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

- Transition through capitalism:
  - Optimistic path
  - Material welfare of workers
  - Beginning of transition to socialism

- Socialism:
  - Fantasy path
  - Pessimistic path
  - Historical time

Diagram shows the transition costs from capitalism to socialism, highlighting the optimistic and pessimistic paths, as well as the beginning of the transition to socialism and the transition trough.