prospects are linked to the welfare of the firm. This in turn may contribute to a sense of loyalty and greater willingness to cooperate in various ways.

The German case of strong workplace-based worker organization built around works councils and co-determination is perhaps the best example. Wolfgang Streeck describes how codetermination and works councils positively help capitalists solve certain problems:

What, then, is specific about codetermination? Unlike the other factors that have limited the variability of employment, codetermination has not merely posed a problem for enterprises, but has also offered a solution. While on the one hand codetermination has contributed to growing organizational rigidities, on the other hand, and at the same time, it has provided the organizational instruments to cope with such rigidities without major

losses in efficiency....⁹

...the works councils not only shares in what used to be managerial prerogatives, but also accepts responsibility for the implementation and enforcement of decisions made under its participation. This constellation has frequently been described as 'integration' or 'cooptation' of labor or organized labor, in management; with the same justification, however it can be seen as 'colonization' of management, and in particularly manpower management, by the representatives of the workforce. The most adequate metaphor would probably be that of a *mutual incorporation of capital and labor* by which labor internalizes the interests of capital just as capital internalizes those of labor, with the result that works council and management become subsystems of an integrated, internally differentiated system of industrial government which increasingly supersedes the traditional pluralist-adversarial system of industrial relations.¹⁰

This tighter coupling of interests of labor and capital with the resulting heightened forms of interclass cooperation helps employers solve a range of concrete coordination problems in workplaces: more efficient information flows within production (since workers have more access to managerial information and have less incentive to withhold information as part of a job-protection strategy); more efficient adjustments of the labor process in periods of rapid technological change (since workers are involved in the decisionmaking and are thus less worried that technological change will cost them their jobs, they are more likely to actively cooperate with the introduction of new technologies); more effective strategies of skill formation (since workers, with the most intimate knowledge of skill bottlenecks and requirements, are involved in designing training programs). Most broadly, strong workplace associational power of workers creates the possibility of more effective involvement of workers in various forms of creative problem-solving.¹¹

With so many positive advantages of such cooperative institutions, it might seem surprising that strong workplace associational power is so rare in developed capitalist countries. The reason is that such cooperative advantages come at a cost to capital. Streeck recognizes this even in the German case:

Above all, codetermination carries with it considerable costs in managerial discretion and managerial prerogatives.....Integration cuts both ways, and if it is to be effective with regards to labor it must bind capital as well. This is why codetermination, for all its advantages, is seen by capital as a thoroughly mixed blessing.....Both the short-term economic costs and the long-term costs in authority and status make the advantages of

⁹ Wolfgang Streeck, *Social Institutions and Economic Performance: Studies of Industrial Relations in Advanced Capitalist Economies*. Newbury Park, Calif.: Sage, 1992)p. 160

¹⁰ Streeck, *Social Institutions...* p.164

¹¹ It is possible, under certain social and cultural conditions, for some of these forms of cooperation to emerge and be sustained without strong workplace associational power of workers. This is often the way the relatively cooperative system of employment relations in Japan is described (e.g. Chie Nakane, *Japanese Society*, London: Weidenfeld & Nicholson, 1970), although others have criticized such culturalist views (e.g. Masahiko Aoki, *Comparative Institutional Analysis*, Cambridge: MIT Press, p. 304ff). In any event, under many conditions high levels of worker cooperation within production are likely to be difficult to sustain if they are not backed by some form of significant associational power.

codetermination expensive for the capitalist class, and thus explains the otherwise incomprehensible resistance of business to any extension of codetermination rights.¹²

Because of these costs, capitalists in general will prefer a system of production in which they do not have to contend with strong associational power of workers in production. Thus, again, the reverse-J shape of the functional relation between workers' power and capitalists' interests within production.

The sphere of politics

The two components of the reverse-J relationship between working class associational power and capitalist interests are perhaps most obvious in the sphere of politics. As a great deal of comparative historical research has indicated, as working class political power increases, the capitalist state tends to become more redistributive: the social wage increases and thus the reservation wage of workers is higher; taxation and transfer policies reduce income inequality; and in various ways labor power is partially decommodified. All of these policies have negative effects on the material interests of high-income people in general and capitalists in particular. Working class political power also tends to underwrite institutional arrangements which increase working class power within the sphere of exchange and often within the sphere of production as well. Working class associational power in the political sphere, therefore, may also indirectly contribute to the downward sloping curves in the spheres of exchange and production.

The upward sloping class compromise curve in the sphere of politics is the central preoccupation of social democracy. The large literature on tripartite state-centered corporatism is, in effect, a literature on how the interests of capitalists can flourish in the context of a highly organized working class.¹³ Sweden, until the mid-1980s, is usually taken as the paradigm case: the social democratic party's control of the Swedish state facilitated a set of corporatist arrangements between centralized trade unions and centralized employers' associations that made possible a long, stable period of cooperation and growth. The organizational links between the labor movement and the social democratic party were critical for this stability, since it added legitimacy to the deals that were struck and increased the confidence of workers that the terms of the agreement would be upheld in the future. This made it possible over a long period of time for Swedish capitalism to sustain high capacity utilization, very low levels of unemployment, and relatively high productivity growth. State-mediated corporatism anchored in working class associational strength in the political sphere played a significant role in these outcomes.

The inventory of mechanisms in Figure 11.4 provides a preliminary set of variables for characterizing the conditions of class compromise within different units of analysis across time and space. Class compromises within the sphere of exchange can occur in local, regional, national labor markets, or within labor markets linked to particular sectors. Production level

¹² Streeck, *Social Institutions*...p. 165

¹³ See, for example: Gøsta Esping-Andersen, *Three Worlds of Welfare Capitalism*. (Princeton, N.J.: Princeton University Press, 1990); Philippe Schmitter, "Corporatism is Dead! Long Live Corporatism! Reflections on Andrew Schonfield's *Modern Capitalism*." *Government and Opposition*. 1988. 24:54–73; Philippe Schmitter and G. Lembruch, eds. *Trends towards Corporatist Intermediation*. (London: Sage, 1979)

compromises typically occur within firms, but they may also be organized within sectors.¹⁴ Class compromises in the sphere of politics are especially important within the nation state, but local and regional political class compromises are also possible. The emergence of various forms of meso-corporatism involving local and regional levels of government may indicate the development of political class compromises within subnational units. The reverse-J curves that map the terrain of class compromise, therefore, can be relevant to the analysis of class compromises in any unit of analysis, not simply entire countries.

Different countries, then, will be characterized by different combinations of values on these three pairs of class compromise curves.¹⁵ In Germany, for example, working class associational power has traditionally been especially strong within the sphere of production, somewhat less strong in the sphere of exchange, and rather weaker in the sphere of politics. In Sweden -- at least in the heyday of social democracy -- it was very strong in the spheres of exchange and politics, and perhaps a bit weaker in the sphere of production. In the United States, working class associational power has dwindled within all three spheres, but is strongest in the sphere of exchange within certain limited sectors. The overall reverse-J curve for class compromise within a society, therefore, is the result of a complex amalgamation of the component curves within each of these spheres.

Making the model more complex: extending the theoretical domain of variation

The range of variation in Figures 11.3 and 11.4 can be considered the typical spectrum of possibilities in contemporary, developed capitalist societies. It will be helpful for our subsequent analysis to consider what happens when working class power increases towards the limiting case of society-wide working class organization and solidarity simultaneously in all three spheres of class compromise. This corresponds to what might be termed “democratic socialism,” understood as working class collective democratic control over capital.

What happens to capitalist class interests as working class associational power approaches this theoretical maximum? Figure 11.5 presents the relationship between one crucial aspect of capitalists’ interests -- their control over investments and accumulation (allocation of capital) --

¹⁴ In the spheres of production and exchange, there may be considerable heterogeneity in the shape of the class compromise curves and the degree of working class associational power across firms and sectors. The result is that within a given country the conditions for class compromise may be much more favorable in some firms and sectors than in others. Within the sphere of production, it is easy enough to see how the upward sloping curve can be restricted to a particular sector or even firm, since most of the gains from cooperation are contained within firms. In the sphere of exchange, while many of the positive effects of high levels of unionization for capitalists come from aggregate, macro-economic effects, some of the positive effects -- such as stabilization of labor markets, rationalized skill formation, and wage restraint in tight labor markets -- may be concentrated in specific sectors or localities. The reverse-J curve characterizing a given sphere, therefore, is itself an amalgamation of the distribution of such curves across firms, sectors and other less aggregated units of analysis.

¹⁵ The actual variation across time and place is, of course, much more complicated than is being portrayed here. Countries will vary not simply in where they are located on each of these curves, but also on: 1) the relative weights of the various curves in defining the overall configuration for the society; 2) the units of analysis within countries within which class compromises are most rooted; 3) the specific shapes of the component curves themselves. In some times and places, for example, the upward-sloping segments of some of the curves might be relatively flat, in other cases, quite steep. My theoretical understanding of these relations is insufficient to say anything very systematic about either of these two sources of variation.

and working class power. The control over investments is perhaps the most fundamental dimension of “private” ownership of the means of production within capitalism. In most capitalist societies even as working class power increases, this particular power of capital is not seriously eroded. Even with strong unions and social democratic parties, capitalists still have the broad power to disinvest, to choose their individual rate of savings, to turn their profits into consumption or allocate them to new investments, etc. Of course, all capitalist states have capacities to create incentives and disincentives for particular allocations of capital (through taxes, subsidies, tariffs, etc.). And in special circumstances “disincentives” can have a significant coercive character, effectively constraining capitalists’ capacity to allocate capital. Still, this fundamental aspect of capitalist property rights is not generally threatened within the normal range of variation of working class power. When working class associational power approaches its theoretical maximum, however, the right of capitalists to control the allocation of capital is called into question. Indeed, this is the heart of the definition of democratic socialism – popular, democratic control over the allocation of capital. This is what so scared the Swedish capitalist class when the Meidner plan of share-levy wage earner funds was proposed in 1976. This suggests the shape of the curve in Figure 11.5: a relatively weak negative effect of working class power on capitalist interests with respect to the control over the basic allocation of capital until working class power reaches a very high level, at which point those interests become seriously threatened.¹⁶

-- Figure 11.5 about here --

When Figure 11.5 is added to Figure 11.2, we get the roller-coaster curve in Figure 11.6. There are two *maxima* in this theoretical model: the *capitalist utopia*, in which the working class is sufficiently atomized and disorganized to give capitalists a free hand in organizing production and appropriating the gains from increased productivity without fear of much collective resistance; and the *social democratic utopia*, in which working class associational power is sufficiently strong to generate high levels of corporatist cooperation between labor and capital without being so strong as to threaten basic capitalist property rights. These two maxima, however, constitute quite different strategic environments for workers and capitalists. Statically, capitalists should only care about where they sit on the vertical axis of this figure: if you draw a horizontal line through the figure that intersects the curve at three places, capitalists should be statically indifferent among these three possibilities. Understood dynamically, however, capitalists in general will prefer points in the left hand region of the curve.

-- Figure 11.6 about here --

It is at least in part because of this threat of a society-wide shift in the balance of class power

¹⁶ The x-axis in figure 11.5 is working class associational power undifferentiated into the spheres of production, exchange, and politics. It thus represents an under-theorized amalgam of the associational power within the three spheres (which are themselves amalgams of associational power across the various units of analysis that make up a sphere). The underlying intuition is that viable democratic socialism requires high levels of workers associational power within all three spheres, and that a *sustainable* threat to fundamental capitalist property rights under democratic conditions can only occur when such unified associational power occurs. This does not imply, however, that the three spheres are of equal weight in this theoretical gestalt. Traditionally Marxists have argued that working class power at the level of the state is most decisive for challenging capitalist property rights, whereas anarcho-syndicalists have argued that the pivot is workers power within production.

that capitalists might prefer for working class associational power to remain to the left of the social democratic “peak” of this curve even though this peak might be theoretically advantageous to capitalist interests. Arriving at the peak looks too much like a Trojan Horse: small additional changes in associational power could precipitate a decisive challenge to capitalists interests and power. The local maximum of the “social democratic utopia” in Figure 11.6 may thus be a kind of tipping point which is seen by capitalists as too risky a zone to inhabit. This is one interpretation of the strident opposition by Swedish capitalists to the initial formulation of the “wage-earners fund” proposal in Sweden in the 1970s. The wage earners fund, as initially conceived, was a proposal through which Swedish unions would gain increasing control over the Swedish economy via the use of union pension funds to purchase controlling interests in Swedish firms. From the point of view of economic performance and even the middle-run profit interests of Swedish firms, it was arguable that this might be beneficial for Swedish capital, but it raised the possibility of a long-term slide towards democratic socialism by significantly enhancing the power of Swedish labor. The result was a militant attack by Swedish capital against the Social Democratic party. As Andrew Glynn writes: “The policies which the Social Democrats were proposing impinged on the authority and freedom of action of business which was supposed to be guaranteed in return for full employment and the welfare state. This seems to lie at the root of the employers’ repudiation of the Swedish model, of which full employment was a central part.”¹⁷

Zones of Unattainability

In the practical world of real capitalist societies, not all values within this theoretically defined range are historically accessible. There are two different kinds of exclusion-mechanisms which have the effect of narrowing the range of real possibilities. These can be termed *systemic* exclusions and *institutional* exclusions.

Systemic exclusions define parts of the curve that are outside the limits of possibility because of the fundamental structural features of a social system. Specifically, the presence of a *constitutionally secure democracy* removes the fully repressed and atomized working class part of the curve from the historical stage, and the presence of *legally secure capitalist property rights* removes the democratic socialism part of the curve. This does not mean that there are no historical circumstances in which these zones of the curve might become strategically accessible, but to get there would require a fundamental transformation of the underlying social structural principles of the society.

Institutional exclusions refer to various kinds of historically variable institutional arrangements, formed within the limits determined by the systemic exclusions, which make it difficult or impossible to move to specific regions of the curve. For example, restrictive labor law can make it difficult to extend working class associational power towards the corporatist associative practices part of the curve.¹⁸ On the other hand, generous welfare state provisions which render workers less dependent on capital, and strong associational rights which facilitate unionization may make it difficult to move towards the right-wing managerialist region. Such

¹⁷ Andrew Glynn, “Social Democracy and Full Employment”, pp.53-4

¹⁸ This is the core argument of Joel Rogers, “Divide and Conquer.” *Op. cit.*

institutional exclusions, of course, are themselves the outcomes of historical conflicts and should not be viewed as eternally fixed. But once in place, they help to define the range of feasible strategies immediately open to actors, at least until the time when actors can effectively challenge these institutional exclusions themselves.

These two forms of exclusion are illustrated in Figure 11.7. The central region of the curve defines the space that is immediately accessible strategically. To use a game theory metaphor adopted by Robert Alford and Roger Friedland,¹⁹ this is the domain of ordinary politics, of *liberal vs conservative* struggles over “plays” within a well-defined set of institutional “rules of the game”.²⁰ The other regions of the curve become the objects of politics only episodically. *Reformist vs reactionary* politics are struggles over the rules of the game that define institutional exclusions; *revolutionary vs counter-revolutionary* politics are struggles over the systemic constraints that define what game is being played. The creation and destruction of these systemic barriers of exclusion are the central stakes in processes of ruptural transformation, where the central issues are mobilization of power resources for system-defining victories and defeats.

-- Figure 11.7 about here --

In Figure 11.7, the “zones of unattainability” defined by the systemic and institutional exclusions symmetrically span the tails of the theoretical curve of possibilities. There is no reason, of course, to believe that the real world is this neat. Indeed, one of the reasons for introducing this complexity is precisely to provide tools for understanding forms of variation across time and place in these exclusions. This historical variability is illustrated in Figure 11.8 which compares the United States and Sweden in the periods of most stable Swedish social democracy and American liberal democracy.

-- Figure 11.8 about here --

Systemic exclusions in the United States and Sweden are roughly comparable: both have structurally secure democratic states with stable representative institutions and the rule of law, and both securely guarantee capitalist property rights. Where they differ substantially is in the nature of the historically variable institutional exclusions which confront their respective working classes.

In the United States, a variety of institutional rules create a fairly broad band of institutional exclusions to the right of the central trough of the curve. Electoral rules which solidify a two-party system of centrist politics and anti-union rules which create deep impediments to labor organizing all push the boundary of this zone of institutional exclusion to the left. On the other hand, such things as the weak welfare state, the very limited job protections afforded workers, and laws which guarantee managerial autonomy all have the effect of narrowing the institutional exclusions centered around right-wing managerialist anti-associational practices. The band of accessible strategy in the United States, therefore, affords very little room to maneuver for labor and keeps working class associational practices permanently lodged on the downward sloping

¹⁹ Alford, Robert, and Robert Friedland. *The Power of the Theory and the Theory of Power* (Cambridge: Cambridge University Press, 1985)

²⁰ The use of the term “liberal” and “conservative” in this context refers to the standard usages in U.S. politics. The term “conservative” here corresponds to what in many European countries would be called “liberal”.

segment of the curve to the left of the trough.

Swedish institutional exclusions, particularly during the most stable period of Social democracy, work towards facilitating working class associational power. Labor law is permissive, making it quite easy to form and expand union membership, and the generous welfare state and job protections significantly reduce the scope of right-wing managerialist strategies. The result has been that the Swedish labor movement has for a long time been located on the upward sloping section of the curve to the right of the trough.

Actors living within these systems, of course, do not directly see this entire picture. To the extent that the institutional exclusion mechanisms have been securely in place and unchallenged for an extended period of time, they may become entirely invisible and the parts of the curve which they subsume may become virtually unimaginable. From the vantage point of actors within the system, therefore, the range of “realistic” possibilities may look like those portrayed in Figure 11.9 rather than Figure 11.7. The American labor movement faces a terrain of possibilities which places it chronically on the defensive. Every marginal increase of workers strength is experienced by capitalists as against their interests, so whenever the opportunity arises, capitalists attempt to undermine labor’s strength. Anti-union campaigns are common and decertification elections a regular occurrence. In Sweden, even in the somewhat less favorable economic environment at the beginning of the 21st century, the institutionally delimited strategic environment is much more benign for workers. The central pressure on capitalists has been to forge ways of effectively cooperating with organized labor, of creating institutional spaces in which the entrenched forms of associational power of workers can be harnessed for enhanced productivity. This need not imply that employers actively encourage enhanced working class associational power, but it does suggest less sustained effort to undermine it.

-- Figure 11.9 about here --

THE LOGIC OF SYMBIOTIC STRATEGIES

Symbiotic strategies of emancipatory transformation imply that movements in the direction of a long-term metamorphosis of social structures and institutions in a democratic egalitarian direction is facilitated when increasing social empowerment can be linked to effective social problem-solving in ways that also serve the interests of elites and dominant classes. Positive class compromise is one example of such a linkage, but this logic is not restricted to class-based collective action; there is a wide range of projects of social change not directly rooted in class relations that have at least some elements of this logic. In particular, there are many kinds of local processes of collaborative problem-solving, sometimes grouped together under the rubric “the civic renewal movement,” in which civic groups of various sorts are empowered to participate in problem-solving collaboration with powerful local actors such as city governments, regional authorities and business elites.²¹ These efforts at locally-rooted symbiotic transformations have involved such things as watershed councils, community development projects, community health projects, labor market training partnerships, and many other things.

²¹ For an extensive review of such projects and their potential contribution to a revitalized American democracy, see Carmen Siriani and Lewis A. Friedland, *The Civic Renewal Movement: community building and democracy in the United States* (Dayton, Ohio: Kittering Foundation Press, 2005).

In each of these instances there are practical problems which in one way or another challenge the interests of elites as well as ordinary citizens and in which, under some conditions, a collaborative strategy of seeking solutions to the problem becomes attractive to contending social forces. Watershed and ecosystem management, for example, poses problems for the interests of developers, manufacturers, agribusiness and other elite groups, as well as environmentalists, sportsmen and other constituencies in civil society. Under at least some conditions, collaborative problem-solving involving empowered stakeholders in civil society can create “win-win” solutions in everyone’s advantage. Creating the conditions for this to occur is the core of symbiotic strategies of transformation.

Because symbiotic transformations involve systematic forms of collaboration and mutually beneficial cooperation between opposing social forces, it might be thought that the *strategies* in pursuit of such collaboration would also be collaborative and non-confrontational. There is a current in contemporary social analysis that sees failures to achieve such collaborative solutions as mainly failures of trust and enlightenment between opposing groups, not failures of struggles over power. In this view, most conflict situations should be viewed as failures of the participants to discover the positive-sum possibilities of their situation. Typically this is because the positive-sum, collaborative potential is obscured to the participants by ideologies and preconceived notions of interest. Social actors, the argument goes, do not have real fixed interests; rather, interests are always something constructed in the specific contexts of problem-solving interactions. “Win-win solutions” to problems should therefore be generally possible as long as the actors engage in good-faith experimental, collaborative interactions.

An influential statement of this view, already noted in chapter 7, has been elaborated by Charles Sabel, particularly in his important coauthored essay with Michael Dorf, “A Constitution of Democratic Experimentalism”.²² Building on the pragmatist tradition of democratic theory of Thomas Dewey, Sabel and Dorf develop what they refer to as a democratic experimentalist approach to social and economic regulation which attempts “to rethink American constitutionalism and the design of our representative democracy in the light of those urgent doubts about the possibilities of democratic government in an age of complexity...”²³ Complexity poses two crucial problems for the functioning of democratic institutions: First, it becomes increasingly difficult for legislators to effectively pass legislation which adequately specifies the necessary forms of government regulation to deal with a very wide range of problems, from environmental protection to skill formation. The result is that legislation effectively delegates the rule-making responsibility to centralized bureaucracies and leaves the actual task to experts within such agencies. But, second, the centralized bureaucracies equally find it impossible to specify detailed regulations that are responsive to the real variability of local conditions generated by complexity and are incapable of effectively responding to the unintended consequences of particular rules by their continual refinement and development. The solution Sabel and Dorf propose is the reconstruction of state institutions along pragmatist lines. The core institutional design consists of rule formulation and reformulation through decentralized experiments governed by deliberative bodies consisting of empowered

²² Michael Dorf and Charles Sabel, “A Constitution of Democratic Experimentalism”, *Columbia Law Review*, March, 1998

²³ *Ibid.* p.274

stakeholders. More centralized authority takes responsibility for monitoring these experiments and disseminating information so that these deliberative bodies can effectively compare the relative success of different experiments. Once this process is set in motion, Sabel and Dorf believe, the actors will begin to reconstruct their interests (and perhaps their identities as well) in ways that reinforce the positive-sum collaboration of pragmatic problem-solving and gradually marginalize obstructionist forces that insist on pursuing antagonistic, exclusionary interests. Through such a “bootstrapping” process, a broad, society-wide diffusion of collaboration will be generated through the very process of collaboration.

The argument throughout this book challenges this benign view of the stakes in class-based conflict, although it does not reject the potential for positive-sum compromises and problem-solving collaboration within those conflicts under certain conditions. The antagonistic interests of workers and capitalists are real, built into the underlying structure of relations that define capitalism. In general, privileged elites and dominant classes prefer disorganized, disempowered popular forces; it is only when that possibility is historically closed off that the second-best equilibrium of a positive class compromise becomes attractive to them. And closing off the disempowered alternative is a question of struggles over power, not just enlightenment.

Symbiotic strategies of transformation, therefore, always involve a counterpoint between two kinds of processes. First, there are struggles over the institutional zones of exclusion which attempt to open up the upward sloping part of the curve to collective action and close off as much of the downward sloping curve as possible; and second, there is the process within these institutional limits of reaching the most favorable equilibrium. Most of the time in stable capitalist democracies these institutional parameters seem fairly fixed and unassailable, and perhaps even invisible. But episodically opportunities arise for serious challenges to those institutionally-imposed limits of possibilities, and when this occurs the changes will depend in significant ways on the outcomes of confrontations and mobilizations. When these institutional limits of possibility block the exit options for powerful elites and open-up empowered forms of popular participation, then collaborative problem-solving experimentalism can become a real possibility for movements in the direction of democratic egalitarianism.

SYMBIOTIC TRANSFORMATIONS BEYOND CAPITALISM?

It is one thing to say that symbiotic strategies can potentially enlarge the space for social empowerment and create relatively stable forms of positive collaboration. But why should we believe that this also has the potential of cumulatively transforming the system as a whole? Why is a symbiotic strategy any more plausible than ruptural strategies or interstitial strategies as a strategy not simply for improvement of life within capitalism but for the transcendence of capitalism? After all, the historically most impressive examples of symbiotic strategies -- the first resulting in extending the franchise to the working class and the second in empowering the labor movement as a central player in the expansive welfare state -- both contributed to consolidating very robust forms of capitalism. As was the case for ruptural strategies and for interstitial strategies, therefore, it is difficult to make an abstract case that symbiotic strategies provide a basis for social transformation beyond capitalism.

What we are left with, then, is a menu of strategic logics and an indeterminate prognosis for the future. The pessimistic view is that this condition is our fate living in a world in which capitalism remains hegemonic: systemic ruptures for a democratic egalitarian alternative to

capitalism are extremely unlikely to ever muster mass popular support within developed capitalist democracies; interstitial transformations are limited to restricted spaces; and symbiotic strategies, when they are successful, strengthen the hegemonic capacity of capitalism. The optimistic view is that we don't know what system-challenges and transformative possibilities there will be in the future: interstitial strategies today can strengthen popular understandings that another world is possible and contribute to moving along some of the pathways of social empowerment; symbiotic strategies can potentially open up greater spaces for interstitial strategies to work; and the cumulative effect of such institution building around expanded forms of social empowerment could be to render ruptural transformations possible under unexpected future historical conditions.

Figures for Chapter 11

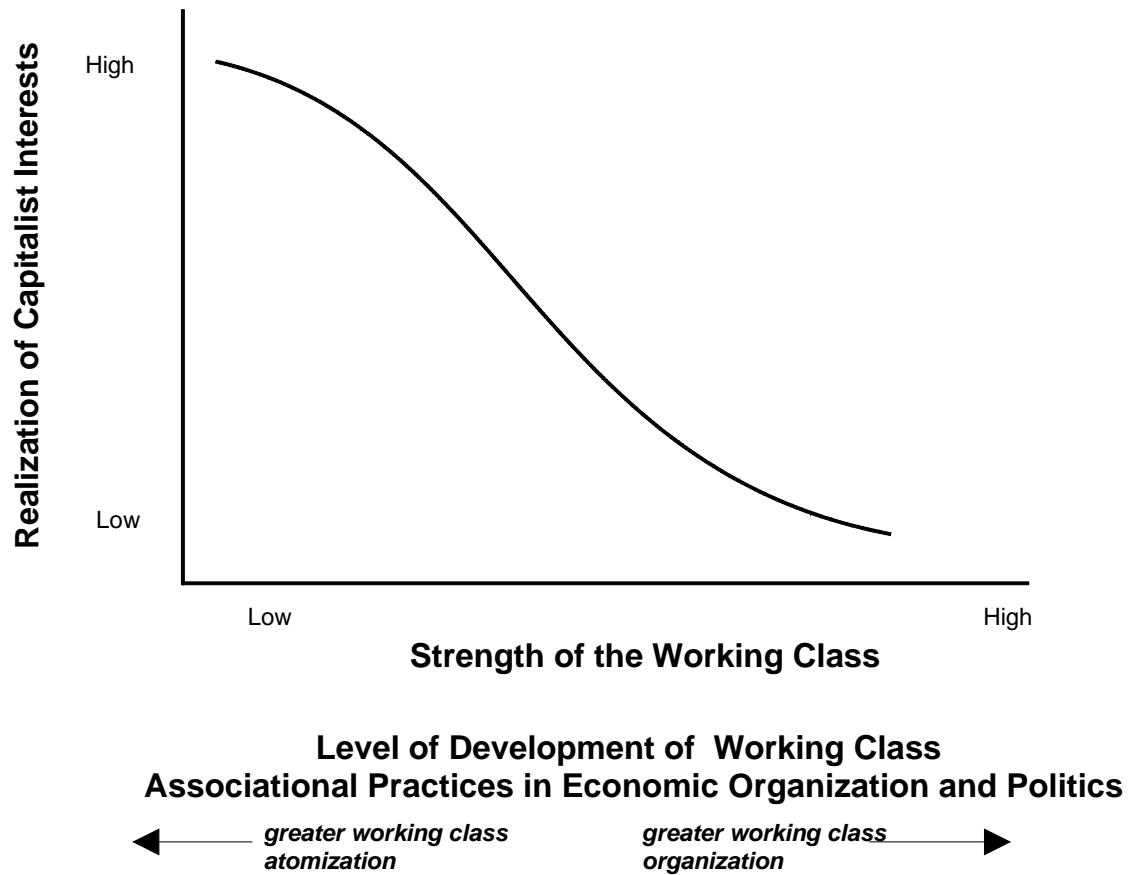


Figure 11.1
**Conventional view of the relationship between
working class power and capitalist class interests**

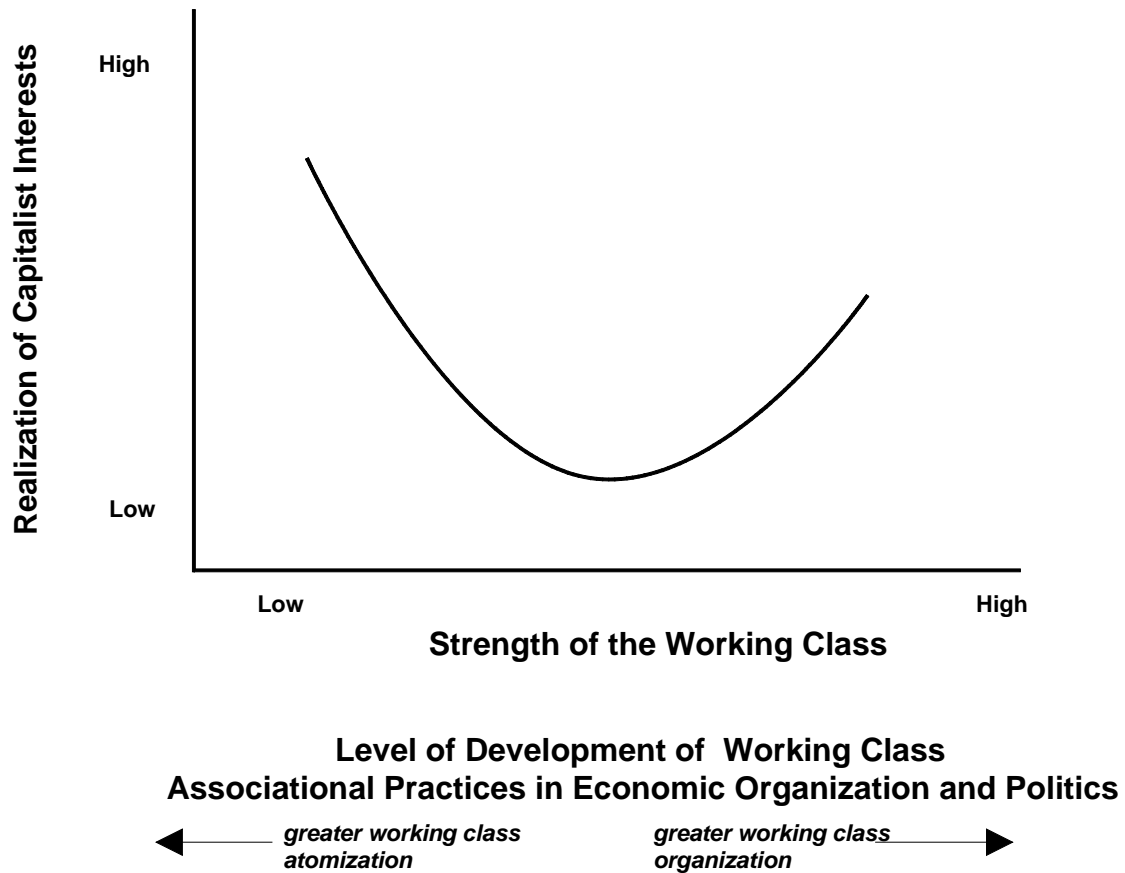
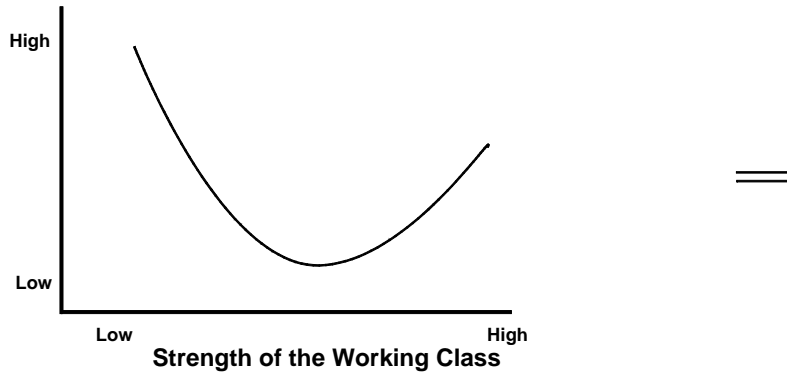
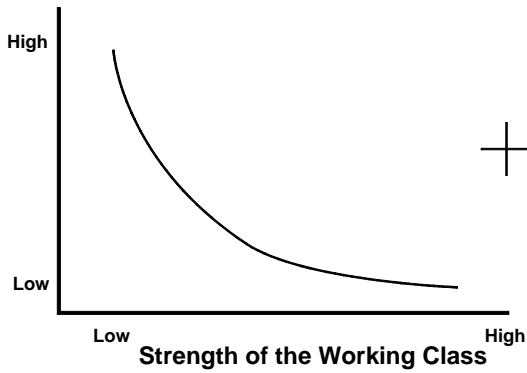


Figure 11.2
Curvilinear relationship
between working class power
and capitalist class interests

Capacity of capitalists to realize material interests



Capacity of capitalists to unilaterally make decisions, and control resources



Capacity of capitalists to solve collective action and coordination problems

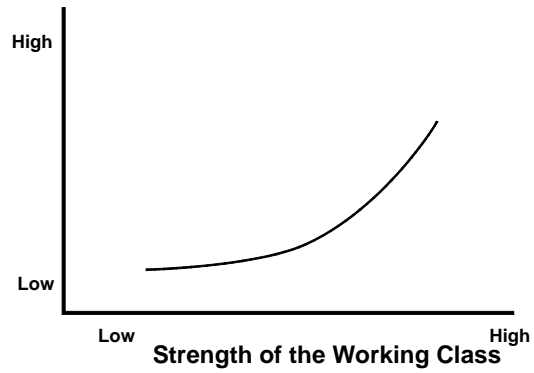
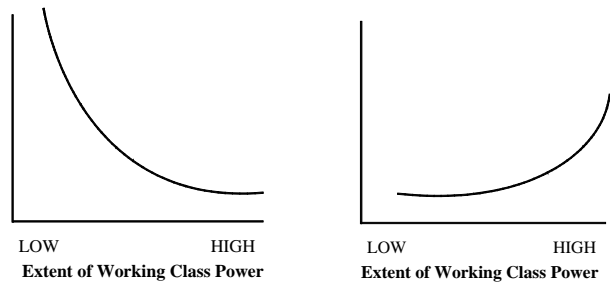


Figure 11.3
Decomposition of the relationship
between interests of capitalists and
associational strength of workers



	Characteristic forms of working class power	Capitalist class interests threatened by increasing working class power	Capitalist class interests facilitated by increasing working class power
Sphere of politics	Political Parties	Unilateral political influence over redistributive policies	Ability to sustain stable tripartite corporatist cooperation
Sphere of exchange	Trade Unions	Unilateral ability to hire, fire and make wage offers	Ability to restrain wages in tight labor markets; ability to sell what is produced (Keynesian effects)
Sphere of production	Works Councils	Unilateral ability to control labor process and job structure	Ability to elicit complex forms of vertical and horizontal cooperation; cheaper solution to information problems in production.

Figure 11.4
Decomposition of relation between
Working class power and capitalist class interests
In the spheres of politics, exchange and production

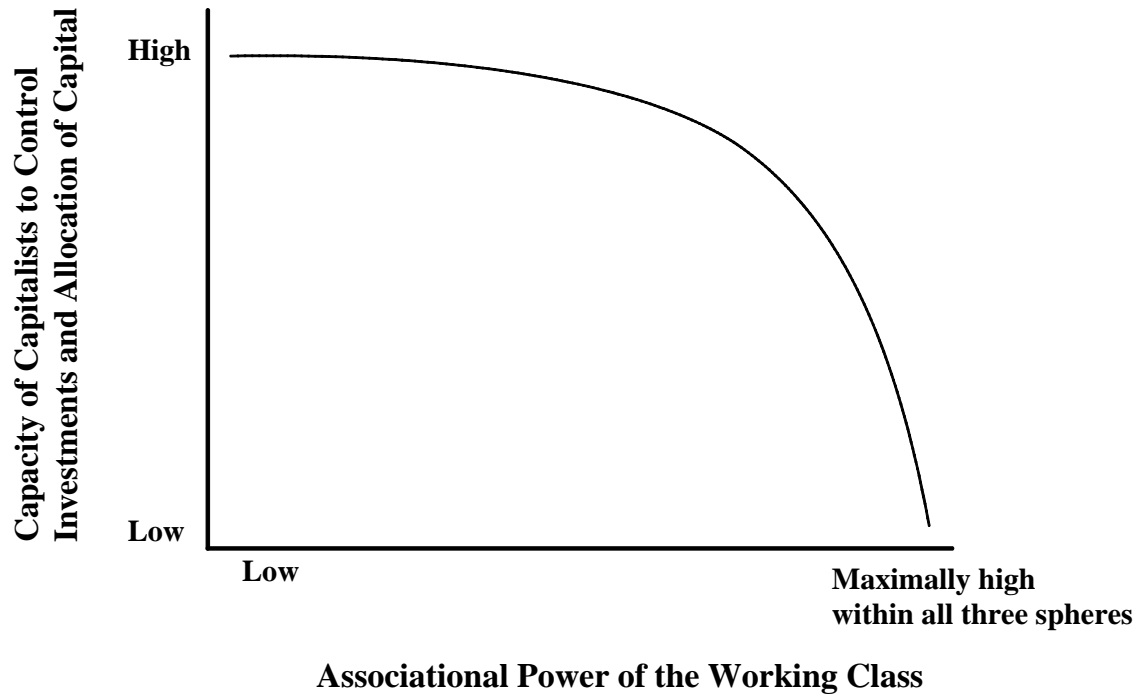


Figure 11.5
Interests of capital and power of workers
with respect to control over investments

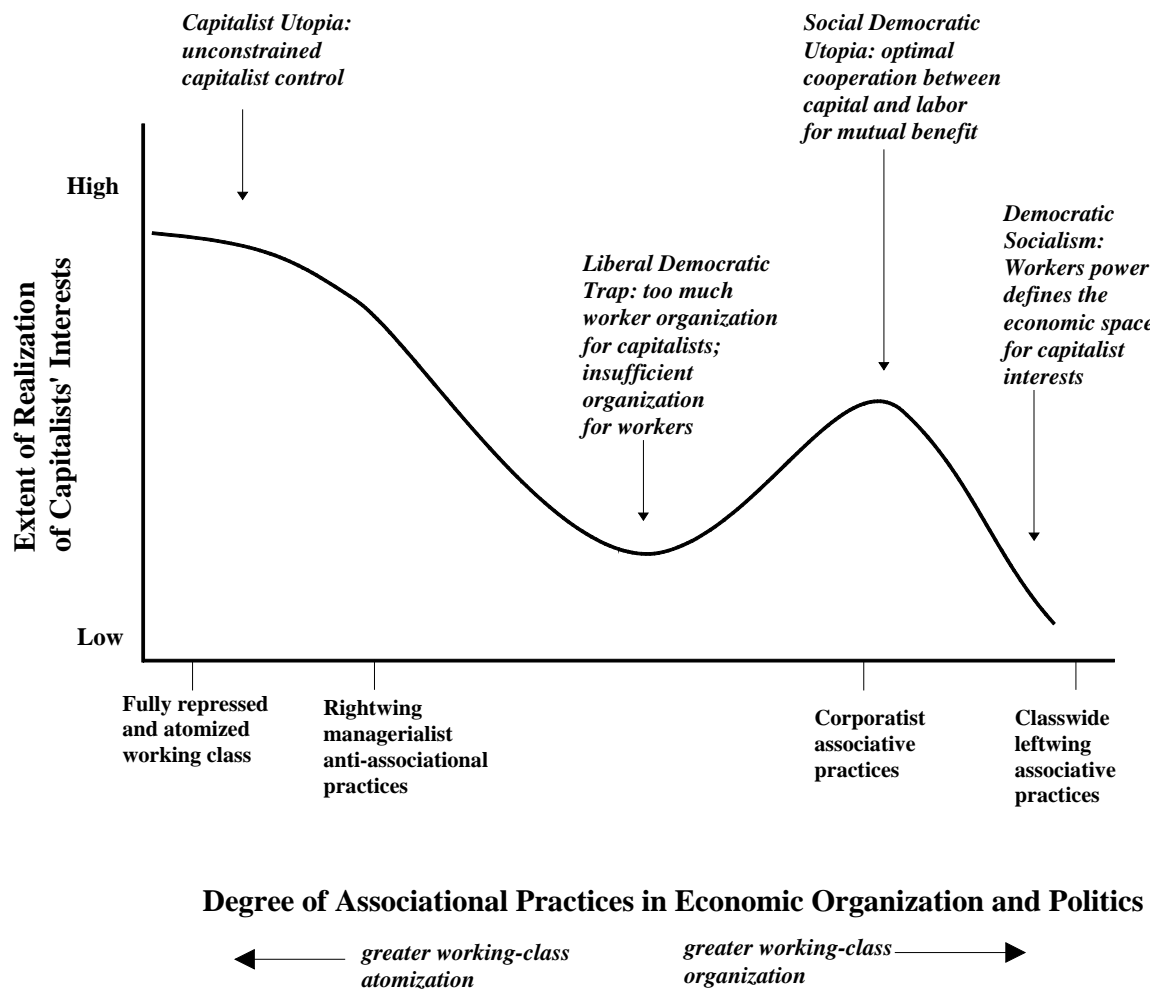


Figure 11.6
Expanded Model of Working Class Associational Power and Capitalist Class Interests

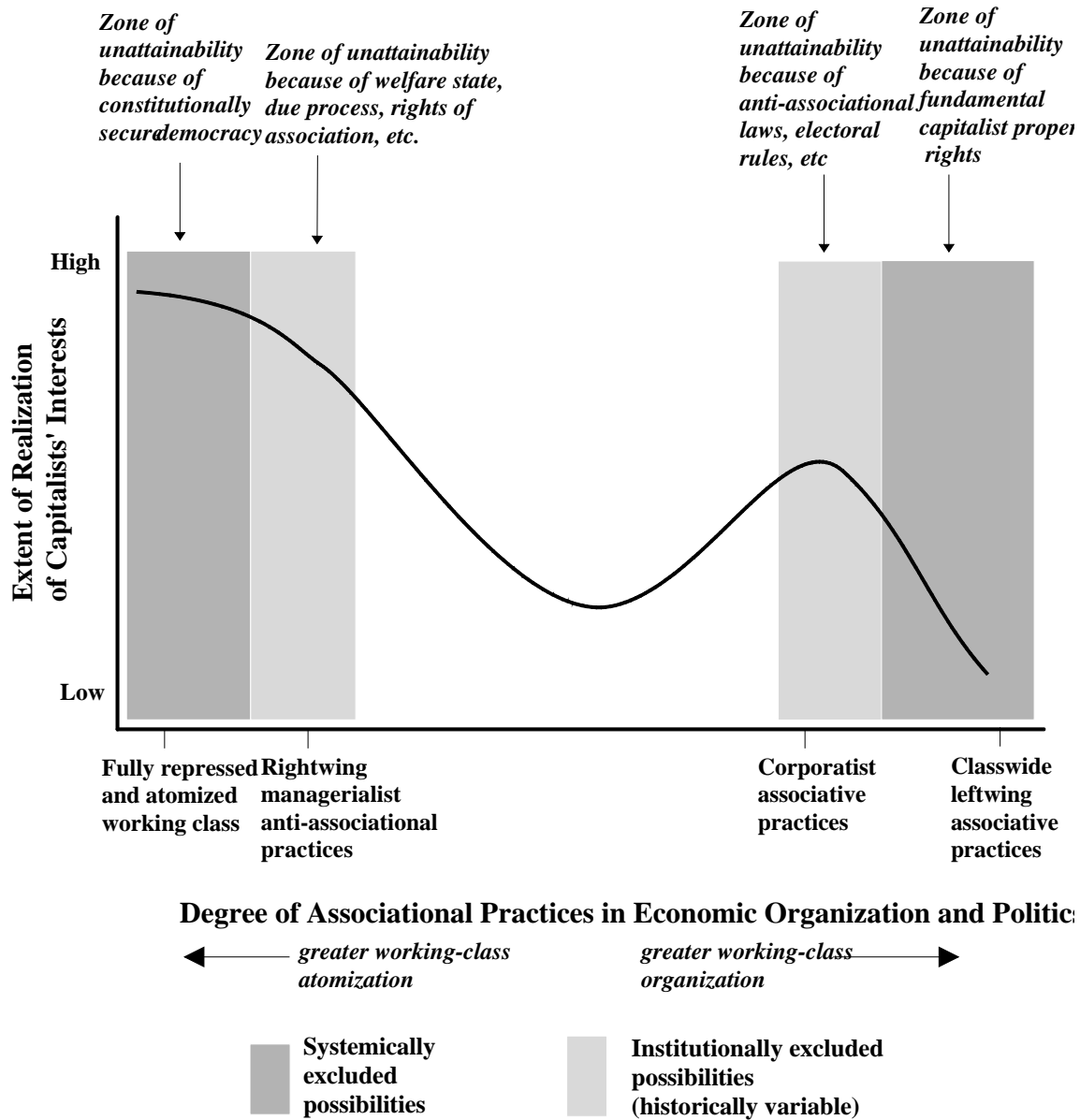


Figure 11.7
Working Class Associational Power and
Capitalist Interests in Democratic Capitalism

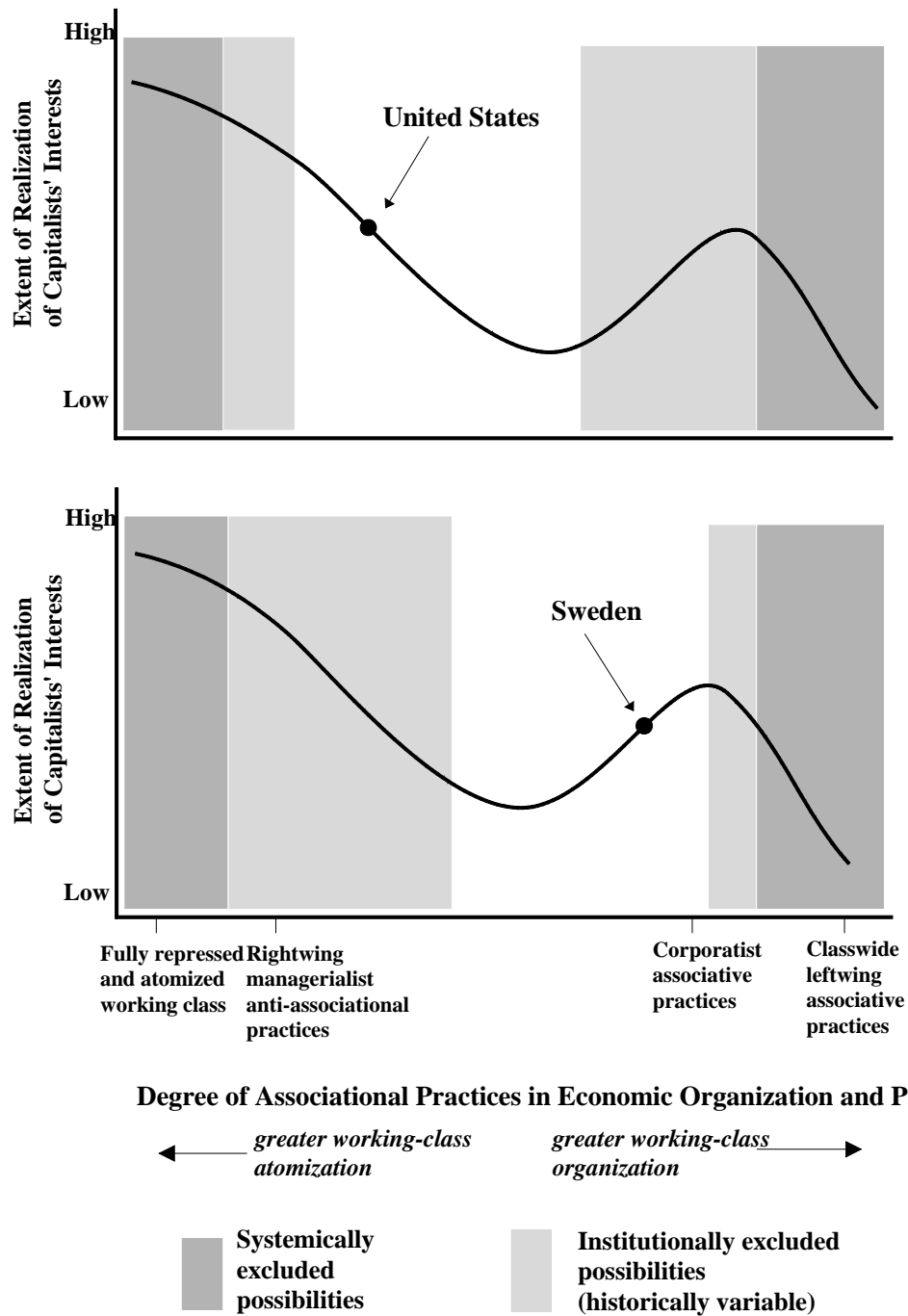


Figure 11.8
Working class associational power and capitalist interests in
Liberal Democratic Capitalism (United States) and Social
Democratic Capitalism (Sweden)

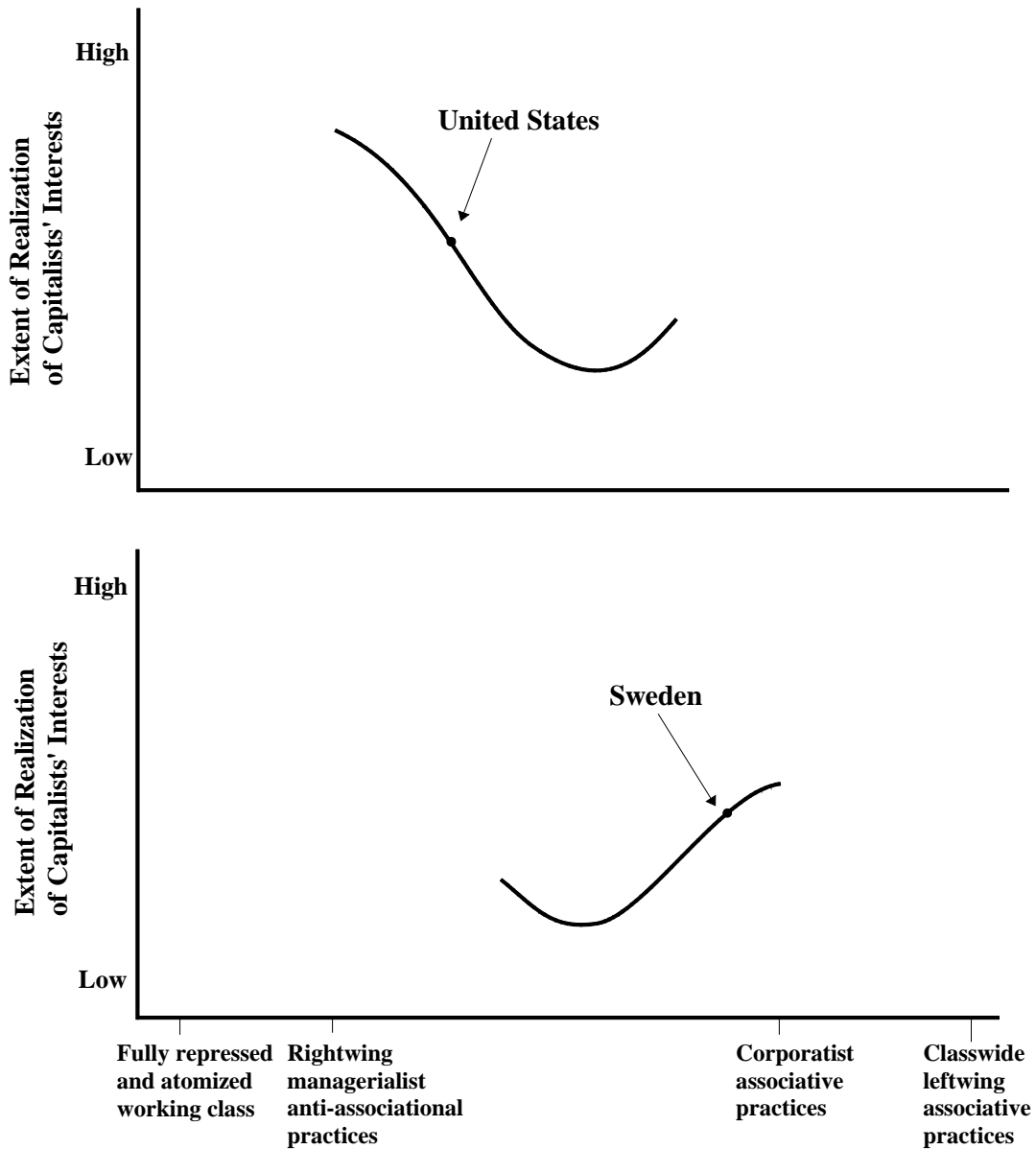


Figure 11.9
Strategic Environment for Feasible Associational Politics
as seen by the actors in social democratic capitalism and
liberal capitalism