

This article is based upon testimony presented by Herbert Hill before the Special Subcommittee, House Committee on Education and Labor, August 18, 1962.

Mr. Hill is National Labor Secretary of the NAACP and was Special Consultant to the Congressional Committee during its investigation of the garment industry.

The ILGWU Today – **The Decay of a Labor Union**

Herbert Hill



THE EVIDENCE ESTABLISHED IN THE COURSE of my investigation of the status of non-white workers in the garment industry of New York City makes it very clear that Negro and Puerto Rican workers are the victims of a broad pattern of racial discrimination and segregation and that there is a direct connection between the permanent condition of semi-poverty experienced by these workers and discriminatory racial practices. The factual record discloses that Negro and Puerto Rican members of the International Ladies' Garment Workers' Union are discriminated against both in terms of

wages and other conditions of employment and in their status as members of the union.

There are two faces to the ILGWU. There is the public image of a union fighting against sweatshops, bringing stability to the industry, securing educational and recreational services for its members, building housing projects and generously contributing to worthy causes. This image has been carefully nurtured for many years by a very extensive and well financed public relations campaign. But there is another face to the ILGWU, one that is the daily reality for the Negro and Puerto Rican members of the union in New York City and elsewhere.

The other face of the ILGWU is of a trade union controlled by a rigid bureaucracy that long ago lost contact with its rank and file members. A bureaucracy that has more in common ethnically and socially with the employers than with the workers it is supposed to represent.

The clearest and sharpest manifestation of this serious internal degeneration is to be found in the treatment of the non-white worker within the union.

ALL THE AVAILABLE EVIDENCE indicates that in the admission of Negroes into local unions affiliated to the New York Dress Joint Board of the ILGWU there is a clear pattern of racial segregation. Thus there are virtually no Negro and Puerto Rican members in the locals that control access to the well paid jobs where there is a high degree of employment stability. These are Local 10, the Cutters local; Local 60, the Pressers; and the Pressers Branch of Local 89. It is further established that, as a matter of practice and policy, Negroes and Puerto Ricans are barred from membership in these locals and from the high paying stable jobs within their jurisdiction. Thus, for all practical purposes, Locals 10, 60 and 89 are "lily-white." Negro and Puerto Rican workers are limited to to membership in Local 22 and in the unit known as 60A, which is the "Jim Crow" auxiliary of Local 60.

The racial practices of the ILGWU are seen most clearly in the Cutters and Pressers locals. Local 60, the Pressers local, controls jobs within its jurisdiction that on an hourly rated basis are the highest paying jobs in the entire garment industry in New York City, the average wage being almost \$5.00 an hour. Local 60 has an all-white membership. On the other hand, there is 60A which is simply an appendage to Local 60 with a membership almost entirely Negro and Puerto Rican. The members of 60A are shipping clerks, push boys and delivery men. These workers earn in the vicinity of \$50.00 per week. Yet, 60A with twice the membership of Local 60 has never been chartered by the International as a separate local and the manager of 60, who is a presser, functions also as the manager of 60A. One must ask, why should a local of shipping clerks and push boys, whose members are paid extremely low wages, be attached as an auxiliary unit to the pressers local whose members make the highest wages in the garment industry? It is interesting to note that on occasion the ILGWU refers to 60A as a separate local although the International has never issued a local union charter to 60A and in the annual reports filed with the Bureau of Labor-Management Reports of the U.S. Department of Labor, a joint report is filed for 60 and 60A as one unit although every other local affiliate of the ILGWU files an individual report.

To anyone acquainted with the realities of the union's opera-

tion the reason for denying a separate local union charter to 60A is that, given the ethnic composition of the membership, there would inevitably be a Negro or Puerto Rican local union manager. This is obviously unacceptable to Mr. Dubinsky and his colleagues on the General Executive Board who have resorted to the unusual practice, repeated no where else in the entire union, of joining the low paid Negro and Puerto Rican workers in 60A with the high paid pressers in Local 60.

Another example of the same discriminatory pattern is to be found in the exclusion of Negroes from Local 10, the Cutters local. Local 10 controls job opportunities in the well paid cutters' jurisdiction. Through a variety of devices, the leadership of Local 10 prevents Negroes and Puerto Ricans from securing membership in this desirable craft local. Over a period of years, Negroes, who are members of other locals of the ILGWU, have attempted to secure admission into Local 10 but are almost without exception denied membership upon a variety of pretexts. On July 2, 1962, the New York State Commission for Human Rights, which administers the state's fair employment practices statute, found "probable cause" against Local 10 in the case of Ernest Holmes, a Negro who was repeatedly denied membership in Local 10 although he worked on the cutting tables of a union shop. Furthermore, the State Commission found, after a fifteen-month investigation, that there are virtually no non-white persons in this local union. This decision also confirmed the charge made in the Holmes case and in so many other instances that private "deals" are made by the ILGWU with favored employers at the expense of Negro and Puerto Rican workers.

A device that is used by Moe Falikman, the manager of Local 10, and his colleagues to prevent the admission of non-white persons into that local union is the rigid control of admission into various training programs. Local 10 exclusively decides who shall be referred to on-the-job training opportunities created as the result of informal arrangements made by the union and employers operating with ILGWU contracts, or into the Grading School operated by Local 10 in its headquarters, or in the referral of young persons to the Fashion Institute of Technology High School. It is essential to understand that there is absolutely no objective criteria, no established standards by which a person is accepted or rejected for admission into any of these three forms of training programs. When Moe Falikman was recently questioned as to how persons are chosen for these programs, Mr. Falikman arrogantly stated, "I choose them." It is quite possible that for public relations purposes the ILGWU will produce one or two Negroes or Puerto Ricans who claim to be members of Local 10 or Local 60. But the presence of one or two non-white persons does not alter

the racial pattern and must be regarded as less than even a token of integration, especially in New York City where Negroes and Puerto Ricans constitute so large a part of the labor force.

ACCORDING TO THE DIVISION OF LABOR RESEARCH of the New York City Department of Labor:

The proportion of the city's population accounted for by Puerto Ricans and nonwhites increased from 13 percent in 1950 to 22 percent in 1960. Their 1960 share of the labor force was 21 percent. By 1970, based on projections of the Department of City Planning, Puerto Ricans and nonwhites will account for 30 percent of the population.

The ILGWU leadership simply refuses to adjust to these facts and continues to operate the union in the interests of a small and declining number of white garment workers with high seniority in the industry. In the Harvard University study, *Made in New York: Case Studies in Metropolitan Manufacturing* (Harvard University Press, 1959) it is noted that Negroes and Latin Americans

[. . . were largely to be found in the less skilled, lower-paid crafts and in shops making the lower price lines, and in this industry their advancement to higher skills was not proceeding very rapidly. In the higher-skilled coat-and-suit industry the new ethnic groups have hardly made an appearance.]

In short, Negro and Puerto Rican women, who are on the lower rungs of the city's economic ladder, have become important in the New York garment industry, but they work mainly in the more standardized branches, and with few exceptions, unlike the Jewish and Italian men of earlier days, they do not become highly skilled tailor-system workers on dresses or 'cloaks.' As a result, a shortage of skilled sewing machine operators is developing.

The leadership of the skilled crafts locals of the ILGWU must bear a major share of the responsibility for this development.

THE ILGWU OPERATES TWO LOCAL UNIONS in Puerto Rico. These are designated as Local 600 and Local 601 of which the entire membership are Spanish speaking Puerto Ricans. However, both of these locals are denied Puerto Rican leadership as they are managed by one Jerry Schoen, a former business agent from Local 62, who was sent from New York City by the International union to manage these two Puerto Rican locals. Obviously, the more than 8,500 Puerto Rican members of the union were not consulted as to who would be the principal officers of the locals, as Schoen was arbitrarily imposed by Dubinsky upon the Puerto Rican membership.

It is clear that Mr. Dubinsky's practices in this matter have

little in common with the practices of modern American trade unionism.

These are but a few of the examples that illustrate the attitude of the ILGWU leadership regarding the Negro and Puerto Rican union members wherever it operates. Non-white workers are denied an effective voice in determining the union's policies and practices. Furthermore, they are denied even the slightest measure of internal union democracy that might result in a Negro or Puerto Rican rising to a position of real leadership within the union. Thus, the voice of more than 120,000 members of the ILGWU, that is, almost a third of its members, is throttled. This includes the membership in New York City where more than 52% of the workers are non-white, and this is the pattern throughout the union. Of necessity the question is asked: How are these more than 120,000 workers denied an effective voice in the leadership and policy-making functions of the union? The answers are to be found simply by a careful analysis of the constitution and by-laws of the ILGWU.

First of all, members of the union are not permitted to engage in any internal political activity, and are not permitted to have clubs, groups or caucuses within their union except for a designated period of three months before conventions every two years. How can workers gain support for choices contrary to those of the administration unless they are permitted to organize to discuss their own interests and to press for the election of candidates to union office responsive to their needs? The answer is that they are specifically forbidden to do so as the ILGWU constitution prohibits all membership caucuses, groups and clubs. (Page 52, Article 8, Section 16 of the ILGWU Constitution.) This incredible denial of democratic rights of the workers prevents the discussion of matters vital to every union member in an organized fashion and prevents the offering of rank and file candidates for union office. Mr. Dubinsky's spokesmen will answer that this is done to prevent Communists from taking over the union. This response is not worthy of a serious and dignified answer. One can only compare it to the argument that we should suspend the U.S. Constitution and the Bill of Rights because it endangers the country in fighting subversion.

Although the rank and file membership of the ILGWU is denied the same right to internal political activity that is accepted as commonplace in the United Automobile Workers Union, the Typographical Workers Union and in other major labor organizations, the Dubinsky administration caucus functions every day using the dues money of all of its members to maintain control and to congratulate itself on its power and achievement. I propose to examine the requirements for important leadership positions in

the ILGWU. In order to be eligible to run for President or General Secretary-Treasurer, a member must be a delegate to the convention, which immediately reduces the number eligible to approximately 1,000 out of 450,000 members. The member must be a member for ten years and a *paid officer for five years*. This means that no member who is not on the paid staff is eligible for these offices.

In order to run for the General Executive Board a member must be a delegate to the convention, a member for five years and a *paid officer for three*. This means that no member who is not a paid officer is eligible for the General Executive Board of the ILGWU. Page 14, Article 3, Section 6 of the ILGWU Constitution reads as follows:

No member shall be eligible to hold a general office unless he or she has been a member of the ILGWU in continuous good standing, with respect to the office of vice president, for at least 5 years prior to the convention, during three years of which he has held a full time, paid elective or appointive office, and with respect to the offices of President and General Secretary-Treasurer, for at least 10 years prior to the convention, during 5 years of which he has held a full time, paid elective or appointive office.

An analysis of the composition of the delegates to the last two ILGWU conventions would show that of the 450,000 members of the ILGWU, the number of members eligible to run for the General Executive Board, given the requirements for nomination, is reduced to less than three hundred. Those eligible for the post of President or General Secretary-Treasurer are less than two hundred.

In other words, of the membership of the ILGWU, less than 1/15 of 1% are eligible to run for the General Executive Board less than 1/20 of 1% are eligible for the Presidency or the General Secretary-Treasurership.

The particular condition of the more than 120,000 Negro and Puerto Rican members of the ILGWU is even worse than the general condition. *No more than four or five non-white persons would be eligible to run for the General Executive Board of the union and virtually none at all for the top leadership positions*. This explains why there is not a single Negro or Puerto Rican on the twenty-three member General Executive Board, not a single Negro or Puerto Rican Vice President of the union and why there are no Negro or Puerto Rican local managers who are usually hand-picked by the Dubinsky controlled administration.

These fantastic restrictions on political activity within the union and the incredible eligibility requirements for top offices are obviously violations of the Bill Of Rights For Members Of Labor Organizations contained in the Labor-Management Reporting and Disclosure Act of 1959 (Section 101-A2 and Section 401-E).

These operational procedures, together with Dubinsky's practice of requiring a signed undated resignation from all officers of the International union and from members of the General Executive Board, absolutely guarantees the perpetuation of what really amounts to one-man rule of the ILGWU. Thus, it is easy to understand how Negroes and Puerto Ricans are discriminated against and relegated to second-class membership when the rigid monolithic structure of the ILGWU is closely examined.

THE SYSTEMATIC EXCLUSION of Negro and Puerto Rican members from effective participation in the leadership and policy making procedures of the union, together with the general suppression of democratic membership rights within the ILGWU, and the pattern of segregation and discrimination, all directly contribute to the economically disadvantaged position of Negro and Puerto Rican workers in the industry itself. Thus we find that in the locals where there is a major concentration of non-white workers, ILGWU contracts provide for only a few cents above the bare minimum required by law. For many locals in New York City, where the overwhelming membership is Negro and Puerto Rican, the wage schedules provided in collective bargaining agreements made with such locals as 23, 25, 32, 62, 66, 91, 98, 105, 132 and 142 are a shame and a disgrace to the entire American labor movement. In these union agreements, where jobs are filled largely by Negroes and Puerto Ricans, the so-called minimum wages are in fact the maximum wages. In this category are floor girls, shipping clerks, trimmers and sewing machine operators in the low priced dress field and in the so-called miscellaneous locals.

I cite the basic contract between Local 98 and the Manufacturers' Association in effect until August 14, 1963. The contract provides the following minimum wages (Pg. 7, Article 4 (a)):

<i>Floor Girls</i>	<i>\$1.15 per hour</i>
<i>Operators</i>	<i>1.20</i>
<i>Shipping Clerks</i>	<i>1.20</i>
<i>Cutters</i>	<i>1.20</i>

In September 1961, the Federal Minimum Wage was increased to \$1.15 an hour. The current minimum for floor girls is \$1.25 an hour at the end of seven months (only ten cents above the minimum wage required by law) and \$1.30 an hour for the other classification at the end of nine months.

Page 8, Article 4 (b) (i) — *The minimum scales for learner-floor girls shall be as follows:*

During the first month of their employment, they shall be paid not less than the then effective Federal minimum wage, and in any event not less than one (\$1.00) dollar per hour.

Commencing with the beginning of the second month of their em-

ployment, they shall be paid not less than five (5¢) cents in excess of the then effective Federal minimum wage, and in any event not less than one and 05/100 (\$1.05) dollar per hour.

Commencing with the beginning of the seventh month of their employment, they shall be paid not less than ten (10¢) cents in excess of the then effective Federal minimum wage, and in any event not less than one and 10/100 (\$1.10) dollar per hour.

Commencing with the beginning of the tenth month of their employment, they shall be paid not less than ten (10¢) cents in excess of the then effective Federal minimum wage, and in any event not less than one and 15/100 (\$1.15) dollar per hour.

Pages 8-9, Article 4 (b) (ii) — *The minimum scales for learners-operators, learner-shipping clerks and learners at the cutting table, shall be as follows:*

Commencing with the beginning of the second month of their employment, they shall be paid not less than five (5¢) cents in excess of the then effective Federal minimum wage, and in any event not less than one and 10/100 (\$1.10) dollar per hour.

Commencing with the beginning of the seventh month of their employment, they shall be paid not less than ten (10¢) cents in excess of the then effective Federal minimum wage, and in any event not less than one and 15/100 (\$1.15) dollar per hour.

Commencing with the beginning of the tenth month of their employment, they shall be paid not less than fifteen (15¢) cents in excess of the then effective Federal minimum wage, and in any event not less than one and 20/100 (\$1.20) dollar per hour.

In those jobs where there are virtually no Negro or Puerto Rican workers the stated minimums have no relationship to the actual wages received. The wages are much higher than the contractual minimums. In this category are the cutters, pressers and skilled sewing machine operators in the expensive lines. Thus, Negroes and Puerto Ricans today are the manpower source for the garment industry's "sweatshops," as the union does nothing to move workers from low paying jobs into the skilled classifications. There is virtually no mobility of workers within the ILGWU.

Recently I made an on-the-spot investigation of these conditions. I cite The Fine Art Pillow and Specialties Company at 37 West 26th Street in Manhattan, as a typical example of conditions in firms under contract to Local 98 of the ILGWU. Here, virtually all non-white workers, male and female, who are union members are paid \$1.15, \$1.20 or \$1.25 an hour, the very minimum or near minimum wage required by law. This does not include those workers who are designated as "learners" who may be employed for as long as ten months under the union contract and receive less than the lawful minimum wage. An appalling fact disclosed during this investigation was that there was no perceptible difference in wage levels in Local 98 shops and in non-union shops

in the same industry. In shop after shop visited in New York City one can observe at first hand the fact that non-white workers are invariably the lowest paid in each firm, and where the general wage pattern in a particular shop is extremely low the work force is almost exclusively non-white.

I wish to stress again that there is a direct and functional connection between the unassailable fact that Negro workers are concentrated in the low-wage sectors of the industry where there is a high vulnerability to unemployment and the fact that Negro and Puerto Rican members of the union are excluded from top policy making positions, although they comprise a very large section of the union membership. Indeed there is not one Negro or Puerto Rican local union manager despite the fact that the membership of many locals is overwhelmingly Negro and Puerto Rican, including several where the membership is almost 100% Negro and Puerto Rican.



A TYPICAL EXAMPLE of the callous and bureaucratic manipulation of workers by the ILGWU leadership is to be found in the Haffkine Company case which has become a classic example of a union "sell-out." In this case the ILGWU completely organized a group of Negro and Puerto Rican workers employed by a "sweatshop" employer whose workers engaged in a two day ILGWU strike for union recognition. However, these striking workers were turned over to a local of another international union, one well known for signing "sweetheart agreements" and generally with an unsavory reputation. This was done by Herbert Pokodner, the manager of Local 98, who in the local headquarters and in the presence of the employer and of one Julius Isaacson, President of Local 118 of the Toy and Novelty Workers Union, told the workers that it really didn't matter which union they belonged to and arranged for them to be transferred to Local 118 even though the ILGWU had just recently signed into the union all the Haffkine Company employees. This is simply one more example of how Negro and Puerto Rican workers are viewed by the officers of the ILGWU, as commodities in commerce, to be bartered off in trade between "sweatshop" employers, racket unions and the ILGWU itself. The Haffkine case is just one shocking example of the practices of those who are in the "union business" and this, too, is a face of the ILGWU rarely revealed to the public. This explains why an analysis of the data

provided by the Bureau of Labor Statistics of the U.S. Department of Labor concludes that only 11% of the unionized garment workers in New York City can realize the basic earnings necessary for the "modest but adequate" standard of living established by the Bureau for the 1960 Interim City Worker's Family Budget.

This budget is based upon a "family of four persons, consisting of an employed husband aged 38 with a wife, not employed outside the home, and two children, a girl aged 8 and a boy aged 13 who live in a rented dwelling in a large city or its suburbs." It was designed to estimate the dollar amount required to maintain such a family at a level of living described as "modest but adequate."

The budget does not portray how an average family actually spends its money; rather "it is an estimate of the total cost of a representative list of goods and services considered necessary by 4-person city families of the budget type to maintain a level of adequate living according to standards prevailing in large cities of the United States in recent years." In New York City the total cost of this budget is \$5,048.

On the basis of a 52-week work year it would be necessary to earn \$3.28 per hour for a 35 hour week or \$2.87 per hour for a 40 hour week to earn the yearly amount stated by the City Worker's Family Budget for a "modest but adequate" standard of living in New York City. In the garment industry, women's and misses' dresses' section (that is the ILGWU Dress Joint Board) regular inside and contract shops, as of August 1960 and assuming a 35 hour week, approximately 47,644 (83%) workers earned less than \$3.30 an hour. Taking a 40 hour work week base, there were 40,251 (70%) workers earning less than \$2.90 an hour.

It may be assumed that the typical four person family exists among the 47,644 (83%) workers cited in the study of the New York City garment industry. It is, therefore, clear that on the basis of the City Worker's Family Budget these families cannot possibly secure a "modest but adequate" standard of living in New York City. Only 9,255 (11%) of New York City garment workers can achieve the necessary income level to reach standards established in the City Worker's Family Budget. In addition, it must be noted that the very modest figure of 11% has been reached by assuming that these workers will be employed uninterruptedly for 52 weeks. However, given the seasonal character of the New York City garment industry this is highly unlikely.

The available data clearly indicates that the wages of workers in the New York City ladies' garment industry have declined relative to the total manufacturing average. The average hourly earnings of employees in the dress industry have not kept pace with the average hourly earnings of workers in other manufacturing industries in

the New York City area. In addition, the "customary upward push of wages upon prices" has not been evident. Indeed, a price decline has occurred.

According to the U.S. Bureau of Labor Statistics the garment manufacturing industry provides the single greatest source of manufacturing man-hours of employment in New York City. Thus, conditions in this industry will be a decisive factor in determining the general income level for the entire city. At the present time the annual median income for all male workers in New York City is \$4,396. The annual median income for non-white males in New York City is \$3,336. Thus the white male worker earns at least 30 percent more than the non-white male worker.

Extensive investigation and direct interviewing of persons in the New York City garment manufacturing industry over a long period of time clearly demonstrate that there is an attitude among the employers and among union officials that a "little bit of chiselling is okay" and most often it is chiselling at the expense of the Negro and Puerto Rican workers who are threatened with loss of jobs if they protest too much.

ALTHOUGH IT IS VERY DIFFICULT to prove in terms of substantive legal evidence, everyone connected with the industry knows of shops that do not get organized because they have bought protection from union organizing campaigns; and they know of contracts not enforced because the union business agent is regularly accepting money from the employer.

There is an atmosphere of venality and corruption that permeates the industry. Workers who take home \$49.00 a week tell each other jokes about the greed of union business agents or of the ILGWU manager who places bets of thousands of dollars a day on basketball games among the "bookies" operating in the Seventh Avenue barber shops, but they feel powerless to protest against conditions. They know all too well what happens to "troublemakers." The real corruption, the real dry rot, however, is to be found in the discriminatory racial practices which victimize tens of thousands of Negro and Puerto Rican wage earners and their families.

These workers now look to their government for relief. These workers, who have already experienced such a profound sense of alienation and rejection from American society, who have been forced into a condition of silence and mute acquiescence, now ask for help from the Congress of the United States.

These are my recommendations:

First, All appropriate Federal agencies and indeed the entire community must inform the Dubinsky controlled leadership that the private bureaucratic power which has controlled the ILGWU for so many years can no longer be immune from justifiable regulatory observation by responsible government agencies.

Second, The violations of the Labor-Management Reporting and Disclosure Act of 1959 by ILGWU, specifically Title I, Section 101, A-2 and Tile IV, Section 401-E, should be immediately referred to the proper enforcement agencies of the Federal Government, and continuing and vigorous action must be forthcoming to protect the democratic rights of ILGWU members.

Third, The protection which a union receives for "exclusive representation" rights under the National Labor Relations Act and the "contract bar" to decertification proceedings and representation elections must be examined in the light of the practices of the ILGWU.

A union that is discriminating against members and denying them basic democratic rights within the organization or is not providing at least minimal standards of performance should be denied "exclusive representation" power under the law as well as the "contract bar" provision when such a "contract bar" provides no meaningful benefits to the workers involved.

I believe that if a union is entering into agreements with employers that provide little more than the minimum wages required by law, it should not have the protection of Federal law to be the exclusive bargaining agent; nor should Federal laws protect such a union against a decertification petition by the workers involved or from an organizing campaign by another union.

The affected sections of the National Labor Relations Act should be carefully reviewed so as to require standards of performance by unions as a necessary requirement for maintenance of exclusive bargaining rights.

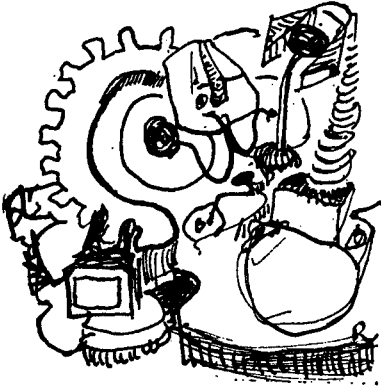
Fourth, I urge that the National Labor Relations Board be empowered to refuse and/or to revoke certification of trade unions as exclusive bargaining agent if these unions engage in discriminatory racial practices; and

Fifth, I urge the passage of a Federal fair employment practices act which will include trade unions as well as employers within the coverage of the law.

The rapid implementation of these and related proposals is not only necessary to safeguard the rights and protect the welfare of working people throughout the United States, but in the final analysis is in the best interest of the organized labor movement itself. The struggle against racial discrimination and for internal union democracy must be understood as an effort to stop the further stagnation and decay of trade unions and for the regeneration of the entire American labor movement.

We look forward to publishing in the next issue of NEW POLITICS replies to Mr. Hill's articles which have been solicited from officers of the ILGWU, among others.—The Editor

The Economics of Cybernation



MARXISM IS OFTEN UNDERSTOOD as a "theory of underconsumption" and as such is easily disproved by the empirical evidence of rising living standards in capitalist nations. It is also seen as a theory of crises and depressions. The present possibility of overcoming, even preventing, crisis conditions seems to prove Marxism doubly wrong. However, although Marx did draw attention to the limited consuming power of the laboring population, his theory was not a theory of underconsumption; and although he saw capitalism beset with crises, he had no definite crisis theory. The absence of the business-cycle would not have invalidated his theory of capital accumulation.

For the capitalism of Marx's own experience, his economic analysis was very much to the point and for this reason found such widespread adherence. This is now willingly admitted even by his critics who argue that Marxism, though dealing realistically with capitalism's unsavory past, is no longer valid because of recent changes of the capitalist system. Certain aspects of Marxian theory—the capital concentration and centralization process, for instance—have even been incorporated into modern economic theory by changing their negative connotations to positive ones. Also the need for an "industrial reserve army" to prevent wages from encroaching upon profit is still often stressed.

Although Marx experienced unemployment as a social fact and as a weapon within capital-labor relations, he believed that full employment was as possible as unemployment. It all depended on the rate of capital formation. The displacement of human labor by the machine was what capitalist industrialization was all about, and progress was measured by it. Indeed, Marx did not criticize capitalism so much for what it was and for what it could do as for its limitations and its basic inability to develop social production beyond the need to maintain social class relations. With regard to the past, capitalism was progressive; with regard to the future, it became an obstacle to the full development of production and thereby to the elimination of economic wants.