

This week in history: December 16-22

16 December 2019

25 years ago: Mexican peso crisis

On December 20, 1994, the Mexican peso was devalued, sending shock waves throughout the structure of world capitalism. Mexico had been touted for a decade as proof that the profit system was capable of developing the oppressed semi-colonial countries and transforming them into modern industrialized societies. Its collapse led to a generalized loss of confidence in “emerging markets” from Brazil to Poland.

The collapse of the peso, which lost 40 percent of its value between December 20 and 27, produced a crisis of confidence in the Mexican government on the part of the international and especially the American bourgeoisie. The Clinton administration and the Federal Reserve stepped in with an \$18 billion line of credit to prop up the peso, only because a complete financial collapse would spill over into American markets and threaten the stability of Wall Street itself. In return, Washington demanded ruthless attacks on jobs and living standards by the government of President Ernesto Zedillo.

President Ernesto Zedillo told a national television audience December 29 that he was accepting the resignation of Finance Minister Jaime Serra Puche and implementing an austerity policy, include a 20 percent to 30 percent cut in government spending, wage freezes, and further privatization of state-owned enterprises.

The peso had been undermined by the mushrooming Mexican trade deficit, which soared from \$4 billion in 1987 to \$23 billion in 1993. For a time, this was offset by the influx of foreign capital into Mexico—foreign holdings of Mexican stocks and bonds skyrocketed from \$1 billion in 1988 to \$28.4 billion by 1994.

However, repeated increases in US interest rates by the Federal Reserve slowed the flow of US capital into Mexico, and the political events of 1994, including the Chiapas peasant rebellion and the assassinations of two prominent leaders of the ruling Partido Revolucionario Institucional, began to shift the flow of capital into reverse.

The immediate trigger to the peso’s fall was the report that Zapatista rebels in the southern state of Chiapas had seized control of 38 municipalities in armed actions on December 19. The peasant-based movement quickly retreated when heavily armed Mexican army troops and state police moved into the towns. Yet the brief occupation produced a sharp fall in the Mexico City stock exchange and a run on the peso in currency markets. On December 20, Finance Minister Jaime Serra Puche announced an effective devaluation of the peso by 12.7 percent, but this only encouraged further speculation against the Mexican currency. By the following day, the government had used up half its foreign reserves and was

compelled to float the peso against the dollar.

50 years ago: General Electric strike isolated by unions

The national strike of 150,000 General Electric (GE) workers that had begun in October, 1969, continued into the third week of December. Though the strike enjoyed broad sympathy in the working class, the lead union representing the workers, the International Union of Electrical Workers (IUE) made clear it would not mobilize the support needed to defeat GE, one of the world’s richest corporations.

The company took a hard line in the negotiations. GE’s board of directors accepted that they would surrender some profits during the strike in order to secure their long-term goals. This week after negotiations between GE and the International Union of Electrical Workers (IUE) broke down, Fred J. Bosch, GE’s chairman told the press “We do not intend to offer more. We feel we have gone the limit.”

With inflation increasing, 1970 was expected to see more unrest and strikes from workers suffering declines in their living standards and purchasing power. GE was looking to set a precedent: there would be no movement on cost of living increases in the uncertain economy for workers of all industries.

On December 22, 1969 *The Bulletin*, the US forerunner of the *World Socialist Web Site*, wrote, “This giant must be brought to its knees, for what is at stake is an offensive not only against GE workers but of all American labor. Everyone knows GE is acting in the interests of Nixon and all big business to forestall a wage offensive next year as millions of workers seek to get back what the bosses’ inflation has taken from them.”

The IUE gave its approval to an anti-democratic injunction that stated that a maximum of 10 workers could appear on the picket line at one time. The injunction, which set a standard that is still used against workers today, served a dual purpose for the company. By avoiding mass pickets, it could use the police to attack and arrest workers who might block scab labor from entering the plants. Second, it threatened strike pay, as only workers who manned a picket line could receive such funds from the union.

The union claimed the injunction was the outcome of a “compromise.” At a meeting in Cicero, Illinois, where 18 workers had been arrested during the strike, one worker responded by saying, “A few more compromises like this, and we will have no rights whatsoever.”

75 years ago: Provisional anti-fascist government established in Hungary

On December 22, 1944, delegates from a range of oppositional parties in Hungary gathered in Debrecen and agreed to form a “provisional national government,” in opposition to the fascistic regime of Ferenc Szálasi, which was allied with Germany.

The move came amid a crisis of fascist forces throughout Europe, including the expulsion of the Nazis from Greece and signs that Benito Mussolini’s Italian Social Republic was on the verge of collapsing or being overthrown. It preceded a full-scale military assault on the pro-German Hungarian regime by the Soviet Red Army.

Represented in the new provisional government were members of the Stalinist Communist Party, the Independent Smallholders’ Party, the social democrats, the National Peasant Party and several senior generals who had defected from the old regime. Béla Miklós, who had served as a commanding general, before advocating in 1944 that Hungary switch its allegiance to the Soviet Union, was appointed prime minister.

Successive Hungarian governments had collaborated with the Nazi’s worst crimes, including by deporting hundreds of thousands of Jews and political dissidents to German death camps. Amid the routing of German troops throughout Eastern Europe, the Hungarian authorities were discussing extricating themselves from the war. Hitler responded by launching Operation Margarethe, effectively a German invasion and occupation of the country, in March, 1944.

Over the following months, mass roundups and political repression intensified. As Allied victories grew, including on the Western front, Regent of Hungary Miklós Horthy again looked to negotiate a separate peace with Britain and the Soviet Union. The Nazis initiated Operation Panzerfaust, another military operation aimed at shoring-up their control of the country. Horthy was removed and an even more right-wing government, headed by Ferenc Szálasi of the fascist National Socialist Arrow Cross Party, was installed.

In October, the Red Army entered Hungary proper, with intense fighting between the Soviets and anti-fascist partisans on the one side, and the Germans and their fascist collaborators on the other. Hitler had declared Budapest, the capital, to be a fortress city, leading to months of brutal fighting, and a Soviet-enforced siege of the city.

The establishment of the Provisional National Government, which was carried out with the blessing of the Soviet authorities, was part of a broader attempt by the Stalinist bureaucracy to ensure its control over political developments in the post-World War II period. In Western Europe, the Soviets, alongside the other Allied powers, supported the establishment of right-wing capitalist governments.

In Eastern Europe, they sought to fashion regimes based on an alliance between dissenting sections of the military command, the

Communist Parties and openly bourgeois formations. The Stalinists were hostile to the prospect of any revolutionary struggle by the working class against European capitalism, for fear that it would result in social and political upheavals within the Soviet Union itself.

100 years ago: US authorities deport anarchist leader Emma Goldman

On December 21, 1919, anarchist leader Emma Goldman was deported by the Woodrow Wilson administration to Soviet Russia under the Immigration Act of 1918, which sought to expel immigrant left-wingers in the aftermath of the 1917 Russian Revolution and amidst a massive strike wave spearheaded by coal miners and steelworkers.

Goldman had been released on September 27 from the Missouri State Penitentiary where she served a two-year prison under the Espionage Act for her opposition to World War I. She was freed during the mass hysteria of the first Red Scare, shortly before the start of the infamous Palmer Raids of Attorney General A. Mitchell Palmer in November, which were used to break up left-wing meetings and arrest thousands of foreign-born revolutionary workers under the Immigration Act.

Palmer’s subordinate, J. Edgar Hoover, the future head of the FBI, took personal responsibility for ensuring that the government did everything in its power to expel Goldman and her partner, Alexander Berkman. He wrote in a letter at the time, that they were, “beyond doubt, two of the most dangerous anarchists in this country.”

At her deportation hearing on October 27, whose outcome, thanks to Hoover, was never in doubt, Goldman noted the class character of the anti-immigrant law: “the object of deportations and of the Anti-Anarchist law, as of all similar repressive measures, ... is to stifle the voice of the people, to muzzle every aspiration of labor.”

The state ordered her expulsion from the United States and she and Berkman were confined at Ellis Island December 5. Ten days later, the Soviet envoy in New York, Ludwig C. A. K. Martens, offered her refuge in Soviet Russia.

On December 21, scores of federal agents and immigration officials escorted 247 immigrant socialists, communists, and anarchists aboard the *S.S. Buford*, whose crew had been issued weapons. Goldman, Berkman and the other deportees arrived in Finland on January 17, where they were welcomed by representatives of the Soviet government.



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