

# This week in history: November 2-8

2 November 2015

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## 25 years ago: Wall Street economists admit recession

On November 2, 1990, the US Department of Labor reported that the US economy lost a total of 68,000 jobs in October, the biggest monthly decline since the 1981-82 slump, and spokesmen for big business abandoned months of pretense and admitted the US economy was well into recession. Meanwhile the administration of President George H. W. Bush was focused on its buildup to war in the Persian Gulf, not the deepening economic crisis at home.

Several prominent economists told the Joint Economic Committee November 2 that the unemployment figures confirmed that a major recession was under way. Donald Strazheim of Merrill Lynch said, "The prospect is that the 1990s will be the slowest growth decade since the 1930s." The recession which has now begun would be the worst since World War II, deeper than the slump of 1981-82, he added.

Lawrence Chimerine of Data Resources said the boom of the 1980s was "built largely on cheap oil, large tax cuts, military and construction booms, and the willingness of foreigners to invest heavily in the US. These factors are all being reversed." Chimerine said a moderate recession was "the best we can hope for, and the risks are all heavily on the down side. Because of the excesses in the real estate market and the horrendously weakened financial system, this recession is not like others."

Another prominent Wall Street spokesman, investment banker Henry Kaufman, warned that recession was coming under conditions of "financial fragility" and that the level of debt posed "extraordinary obstacles to business recovery." Because of the high level of federal debt, he said, the government would be unable to play its usual role in a recession, using fiscal policy to stimulate a revival of production and employment.

Total government, corporate and consumer debt reached well over \$11 trillion, and the proportion of debt to Gross National Product rose from 170 percent before the previous recession to 240 percent. Corporate debt soared from 34 percent of total capital in 1983 to 46 percent in 1989. What struck panic in the Wall Street representatives was the prospect that a recession

would topple the vast mountain of debt in the biggest financial catastrophe in history.

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## 50 years ago: SWP splits New York antiwar committee

On November 6, 1965, the New York Committee to End the War in Vietnam, a coalition of middle class pacifists and student radical groups, was disbanded after supporters of the Socialist Workers Party insisted that the coalition limit itself to "minimum slogans," i.e., the single issue of protest demonstrations against the war.

The action of the SWP, which split from the world Trotskyist movement, the International Committee of the Fourth International, in June 1963, anticipated the reactionary role it was to play as the growing protest against the Vietnam War assumed a mass character later in the decade. Its line was designed to keep the movement politically subordinated to the Democratic Party, with the SWP vigorously opposing any program that would force a split with the anticommunist liberals.

*The Militant*, weekly newspaper of the SWP, in its issue of November 15, 1965, denounced any effort to link the struggle against the war in Vietnam with a broader struggle against the capitalist system which was the cause of the war. "The worst abuse of this situation would be for any tendency to attempt to turn these independent committees into a front for its particular multi-issue program," the article declared.

The SWP's position contributed to the political shackling of the working class by ceding influence to the Students for a Democratic Society and the Stalinists of the American Communist Party, which advanced their own "multi-issue" brand of reformism to obscure the revolutionary issues.

Against the SWP's right-wing line, the Trotskyists of the American Committee for the Fourth International, forerunner of the Workers League (and of the Socialist Equality Party today), called for turning the student movement toward the working class. In opposition to the pacifist and liberal slogans advanced by the SWP, the ACFI took a clear position calling for victory to the Vietnamese Revolution and the defeat of American imperialism.

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## 75 years ago: Italian forces suffer debacle in Greece

During this week in November 1940, the invading Italian forces of Fascist dictator Benito Mussolini suffered a resounding military defeat at the battle of Elaia-Kalamas against a smaller but better organized Greek defense. The week-long battle took place in northwestern Greece in the region of Epirus where the main thrust of the Italian invasion forces was located.

A smaller Italian force attempted to move through the Pindus Mountains but its advance was swiftly halted by a ferocious rearguard action by Greek forces bravely aided by the local population, including children. Both of Mussolini's Greek expeditions were quickly halted in their tracks and suffered humiliating defeat.

After the Italian invasion of Albania in April 1939, the Greek General Staff began to prepare for the eventuality of an Italian invasion through Albanian territory. But the German high command warned Mussolini against such an attack upon Greece, fearing the possibility of an intervention by British forces from North Africa into Greek territory would establish an airfield from which to bomb the Ploesti oilfields in Romania, a key source of supply for the German military machine.

Only weeks earlier, in September, Mussolini assured Himmler and Hitler that he would first conquer Egypt before attacking Greece and Yugoslavia. But Mussolini was concerned that the rapid fall of France to the Wehrmacht meant Germany was dictating the shape of Europe with Italy sidelined. As with his previous invasion of Albania, which he did not warn the German leadership about beforehand, he again intended to present Hitler with a *fait accompli* concerning Greece.

The Nazis had geopolitical designs upon the Balkans because the region loomed on the southern flank in the upcoming invasion of the Soviet Union. Hitler did not want Mussolini interrupting his plans for Operation Barbarosa by shaking up the Balkans with an invasion of Yugoslavia or Greece.

The Italian army in 1940 was essentially a paper tiger. The country was short of money, raw materials and motor transport. To increase the number of divisions Mussolini reduced their composition from three regiments to two, and out of 73 divisions only 19 were fully equipped. Italy's forces were smaller and less well armed in 1940 than they had been at the outbreak of World War I.

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On November 7, 1915, Greek Prime Minister Alexandros Zaimis resigned after just one month in office after failing to receive a vote of confidence from the parliament. Zaimis, a royalist, had been appointed after King Constantine had invoked a constitutional provision to dismiss the government of Eleftherios Venizelos. Zaimis' resignation reflected the widespread support within Greek ruling circles for entrance into the conflict on the side of the Allies.

Throughout 1915 the Greek government was in crisis, in what became known as the "national schism." Venizelos had resigned in early March, after King Constantine blocked his proposal to participate in the Allied campaign against the Ottoman Empire in the Dardanelles. The Liberal Party headed by Venizelos returned to power in general elections in June 1915.

Conflicting interests amongst the ruling elite led to sharp differences over policy decisions in relation to the war. The mobilization of troops by Bulgaria in September and its entry into the war in alliance with Germany, Austria-Hungary and the Ottoman Empire in October brought these differences into sharper focus.

Venizelos represented a section of the Greek ruling class who favored an alliance with Britain and France as a means of Greece securing a dominant position among the numerous Balkan nation-states that had emerged with the receding of the Ottoman Empire over the previous century: Romania, Serbia, Bulgaria and Albania.

As the Bulgarian Army mobilized, Venizelos asked the British and French to land troops in order to protect the Greek port of Thessaloniki and provide support to Serbia in the event of a Bulgarian attack. He also gained parliamentary support to send troops to the aid of Serbia. Constantine, representing the pro-German section of the ruling elite who insisted that Greece would gain more by maintaining its neutrality, forced Venizelos to resign and installed Zaimis as Prime Minister.

King Constantine responded to Zaimis' resignation by installing Stephanos Skouloudis to form a government of national unity involving representatives of all the major parties. New elections were called in December 1915. However, Venizelos's Liberal Party abstained and the ballot proved to be a farce with 68 percent of voters abstaining. The new parliament and the government that was formed in Athens supported Constantine's policy of neutrality.

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## 100 years ago: Greek government crisis