

# This week in history: November 25-December 1

25 November 2013

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

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## 25 years ago: FDIC chairman asks for \$30 billion savings and loan bailout

On November 30, 1988, US Federal Deposit Insurance Corporation (FDIC) Chairman L. William Seidman called for spending \$30 billion over the next year to bail out the savings and loan (S&L) industry. The FDIC, the body that was responsible for insuring the deposits in the thrift institutions, was technically bankrupt.

Seidman's agency became aware of the widespread nature of the crisis and called for closing the "worst losers" first, in order to clean up the industry. In a speech to the National Press Club, he said, "These institutions are losing over a billion dollars a month." He estimated that the cleanup would cost the federal government \$50-100 billion.

Just two weeks prior to Seidman's call for a bailout came the investigation of the so-called Keating Five—five senators charged with improperly intervening for Charles Keating's Lincoln Savings and Loan, which was being investigated by regulatory agencies. The senators were Democrats Alan Cranston of California, John Glenn of Ohio, Donald Riegle of Michigan, Dennis DeConcini of Arizona, and Republican John McCain of Arizona. Keating paid for their services with a total of \$1.3 million in campaign contributions.

After the doubling of interest rates by Fed Chairman Paul Volcker in 1979 to combat inflation, S&Ls could not attract enough capital to survive. The subsequent deregulation of the industry in 1980 set the stage for a series of risky investments. Long-term loans were made with short-term money as a way to overcome high interest rates. Creative accounting strategies were employed, turning the S&Ls into vast Ponzi schemes.

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## 50 years ago: Warren Commission convened to investigate JFK assassination

On November 27, 1963, President Lyndon Baines Johnson convened the Warren Commission to investigate the assassination of his predecessor John F. Kennedy, who had been gunned down in Dallas, Texas, on November 22.

The commission was named after its chairman Earl Warren, chief justice of the Supreme Court. Strangely, the commission included Allen Welsh Dulles, former director of central intelligence, whom Kennedy had fired after the Bay of Pigs fiasco in 1961. Other members included former president of the World Bank (and former intelligence official) John J. McCloy, and a number of prominent members of Congress, including Democratic House Majority Whip Hale Boggs of Louisiana, Congressman (and future House Minority Leader and US president) Gerald Ford (Republican, Michigan), and Senators Richard Russell, Jr., (Democrat, Georgia) and John Sherman Cooper (Republican, Kentucky).

Johnson formed the Warren Commission with the express intent of soothing the public over the bizarre circumstances surrounding the assassination, including the security breakdown that led to the killing, the assassination of Oswald in police custody two days after Kennedy's death, and Oswald's strange biography—including a defection and return from the Soviet Union—that had brought him to the Texas Book Depository just a month before Kennedy's visit.

As FBI Chief J. Edgar Hoover put it, the aim is "is having something issued so we can convince the public that Oswald is the real assassin." If not, Johnson said, the assassination would "would always remain an open wound with ominous potential."

In late September 1964, the commission released its findings in an 889-page report. It found that Oswald acted alone in killing Kennedy, and that Ruby acted alone in killing Oswald.

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## 75 years ago: Stalin initiates purge of Communist Union of Youth

On November 25, 1938, press reports in the West told of a major new Stalinist purge throughout the Soviet Union, the victims being officials of the Komsomol (Communist Union of Youth or VLKSM). Dozens of Komsomols were denounced as “enemies of the people” and arrested or otherwise expelled from the organization and disgraced.

Soviet historian Vadim Rogovin in his book *Stalin's Terror of 1937-1938: Political Genocide in the USSR* writes how “by 1937 the leadership of the Komsomol was dominated as before by people who had begun their political activity during the first years of Soviet power. The young people in the Komsomol were a danger to Stalin’s regime since they represented a part of society distinguished by their sensitivity towards injustice and by their personal lack of fear. Not burdened, like many of the old Bolsheviks, by self-imprecations and humiliating repentance for their “mistakes,” they could emerge as a force of social protest against arbitrary rule and the repressions. For this reason Stalin kept the purge of the Komsomol under his strict control and directly guided it. In this work he depended primarily on Kosarev.”

Rogovin explains how the arch-Stalinist Aleksandr Kosarev was made general secretary of the Komsomol and how throughout the Soviet Union a “little cult” was created around him. But by 1938, with the purges devouring many of those who had gone along with Stalin’s destruction of Bolshevism, Kosarev was publicly denounced by the party leadership as a “good for nothing scoundrel” and stripped of all his honors.

Reprisals against the youth organization leadership were delayed because of the 20th anniversary celebrations of the Komsomol in late October and early November of 1938. At the jubilee plenum of the VLKSM Central Committee (CC) Kosarev was seated next to Stalin on the presidium and the young man gave both the opening and main reports.

But just three weeks later a new plenum of the CC of the VLKSM was called for November 19-22. Rogovin sets the scene: “All the big guns of the Great Purge appeared at it: Stalin, Molotov, Kaganovich, Andreev, Zhdanov, Malenkov and Shkiriakov. The transcript of the plenum records several dozen of the questions and interjections during Kosarev’s report.”

The plenum dismissed Kosarev and four more secretaries of the CC of the VLKSM. Out of the 93 participants in the plenum, 77 were arrested and, of these, 48 were eventually shot. Altogether, from 1937 to 1938, 96 of the 128 members of the VLKSM CC elected in 1936 were arrested. Kosarev was executed February 23, 1939.

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On November 25, 1913, 15,000 General Electric Company employees in Schenectady, New York walked out in protest against the firing of two workers, Frank L. Dujay and Mabel Leslie. Although General Electric stated that the workers were let go as a policy of retrenchment, union workers asserted that their firing was due to union activity.

Labor leaders explained the walkout as “a demonstration of strength to show that the General Electric Company cannot crush unionism.” However, plans for a protracted struggle and the possibility of sympathy strikes were averted when union leaders received a telegram from a high official of the American Federation of Labor (AFL), informing them that the AFL was not in favor of calling a strike.

The company was Schenectady’s principal source of income, with a weekly payroll of \$25,000. Believing the sacked workers would not be reinstated, many of the union men left the city to seek funds. Pickets were formed around the plant, but no violence took place. The social-democratic mayor, George R. Lunn, fearing the development of broader social upheaval, warned General Electric not to hire strikebreakers.

On November 27, Lunn called a conference attended by union workers and company officials where he proposed that General Electric consider employing workers part-time. In readiness for any conflict, 30 patrolmen were sworn in by the city in preparation to take action should any trouble start when the company gates opened the next day.

On November 29, the strike came to an end at noon, when terms were agreed to between a committee representing workers and the company. General Electric agreed to take back all workers, including Dujay and Leslie, and agreed not to discriminate against any workers who had been involved in the strike.

The agreement included that if it were necessary to hire some workers on a part-time basis, it would be the out-of-town men whose hours would be reduced first and then those of single men. The AFL immediately ratified the agreement and hailed Lunn for resolving the dispute.

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**100 years ago: 15,000 General Electric workers return to work after strike**