

**Week 8 Sociology 621**  
**October 20, 2014**  
**Class formation II: Dilemmas of Working Class Formation**

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Classes are not simply formed or unformed, organized or disorganized. They are organized in particular manners, with historically specific inter-relationships with the class formation of other classes. One of the important tasks of a Marxist analysis of class formation is to understand the *variability* in *types* of class formation, and the central *determinants* of this variability. Starting next week we will examine the various ways in which the state and ideology help to shape the specific forms of class struggle and class formation. In this session our focus will be more on what might be called the “material basis” which underlies different class formations.

### **I. Stating the Problem:**

#### **Why is reformism the universal form of working class politics in developed capitalism?**

Marxists traditionally distinguish broadly two ideal types of class struggle:

- **revolutionary** class struggle in which the struggle is over what *game should be paid* (socialism vs. capitalism)
- **reformist** class struggles in which struggle is over *the rules of the game of capitalism*

Corresponding to these forms of class struggle is a distinction in class formations: class formations organized around the tasks of revolutionary transformation, and class formations oriented towards reformist modifications.

This distinction poses a basic puzzle for Marxism. If Marxists are correct and the interests of the working class are fundamentally opposed to those of the bourgeoisie -- if these are intrinsically polarized classes -- why is it the case that in *no* advanced capitalist country is the working class a revolutionary class? The puzzle is actually even stronger: in no mature capitalist country has the working class *ever been a revolutionary class*. How can the theoretical claim of antagonistic class relations be reconciled with the pervasive empirical fact that in the most developed capitalist countries class struggles overwhelmingly take the game for granted and struggle at most over the rules? This is not to say, of course, that all reformisms are identical. There are deep and important differences among the various types of reformism that have characterized the history of the advanced capitalist nations – from full incorporation and class collaboration to critical-oppositional progressive reformism. But the fact remains that *no Western working class is struggling for a rupture in capitalism now*, and probably none has really struggled for rupture since capitalism was fully consolidated.

How is this to be explained? In this lecture we will look at two complementary aspects of the problem: (1) the intra-organizational dilemmas of working class formation, as elaborated in the reading by Claus Offe and Helmut Weisenthal, and (2) The macro-economic conditions for class compromise, as developed in the work of Adam Przeworski.

## II. The intra-organizational dilemmas of working class formation

### 1. Two rejected subjectivist explanations: misleadership & false consciousness

Both Przeworski and O&W reject two common subjectivist explanations of reformism (or what Offe and Weisenthal term “opportunism”): *misleadership* and *false consciousness*. The reformism of working class associations, both unions and parties, is often attributed to “**misleadership**”. Leaders are accused of being sell-outs and corrupt, or at best misguided. The absence of revolutionary struggle reflects a failure of will on the part of the leadership of the working class and/or working class organizations. Alternatively, the failure is attributed to the faulty subjectivity of workers – **false consciousness**. Workers are the victims of ideological indoctrination from above, deception by bourgeois media, propaganda, anticommunist mystification. In the absence of such ideological manipulation, workers would engage in revolutionary struggle.

Both Offe/Weisenthal and Przeworski reject these subjectivist explanations. While they do allow an important role for ideology in their respective explanations of class compromise, the central mechanisms are not to be found in duplicity on the part of leaders or ideological susceptibility on the part of workers. Rather, the central mechanisms are rooted in the *dilemmas of collective action* imposed on the working class by the logic of capitalism. Offe and Weisenthal analyze these dilemmas in terms of their *effects on the associational practices of opportunism* within working class organizations, Przeworski analyses them in terms of their *effects on the terms of struggle between workers and capitalists*. Both analyses share a common overarching claim that the basic mechanism which explains reformism centers on the constraints and dilemmas faced by rational, strategically acting workers.

### 2. Opportunism: definition

Offe and Weisenthal’s analysis revolves around the concept of “opportunism.” Needless to say, this is a highly pejorative label, used in political debates as a way of impugning the integrity of particular political positions. Offe and Weisenthal are less interested in condemnation, however, than in understanding the material basis for the kinds of associational practices that are typically linked with the accusation.

What then is “opportunism”? Offe and Weisenthal identify three primary attributes:

- (1) *an inversion of means over ends* in which maintenance of the organization has higher priority than the pursuit of the goals of the organization;
- (2) *a preoccupation with short-term gains and losses* rather than long-term possibilities;
- (3) *primacy of tactics over strategy*.

The task is to explain the pervasive fact that to a greater or lesser extent these three attributes have generally characterized the working class formation in advanced capitalist societies.

### 3. The Basic Argument

Working class associations face deep, and, at least within capitalist society, unresolvable tensions. These tensions can be summarized in a series of interconnected propositions:

1. the *insuperable individuality of workers*: Workers are individually weak; their material interests can be collectively advanced only through association.
2. The ability of workers associations to realize these interests depends upon the *willingness of members to act*, to make real sacrifices for collective goals. This is in contrast to capitalist associations whose power depends only on the *willingness to pay*.
3. The willingness of members to act depends upon the extent to which workers feel high levels of solidarity and commitment.
4. High levels of solidarity depend upon the transformation of interests from purely individual material interests to interests bound up with collective identity. Atomized, exclusively self-regarding interests cannot form the basis for robust collective action.

Key quote: These observations lead Offe and Weisenthal to an important conclusion:

“Those in inferior power positions can increase their potential for change only by overcoming the comparatively higher costs of collective action by changing the standards according to which these costs are subjectively estimated within their own collectivity....The logic of collective action of the relatively powerless differs from that of the relatively powerful in that the former implies a paradox absent from the latter -- the paradox that *interests can only be met to the extent that they are partly redefined*. Therefore, the organizations [of the relatively powerless must always]... simultaneously express and define the interests of their members” (Offe and Weisenthal, p.78-79).

5. This transformation depends upon the existence of dialogic, reciprocal forms of interaction within associations engaged in struggle. Capitalist associations work perfectly well with top-down, monological associations that simply aggregate (rather than transform) interests.
6. But, the ability to actually *succeed* in struggles with employers, to forge bargains and win concessions, depends upon the ability of the leadership of workers association to contain militancy, to restrain mobilization, to live up to the promises made in a bargaining arrangement. And this ability to control membership is enhanced by top-down, monologic forms of organization – what is usually called bureaucratic organization.
7. Such monologic forms of organization ultimately undermine the basis of power of working class associations.
8. Taken together, these processes generate a contradiction between two models of working-class class formation:
  - a dialogic model for building militancy through transforming interests in solidaristic struggles.
  - a monologic model for effective bargaining and maintenance of organizational legitimacy.

#### 4. The Historical Trajectory of Working Class Formation: Offe & Weisenthal's analysis

The result of this structural logic and the dynamics it sets in motion is a particular kind of historical trajectory: a theory of a *spiraling cycle of opportunism and militancy* that can be decomposed into five general stages.

##### *Stage I. Initial formation*

This is the initial period of class formation in which a small, tightly knit group of militants engage in primary organizing activities. The associational practices are highly dialogic and participatory; the effectiveness of the association is almost entirely based on the willingness to act.

##### *Stage II. Consolidation*

This is the phase of consolidation. The organization has gained sufficient strength and public recognition that part of its power comes from its ability to make *threats* rather than simply its ability actually impose sanctions on adversaries. In the case of unions this means that the threat of strikes becomes more important than actual strikes.

While this clearly augments the power of the association, it also imposes two contradictory imperatives: On the one hand, there is what can be termed a *survival imperative*: the organization must maintain the credibility of the threats if it is to survive. This requires mobilization, continual recruitment, sustained militancy. On the other hand, the organization faces a *success imperative*: it must show that it can control the threats it makes and be capable of delivering on promises made in response to these threats. This requires that the leadership be in a position to control the organization and restrain the militancy of members. The coexistence of these two imperatives creates a maximum tension between monologic and dialogic forms of associational practice: the need for mobilization requires dialogic forms, the need for control requires monologic forms.

Offe and Weisenthal argue that there are two basic ways in which this tension can be resolved: either the organization can return to stage I or it can attempt to create external guarantees for the survival of the organization. This ushers in stage III.

##### *Stage III. Opportunism*

This is the stage of full-fledged opportunism: the triumph of monologic over dialogic forms of associational practice. In order to resolve the tensions of stage II, the leadership of the organization seeks external guarantees for the survival of the organization, most importantly, external legal guarantees from the state. The objective of these guarantees is, in Offe and Weisenthal's words, "to make the organization's survival as independent as possible of the motivation, the solidarity and the 'willingness to act' of the members" (p.107). Of particular importance is labor legislation which legally protects union rights and survivability, both by making unions less vulnerable to attack by employers and by making it possible for unions to recruit members (and thus obtain financial resources in the form of membership dues) without having to mobilize workers in active struggles.

To obtain these external guarantees, of course, the union has to give something up in return. What they give up is militancy. They promise to be "responsible", to institutionalize internal controls within the union over militants in exchange for security. In short, they agree to adopt the organizational practices described as "opportunism" above. Opportunism is thus

institutionalized as a rational strategy of insuring organizational continuity. In Offe and Weisenthal's words, this "secures the chances for success while escaping the threats to survival" (p.107).

#### *Stage IV. Capitalist counteroffensive*

The creation of monologic institutional forms and opportunistic practices within working class organizations may be a rational strategy on the part of leadership, but it does not eliminate the fundamental antagonism of interests between workers and capitalists. This means that capitalists will always have an inherent interest in undermining the power of workers if this is politically possible. Periodically, therefore, capitalists launch offensives against working class organizations, sometimes tentatively to see how vulnerable those organizations are, sometimes aggressively with the hope of seriously undermining their power.

So long as the state provides the external guarantees for unions, these offensives are unlikely seriously to jeopardize their power and viability. But of course, these guarantees can be withdrawn, and indeed one of the objectives of anti-union offensives is often to erode or even to eliminate these legal protections. In such circumstances, unions may become extremely vulnerable. The monologic form of the organization will have eroded the solidarities among members and weakened the leadership's ability to mobilize members for collective action, while the assault on the organization makes such mobilization imperative.

Such situations are likely to provoke a general organizational crisis in which the established monologic associational practices confront re-emergent dialogic tendencies. Such crises form the basis for the next stage of the historical trajectory.

#### *Stage V. Renewed Militancy.*

The final stage is marked by a period of renewed militancy and mobilization, by a re-formation of the associational practices. This looks like the first stage of the process, but with certain important differences. First, this reemergence of militancy and mobilization usually takes the form of divisions and splits within existing unions. This means that the new militancy typically operates within a very different organizational environment from the initial militancy, an environment in which there are more organizational resources available and in which the contest is between different factions of workers, not simply between workers and capitalists. Secondly, the renewal of militancy action takes place at a potentially higher level of ideological awareness than the initial phase or militancy. Workers have lived through the historical cycle of militancy and opportunism, and thus potentially have learned lessons which will inform the subsequent struggles over class formations.

#### *Cycles? Spirals?*

The overall result of these interconnected processes, is that the long-term historical trajectory is not necessarily an endless cycle of militancy leading to the organizational strategies of opportunism which ultimately undermines the power base of the organization thus leading to a renewed period of militancy. Rather, the process is potentially one of an historical spiral in which periods of militancy oscillates with periods of opportunism, but at ever more politicized and radical levels of consciousness.

Offe and Weisenthal view this spiral-like quality of the historical learning curve of working class formations as inherent in the logic of collective action. This is, perhaps, an overly optimistic

view. Whether or not historical experiences produce a cumulative learning process depends upon the strength of historical memory within the working class and on the ability of workers to draw the correct lessons from the victories and defeats in class struggles. Historical forgetting, however, is as pervasive a fact of social life as historical memory, and the lessons to be learned from struggles are often opaque and highly contested. Ruling classes have a deep interest in erasing historical memory and of interrupting the learning process embedded in such cycles. Whether or not such lessons are learned and cycles are transformed into spirals, therefore, cannot be read off of the logic class formation itself.

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### III. Class Struggle and Class Compromise

#### 1. Introduction: Two Theses

If one holds to the emancipatory vision of a democratic socialist alternative to capitalism, then Adam Przeworski's analysis of class formation paints a considerably more pessimistic picture than that of Offe and Weisenthal. (On the other hand, if one is only concerned with the prospects of improvements in conditions of life for ordinary people within capitalism, then in some ways Przeworski is quite optimistic). He sees no necessary cycle between militancy and opportunism, and certainly no spiral which impels workers towards waves of radicalization and rejection of economism/opportunism. Instead, at least for developed, industrial capitalism, Przeworski sees capitalism as firmly capable of creating the material basis for a more or less permanent class compromise between labor and capital. The issue of the possibilities for a rupture, therefore, become primarily concerned with the cultural contradictions of capitalism, with the ways in which ideological crises may be generated within those material conditions, but not because of any unraveling of the material base of consent itself.

Przeworski's analysis of class compromise focuses much less on the internal logic of organization-building or on the problem of getting rational *individuals* to join a collective action, and more on the dynamic relation between already collectively formed classes which defines the terrain on which class formation takes. He arrives at two fundamental theses which can be termed the **the class compromise thesis and the transition cost thesis**:

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 in which (a) capitalists agree to return part of the fruits of accumulation to workers in the form of productivity-based wage increases, and (b) workers agree to moderate their wage demands to a level which does not threaten the rate of profit and to cooperate with capital within the labor process. Understood in this way, a class compromise is not simply a stalemate -- a balance of forces on a battleground. This might be called a "negative class compromise"; rather it is a situation where the possibility exists for some gains from cooperation between workers and capitalists, or what can be called "positive class compromise".

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 (individually *and* collectively) to struggle for socialism. The struggle for socialism, therefore, can only be based on noneconomic criteria. The pessimism comes from the belief that these are unlikely to be sufficiently strong to sustain a transformation towards any kind of socialist alternative.

## 2. Conditions for Class Compromise

### 2.1. Foundational Fact about capitalism:

Przeworski's basic argument for the possibility of class compromise is this: It is a fundamental fact of capitalism that *economic growth and innovation comes out of private profits*. This has profound implications for working-class class formation.

Workers' *present* welfare depends upon two central variables:

- 1) Level of productivity
- 2) Workers' ability to resist exploitation (capture part of the surplus produced)

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*.

This generates a deep tension within working class struggles since workers face a potential trade-off between present and future income in their struggles with capitalists. This is like the perpetual trade-off inherent in every act of balancing present consumption against future consumption – you save from present consumption in order to consume more in the future – with the crucial added problem of struggle and uncertainty.

Let us suppose that workers are insufficiently powerful to overthrow capitalism in their lifetime, but they are powerful enough that they could win very large wage increases through their struggles. Would it be rational for them to do so? Przeworski's answer is that the rationality of particular wage-strategies of workers depends upon the likely response of capitalists to different levels of working class militancy.

### 2.2. Levels of Militancy & class compromise

**“Optimal militancy”** = that level of militancy which generates the maximum *sustainable positive trajectory* in wages over time (assuming continuation of capitalism).

**“Maximal Militancy”** = the maximum achievable level of antagonistic struggle against capital. Let us suppose that no class compromise is possible, either because the economic conditions do not allow it or because the capitalist class is so short-sighted and selfish that they refuse to make any deal with workers. They prefer all-out class war. Under such conditions, Przeworski argues, workers will do better by being maximally militant, by trying to obtain maximum wage increases at every point in time.

**Hyper-radicalism thesis:** optimal militancy = maximal militancy: class compromise is always a sham.

**Class Compromise Thesis:** under certain conditions optimal militancy is less intense than maximal militancy. A class compromise means that in exchange for workers moderating their militancy, capitalists agree to reinvest part of the surplus (profits) and to give workers some of the fruits of this reinvestment in the form of productivity based wage increases. Under such conditions, Przeworski argues, the optimal strategy for workers is to be *moderately militant*: sufficiently militant to ensure that capitalists abide to their side of the bargain, but not so militant as to threaten the compromise by squeezing the rate of profit.

### 2.3. Conditions for sustainable class compromise

The critical issue is, then, what determines the feasibility of class compromise? Three issues are especially important: **time horizons, trust, associational power.**

- (1). **Time horizons**
- (2). **Trust**
- (3). **working class associational power**

#### (1) Time horizons

The problem of time horizons basically concerns how far in the future workers and capitalists make strategic calculations. The higher the degree of uncertainty about future states of the economy, the shorter will be the time horizons of all actors. The more confident actors are about the predictability of the future, at least in terms of basic material conditions, the longer into the future they are willing to make strategic calculations. In advanced industrial capitalism, Przeworski argues, there is generally a relatively long time horizon based on the historical experience of stable accumulation.

#### (2) Trust

Trust is in some ways even more important than time horizons. Even if workers believe that they can predict the future state of the economy pretty well, they are unlikely to agree to a class compromise if they feel that they cannot trust capitalists to follow through with their promises. The same, of course, applies to the willingness of capitalists to believe the promises of workers. The historical memory of betrayals, therefore, can be a serious obstacle to forging stable class compromises.

Because of the antagonistic interests of workers and capitalists and the generally depersonalized character of the capital-labor relation, it is unlikely that this kind of trust can be built exclusively on beliefs of good faith. It is therefore important that an institutional framework exist in which trust is reinforced and, perhaps, even guaranteed. Przeworski argues that the institutions of bourgeois democracy, especially under the guidance of social democratic parties, provides the institutional setting for the necessary reciprocity and trust to develop. (We will discuss the specific issue of the role of parliamentary democracy in class compromises in the next block of the course).

If these arguments are correct, then in *advanced industrial capitalist democracies* there will in general be both a sufficient time horizon and the institutional conditions of trust for class compromises to be forged between workers and capitalists. Under these conditions, then workers will be better off opting for moderate militancy and capitalists for productivity-based wage increases: both benefit from this arrangement *relative to historically feasible alternatives*.

### (3) Associational power and form of Class Compromise

The class compromise thesis suggests a specific relationship between the strength of the working class and the interests of capital. The conventional Marxist wisdom is that these are inversely related: increasing working class organizational strength is monotonically more disadvantageous to capitalists. The class compromise thesis indicates that the relationship is more like an inverse-J relationship: Capitalists prefer a disorganized working class, but if working class associational power moves beyond the trough in the curve, then capitalists individually have interests in further increasing union density because this makes their labor supply predictable, increases market coordination and potentially increases worker discipline within production; below that threshold, capitalists have interests in reducing density. US = to the left of the trough; Sweden = to the right of the trough.

### 2.4 A general model of working class power, capitalist class interests: how workers solve collective action problems for capitalists

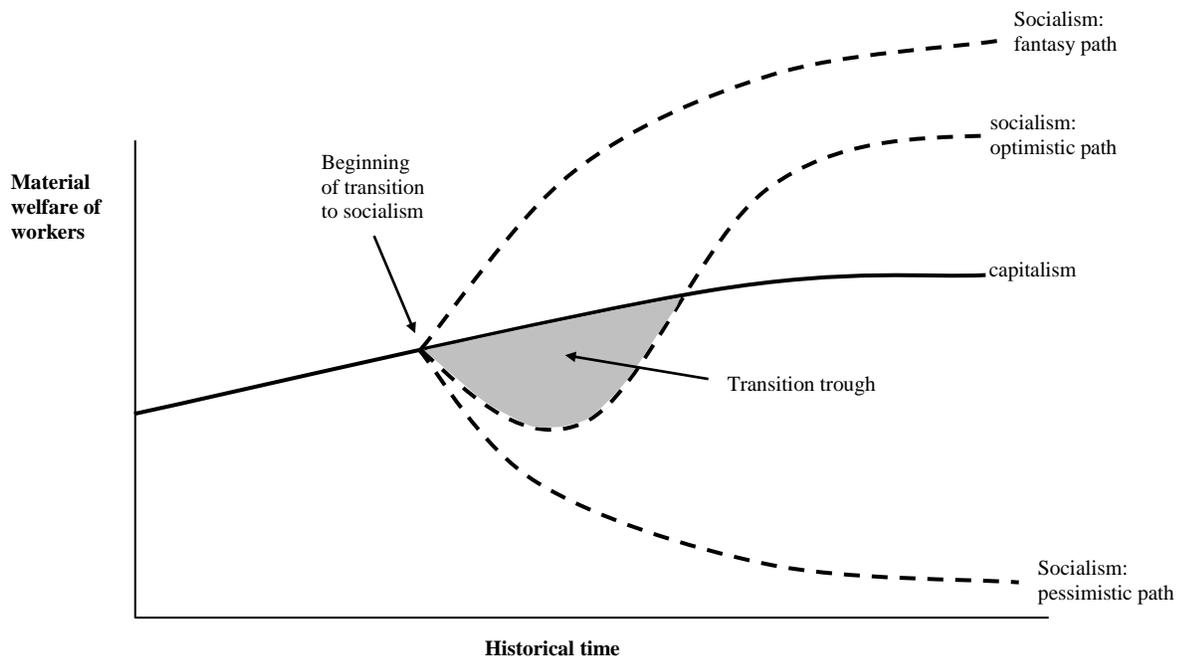
My work on class compromise tries to lay out more precisely the underlying mechanisms which make a positive class compromise stable. The core of my argument is that in various ways workers associative power can help capitalists solve various kinds of collective action problems. (The details of the argument are elaborated in detail in my paper on class compromise).

### 3. Transition Costs

The fact that a class compromise is better for workers than hyper-militancy *within the capitalist rules of the game* does not mean, of course, that those rules of the game are optimal for workers. Why don't workers simply opt for socialism? Why don't they engage in revolutionary struggles to transform the rules of the game themselves?

The reason why this alternative is not chosen, Przeworski argues, is that so long as workers are motivated out of material interests and a class compromise within capitalism is possible, it is highly unlikely that the struggle for socialism would be in their interests. *Being* in socialism might be in their interests, but *struggling* for socialism would not.

The basic argument behind this thesis is that there are significant transition costs to moving from capitalism to socialism. The capacity of capitalists to disinvest means that they can cause tremendous economic dislocation in any attempted rupture with capitalism (this is quite apart from the issue of armed counterrevolution, etc.). This means that even if we assume that socialism is unambiguously more productive than capitalism and that levels of living would improve more rapidly for all workers under socialism, it would in general still be irrational for workers to struggle for socialism because of the depth of the "transition trough" as illustrated below.



Where a class compromise is not possible, of course, this picture looks very different. Particularly if the longrun welfare trajectory of capitalism is declining, then the transition trough may be quite shallow and thus even in purely economic terms the struggle for socialism could be rational. (It should be noted that even under the conditions of a shallow transition trough the transition could still involve pervasive sacrifices and the upward trajectory of socialism could be much less certain because of unfavorable technical conditions.)

The upshot of Przeworski's analysis is that both because class compromise optimizes workers welfare trajectory *within* capitalism and because the costs of a rupture with capitalism are so large, it is unlikely that under conditions of stable accumulation workers would ever struggle for socialism primarily out of material interests alone. But it is their material interests -- i.e. their interests determined by the relations of exploitation -- which define them as a class and which define their specific *class* interests in socialism (as opposed to their "human" interests in socialism). This creates a deep irony within the Marxist theory of class formation: *it is only by moving beyond their interests as a class that workers as a class can struggle for socialism.*