

This week in history: July 21-27

21 July 2014

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25 years ago: Stalinist regimes in Poland and Hungary on last legs

On July 25, 1989, Polish Solidarity leader Lech Walesa informed newly elected President Wojciech Jaruzelski that there would be no coalition government between Solidarity and the Communist Party. Jaruzelski was elected to the presidency by the National Assembly the previous Wednesday with only 270 out of 537 votes, the minimum required to take office.

Jaruzelski was responsible for the outlawing of the Solidarity trade union movement and establishing martial law in 1981. He was only able to claim the presidency due to the votes and abstentions of some newly elected Solidarity senators.

After days of quarreling among Solidarity leaders, Walesa made it public that there would be no CP-Solidarity coalition. Walesa declared that the “bold solution” for Jaruzelski would be to call on Solidarity to form its own government, even though the union leader admitted that the trade union movement was not ready to run a government from top to bottom.

Meanwhile, on July 22 in Hungary, an opposition candidate, Gabor Roszik of the nationalist Hungarian Democratic Forum, became the first non-Communist Party candidate to win a seat in parliament, with 69 percent of the vote. The election, the first since 1947 that allowed non-CP participation, portended a rout for the CP in the upcoming elections in mid-1990.

An opinion poll in Hungary found that only 36.5 percent of the electorate would vote for the Communist Party in the coming elections.

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50 years ago: Record production, corporate profits in US

Led by the auto industry, US corporations reported record profits for the first half of 1964. In the six months ending June 30, 265 industrial companies showed earnings of over \$4.6 billion, up 24 percent from the same period in 1963.

General Motors, Ford and Chrysler all recorded record profits and sales for the first half of 1964, exceeding any three-month or six-month period in the history of the auto industry. The steel industry was projected to produce 120 million tons of raw steel in 1964, up 3 million tons from the previous record posted in 1955. An important economic barometer, truck production, also set a record, with 1 million units produced by July 1964.

The expansion in production paralleled an upturn in world trade, with analysts predicting a \$10-\$12 billion jump in trade volume among the capitalist economies. For the year, it was anticipated that the US would produce exports of nearly \$25 billion, by far the most of any country. Yet the rapid growth of the European and Japanese economies, coupled with enormous US military outlays, had begun to erode US economic dominance, reflected in the emergence of a balance of payments deficit from the late 1950s on.

Of more immediate concern was the continuing offensive by the US and international working class. Wall Street analysts warned that demands by the United Auto Workers for a 36 cents per hour increase in wages and benefits far exceeded the Johnson administration's guidelines of 13 cents. They cautioned that such an increase would set a pattern that would undermine corporate profits.

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75 years ago: Tensions mount between US and Japan

The Roosevelt administration renounced the nearly 30-year-old trade treaty between the United States and Japan on July 26, 1939. The sudden ending of the treaty was designed to open the way for placing sanctions on materials used for the Japanese war machine at the end of the six-month period specified in the treaty—in other words, on January 25, 1940.

The 1911 Treaty of Commerce and Navigation had encouraged trade between the two Pacific powers by prohibiting embargoes and tariffs, and had been aimed at avoiding a clash over the plundering and exploitation of the weaker Asian-Pacific states and colonies like China and the Philippines. The decision to repudiate an entire trade treaty was virtually unprecedented in US foreign policy and driven by recognition in Washington that a full-scale conflict with Japan was likely, particularly as the US increasingly sided with China in the ongoing Sino-Japanese war.

The week before the action, Republican Senator Arthur Vandenberg, the party's leader on foreign policy, introduced a resolution calling for abrogation of the treaty so the US would "be free to deal with Japan in the formulation of a new treaty and in the protection of American interests as new necessities may require."

The overseas reaction was divided along the lines of the future military alliances in World War II. Japan, Germany and Italy were opposed, with the Soviet Union, Great Britain and France tacitly backing the action, partly out of relief that it was the United States, and not themselves, that would bear the brunt of any Japanese retaliation.

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100 years ago: European powers begin mobilizing in preparation for war

On July 23, 1914, Austria-Hungary issued an ultimatum to the Serbian government, in the wake of the assassination of Austrian Archduke, Franz Ferdinand, by a Serbian nationalist in Sarajevo the previous month. Austro-Hungarian and German officials, who had been involved in the drafting of the ultimatum, had privately commented that it had been drafted in such a manner as to prevent its acceptance. Both Germany and Austria-Hungary viewed the "July crisis" following Ferdinand's assassination as an opportunity to aggressively promote their geopolitical interests.

The ultimatum itself demanded that the Serbian government suppress and disband nationalist organizations and publications that incited "hatred and contempt of the Austro-Hungarian monarchy" and remove state functionaries who sympathized with such organizations. It also demanded that Serbia accept the active involvement of Austro-Hungarian officials, within Serbia, in the suppression of nationalist forces, and the investigation and prosecution of those responsible for the assassination of Ferdinand. One French newspaper noted that these latter demands effectively called for an "acknowledgement of vassalage" from the Serbian government. The note concluded by demanding a response within 48 hours, while the Austrian government informed all of the major European powers of its ultimatum.

Serbia immediately appealed to Russia, its closest ally, to intercede. The Russian government called on Austria-Hungary to extend the time limit of the ultimatum, but was turned down. Russian officials proceeded to debate, and prepare for a partial mobilization of the army on the Austrian border. Britain, a close ally of France and Russia, called for multilateral talks in Vienna and an extension of the ultimatum, neither of which came to pass.

On July 25, the Serbian prime minister, Nicola Pasic, delivered the Serbian response to the ultimatum, to the Austrian embassy. It accepted many of the demands, but refused Austro-Hungarian involvement in Serbian investigations and internal politics, and was almost immediately rejected. Pasic, anticipating that his response would not be accepted, had already ordered the secret mobilization of Serbia's army.

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