

This week in history: August 4-10

4 August 2014

25 Years Ago | 50 Years Ago | 75 Years Ago | 100 Years Ago

crash.
[top]

25 years ago: US and Mexico agree on debt-reduction plan

August 7, 1989, a high-level meeting in Mexico City between US and Mexican officials resulted in a debt-reduction agreement devised to safeguard the interests of the most powerful US banks, which were at risk of enormous losses because of a series of defaults by Latin American countries and other debtor nations in the underdeveloped world.

In 1982, Mexico defaulted on its payments to the IMF, creating a crisis in US-Mexico relations which lasted throughout the six-year term of President Miguel de la Madrid. The election of Carlos Salinas de Gortari as president of Mexico in 1988 signified the beginning of a shift. The installation of the Harvard-educated, pro-big-business PRI candidate in 1988, had the stench of a US dirty tricks operation. The opposition candidate Cuauhtemoc Cardenas accused election officials of stuffing ballots to ensure Salinas's victory. This was confirmed in a 2004 autobiography of de la Madrid, who hand-picked Salinas as his successor.

Salinas worked with officials of the incoming administration of George H. W. Bush in the United States to restructure Mexico's debt so that the big Wall Street banks could exchange their unpaid claims on Mexico and other countries in the same financial strait for bonds which were issued by or backed by the US Treasury (so-called Brady Bonds, named after US Secretary of the Treasury Nicholas Brady, who devised the scheme). These bonds were tradable, allowing the banks to remove the unpaid debt from their balance sheets.

In effect, the US Treasury bailed out the banks that had lost money in peddling high-risk loans to Mexico and other impoverished countries, using financial hocus-pocus similar to what would be employed in 2008 after the Wall Street

50 years ago: US Congress passes Gulf of Tonkin resolution

On August 7, 1964, three days after the fabrication of an attack on two US Navy destroyers in the Gulf of Tonkin, the Senate and the House of Representatives passed a resolution drafted by the Johnson administration giving the president virtually unlimited authority to escalate the US war against the Vietnamese revolution in South Vietnam and to extend it to North Vietnam as well.

The Gulf of Tonkin Resolution played a double role for the Johnson administration, circumventing the constitutional requirement for a declaration of war by Congress, while allowing it to portray the aggression against North Vietnam as an act of self-defense.

The measure, presented by Senate Foreign Relations Committee Chairman J. William Fulbright as an emergency response to "aggression," was passed unanimously in the House and with only two opposed in the Senate. The official green light for the US intervention in Southeast Asia, the Gulf of Tonkin Resolution was supported enthusiastically by almost all the Democratic Party liberals who would later claim to oppose the Vietnam War. These included senators Eugene McCarthy, Edward Kennedy, George McGovern, and Frank Church.

The decision by the US ruling class to step up its intervention in Vietnam had been taken long in advance, spurred on by the virtual disintegration of its puppet South Vietnamese government. South Vietnam was being turned into a virtual colony of the United States, as thousands more military "advisers" flooded in, preparing for the massive intervention of US troops.

Johnson was only held back from immediately sending troops by the impending election contest with Republican Senator Barry Goldwater of Arizona. Johnson, supported by the Stalinists and the AFL-CIO bureaucracy, was cynically

posing as the “peace” candidate against Goldwater, who had weeks earlier publicly contemplated the use of nuclear weapons on Vietnam.

[top]

75 years ago: US establishes War Resources Board

As the ruling class of the United States readied for all-out war, the Army and Navy commands announced on August 9, 1939 the formation of the War Resources Board (WRB);, a board of six civilian members who would coordinate the implementation of the Industrialization Mobilization Plan (IMP), aimed at establishing dictatorial control over American workers.

The board members were comprised of the most trustworthy representatives of American capital. The chair of the committee was the chairman of US Steel, Edward Stettinius, whose company coffers would be enormously swelled by the increased wartime production of steel products and components, weaponry, vehicles, sea-going vessels, etc.

The immediate task of the WRB upon establishment was to get the IMP up and running and thereby organize the supply of raw materials and direct industrial production towards the immediate manufacture of some 10,000 items deemed crucial to the production of military hardware and to outfit troops for combat.

Hand in hand with the organization of industrial production lay plans by the WRB to suppress the US labor movement and any expression of the class struggle in the United States. The WRB drew up anti-democratic and anti-working class plans to break labor disputes, end all work stoppages whether official or wildcat, severely censor the press, draft women and children into wartime production and draft all males aged 18-45 for military service.

General Hugh Johnson of the War Department, one of the key figures behind the militarization of US society, admitted that the plans of the WRB were unconstitutional. Indeed in a report by the Senate Munitions Investigating Committee the WRB and IMP were described as providing for an “actual operating dictatorship.”

[top]

100 years ago: Germany invades Belgium

In the opening days of World War I, the military forces of Germany crossed the border into Belgium August 4, 1914 as part of a flanking operation against the French forces deployed along the direct line of march from Germany to Paris. The German maneuver, outlined as early as 1905 in the Schlieffen Plan, called for a massive German force to enter Belgium, proceed towards the English Channel, and then wheel to the left, crashing down through northern France onto the French capital.

This plan had many tactical advantages, as it avoided a direct attack on fortified French positions along the Franco-German border, but its strategic danger was that it made British intervention into the world war virtually inevitable, because British imperialism had never tolerated an outside power, whether France or Germany, dominating the Low Countries (Belgium, Netherlands and Luxembourg). On the same day that Germany began its war on Belgium, Britain declared war on Germany.

The German movement through Belgium was the first major military action of the war, as Germany, with its superior railway system and organization, was the first of the Great Powers in a position to launch a significant offensive operation. Austria had declared war on Serbia July 28, Russia had declared war on Austria July 29, Germany declared war on Russia August 1, and France and Germany declared war on each other August 3. But none of these powers had actually yet made a major military advance.

Belgian forces crumbled in the face of the German advance, which was conducted with considerable brutality, albeit greatly exaggerated in the war propaganda of the Allies, Britain and France. By August 7, German troops had reached Liege, the largest city in southeast Belgium. Meanwhile British and French troops entered Belgium and fighting spread along a north-south line centered on the town of Ypres at the western extremity of Belgium, protecting the French ports on the English Channel, with German forces in occupation of nearly the whole country.

[top]



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact