

# This week in history: September 20-September 26

20 September 2010

*This Week in History* provides brief synopses of important historical events whose anniversaries fall this week.

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## 25 years ago: Plaza Accord devalues US dollar

At a September 22 meeting held at the Plaza Hotel in New York City, the governments of the world's five largest capitalist economies—the US, Japan, West Germany, France, and the United Kingdom—determined to devalue the US dollar.

The decision aimed to alleviate the gathering crisis of global capitalism by addressing its predominant feature—the decline of the US. The concerted action to devalue the dollar, it was hoped, would lessen the growing US current account deficit, which had risen to 3.5 percent of GDP in 1985, and to jump-start the sputtering US economy, which was growing much more slowly than its main rivals.

The crisis of the 1980s emerged from the high interest rate regime put into place by Federal Reserve chief Paul Volcker. In order to counter inflation, drive down wages, and use mass unemployment as a hammer against the working class, Fed intervention raised real interest rates in the US to an average of about 7.5 percent between 1981 and 1985. This effectively shut down vast sections of industry, devastated farmers, triggered a massive inflow of speculative investment, and increased the value of the dollar—making American goods less competitive on the

global market. The Plaza Accord sought to partially reverse this.

The consequences of the decision proved far-reaching. The doubling of the value of the yen caused industrial production in East Asia to shift away from Japan and toward emerging economies, and within Japan created a wave of financial speculation in real estate and the stock market that came crashing to a halt in 1989. Nor did the decreased value of the dollar fundamentally alter the decline of US capitalism. Manufacturing did not revive, and the crisis in the banking system continued.

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## 50 years ago: London riots over rent increases, evictions

London mobilized hundreds of police officers in two days of operations against protests over evictions and rent increases in public housing units in the St. Pancras Borough on September 21-22, 1960. Dozens were arrested over two days of police action.

On the evening of September 21 hundreds of tenants and police clashed outside of the working class district's town hall. Early the next morning contingents of about 400 police tried to remove two tenants barricaded in their apartments: Arthur Rowe, a 59-year old waiter in St. Pancras, and Don Cook, a 38 year-old former paratrooper in Kentish Town. In Rowe's apartment police smashed a 7 foot by 3 foot hole to remove him; Cook alerted his neighbors by launching fireworks, and residents flooded out to attack police.

The St. Pancras rent strike began on January 4, 1960, in

response to a scheme by the local Conservative council to significantly raise rents in public housing. The Conservatives had taken control of the local council after John Lawrence and 13 Labour councilors were expelled from the Labour Party in 1958 for “views believed to be inimical to the best interests of the Labour Party and indistinguishable from those of known Communists”. Lawrence, a former Trotskyist who had gone over to the British Stalinists, dissolved his followers into the Labour Party in 1954.

The trade unions, Labour Party and the Communist Party were alarmed by the militancy of the rent strike. No significant support was mobilized on its behalf, allowing the police and judicial system to crush it.

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### **75 years ago: Strike of 400,000 US coal miners**

With the collapse of wage negotiations among the United Mine Workers (UMW), Assistant Secretary of Labor Edward McGrady, and representatives of the coal industry, 400,000 coal miners went out on strike on September 23, 1935. It was the largest strike of bituminous coal workers in the nation’s history.

Mining operations across 27 states were shut down. There were reports that even so-called “captive mines” owned by the big steel companies, in which the UMW had no contracts, participated in the walkout. The strike was extremely effective; of the major Pennsylvania coal fields, where no less than 246 mines were shut down, the *New York Times* wrote, “Nowhere, not even in the little truck mines with their five or six workers, was any coal being dug.”

With the industry crippled, negotiations continued in Washington. By the end of the week, a contract had finally been agreed upon. Under the agreement, the fight for a six-hour day and five-day work week was forfeited and miners received a wage increase of 9 cents per ton rather than the 15 cents demanded. UMW president John L. Lewis described the new contract as “entirely satisfactory to the mine workers under the conditions existing in the industry.”

While the UMW negotiated an official end to the strike, making it—at 6 days—the shortest the coal industry had

seen, many coal operators throughout Appalachia, where 3,500,000 tons of coal were produced annually, refused to sign the contract, leaving some 3,500 miners still on strike in the region.

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### **100 years ago: Chicago garment workers strike**

Garment workers in Chicago began a long strike against industry leader Hart, Schaffner, and Marx this week in 1910. At its peak the struggle became a general strike involving an estimated 45,000 workers, most of them immigrant women—Jewish, Lithuanian, Polish, and Italian. The strike lasted into February, 1911.

The strike began at one Hart, Schaffner, and Marx factory when 26 women, led by Hannah Shapiro, marched out after the imposition of a new bonus system.

It was the third major strike in the garment industry in a year, following on the heels of the New York City strikes of 60,000 cloak makers and the “Uprising of the 20,000” garment workers. The garment strikes demonstrated the striving of the most oppressed sections of the working class—in this case immigrant women—toward industrial organization across lines of craft and nationality. This brought the workers into conflict with the craft-based unions like the United Garment Workers (UGW).

Like the strikes in New York, moreover, the influence of socialism and socialist leaders on the strikers in Chicago emerged clearly. One of its leaders was a young Jewish immigrant from Russia, Sidney Hillman, who had been a member of the Jewish-socialist Bund prior to emigrating. Hillman negotiated a settlement with Hart, Schaffner, and Marx in January, setting the stage for the formation of a new industrial union—the Amalgamated Clothing Workers of America (ACWA).

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