

This week in history: May 1-7

30 April 2023

25 years ago: Chrysler and Daimler-Benz merge

On May 7, 1998, Daimler-Benz AG in Germany and Chrysler Corporation in the US signed a merger contract to form DaimlerChrysler AG.

The takeover of Chrysler Corporation by Daimler-Benz in a \$38 billion stock deal was a powerful demonstration of the globalization of the world economy. The largest industrial company in Germany, and in Europe as a whole, acquired one of the biggest American corporations, creating a transnational giant with a work force of 410,000 and an annual output of over \$130 billion.

The combination was the largest industrial merger in history and the biggest-ever acquisition of an American company by an overseas concern. The merged company was the fifth-largest auto maker in terms of the number of vehicles produced, ranking after GM, Ford, Toyota and Volkswagen.

Unlike previous auto industry mergers, which involved the gobbling up of small or failing companies by more powerful rivals, the Daimler-Chrysler deal involved two highly profitable companies, with combined net earnings of \$5.7 billion in 1997. Daimler-Benz had rebounded from losses in the early 1990s to post record profits, while Chrysler made a larger profit per vehicle than any other auto manufacturer.

The driving force behind the combination was the necessity to create ever-larger globally-based enterprises which could compete in all the major markets of the world, and especially in the three main centers of world capitalism: North America, Europe and Asia. Before the merger, Chrysler and Daimler-Benz were essentially regional producers—Chrysler with the third-largest market share in North America, Daimler-Benz controlling the luxury market in Europe.

Chrysler was compelled to sell its European and Latin American operations during its financial crises of the 1980s and early 1990s. In the month before the historic merger it sold only 17,713 vehicles outside North America, compared to nearly a quarter of a million vehicles in its home market. Daimler-Benz only opened its first plant outside Europe the previous year when it began assembling a sport-utility version of the Mercedes-Benz at a plant in Tuscaloosa, Alabama.

In the wake of the merger, financial commentators and auto industry analysts predicted that the remaining regional auto manufacturers would be compelled to combine into global-scale firms in order to compete with GM, Ford, Toyota, Honda and the new DaimlerChrysler. They could not remain nationally-limited manufacturers, selling to a national market. As one analyst told

the *Times* of London, “The country flags have come down and the flag of profitability has gone up.”

50 years ago: Lebanese Army shells Palestinian refugee camps

On May 3, 1973 The Lebanese Army began an offensive military operation against the Palestinian Liberation Organization (PLO) and other Palestinian militias who had made their headquarters in the large Palestinian refugee camps in Beirut. Fighting between the Army and the Palestinian forces lasted throughout the day until a ceasefire was called that evening.

Reports from the Palestinian press agency reported that the fighting, which included shelling from Lebanese tanks into the Shatila refugee camp, had killed 19 and wounded 89 people. The Lebanese government reported 12 soldiers killed and 40 wounded.

The large camps in Beirut had been established following the mass expulsion of Palestinians from Jordan in September of 1970. During “Black September,” full-scale fighting broke out between the Jordanian military and the PLO.

That conflict ended in a total defeat of the PLO. Immediately after, Jordan carried out a forced removal of Palestinian refugees who had originally been displaced from their homes following the Israeli invasion in the 1967 Six-Day War.

Initially, the Lebanese government agreed to accept the refugees and allowed the PLO, the de facto Palestinian government in exile, to operate within its borders. However, after several high profile terrorist attacks, including the September 1972 massacre of Israeli athletes at the Munich Olympics, Lebanon conceded to pressure from Israel and the United States to crack down on the Palestinian guerilla fighters.

On April 9, 1973, in retaliation for the Munich killings, Israeli special forces landed in Lebanon and carried out assassinations of several PLO leaders. In response Yasser Arafat, the head of the PLO, ordered preparations for more attacks on Israel.

Fearing that PLO militancy could prompt a full-scale Israeli invasion the Lebanese government sought to directly suppress the armed Palestinian forces. But the suppression of the PLO intensified the political crisis within the Lebanese government itself, which precariously balanced power between different factions divided along religious and ethnic lines.

The Palestinian question added immense fuel to this crisis. The Maronite Christian factions opposed the PLO and supported normalizing relations with Israel. The Muslim factions on the other hand generally backed the Palestinians.

The May 1973 fighting in Beirut was a precursor to the civil war that would breakout two years later between these factions. The Israeli government would play a leading role in instigating the civil war by providing arms and military training to the Maronite militias.

75 years ago: Democratic Peoples' Republic proclaimed in North Korea

On May 1, 1948, forces involved in Workers Party of North Korea, as the Stalinist party was called, proclaimed the Democratic Peoples' Republic of Korea (DPRK). The move occurred amid the developing Cold War confrontation between American imperialism and the Soviet Union. Soviet troops were in the North, while the South was dominated by the US military.

From 1910 until 1945, Korea as a whole had been under Japanese occupation. The brutality of this colonial rule had intensified amid World War II. The majority of the population continued to work in subsistence agriculture, but amid the conflict, an industrial working class also emerged, including in war industries.

With the defeat of Japan in 1945, an uncertain situation developed. A partisan movement that had fought the Japanese imperialists began to find political expression. People's Committees emerged across the country, as organs of popular self-government. While some were dominated by the Stalinists, others were under the leadership of radical workers, peasants and Christian groupings.

In late 1945, the Stalinist bureaucracy in the Soviet Union agreed to a five-year "trusteeship" in Korea prior to the granting of independence. Soviet troops occupied the north of the country, while the US military arrived in the south, setting the stage for a partition.

This was part of the bureaucracy's counter-revolutionary deal with imperialism, in the concluding stages and at the end of the war. In exchange for a sphere of influence, especially in Eastern Europe and other border regions of the Soviet Union, the Stalinists committed to restabilizing capitalism in Western Europe and internationally.

Tensions grew as the US launched a confrontation with the Soviet Union, aimed at asserting American imperialism's global hegemony, including in areas that were under Soviet influence. In 1946, the Stalinists helped to establish an interim government in the North. Increasingly, the Stalinist Workers Party asserted its dominance in the People's Committees, while establishing a rudimentary army composed of Stalinist forces and former guerillas who had fought the Japanese.

By early 1948, the Cold War was far advanced. The US together with the newly-formed United Nations organised elections, aimed at securing the dominance of right-wing nationalist forces. Some of those forces, however, boycotted the polls, fearful of a defeat. In any event, the establishment of the Democratic Peoples' Republic of Korea signified a deepening of the split between north

and south, in line with the developing global confrontation.

100 years ago: Canadian parliament passes Chinese Exclusion Act

On May 4, 1923, Canada's parliament passed a law written by the Liberal government of Prime Minister William Lyon Mackenzie King, officially called the Chinese Immigration Act but better known as the Chinese Exclusion Act, that placed stringent limitations on the categories of Chinese who could enter Canada. Some Chinese merchants, students and diplomats could stay in Canada temporarily but no Chinese, including ethnic Chinese with British citizenship, could immigrate.

In addition, every person of Chinese descent, including Canadian citizens, was obligated to register with the authorities and obtain an identification card within 12 months after the law had been passed. Anyone who did not comply faced imprisonment or a fine of up to \$500. Any Chinese person who left Canada for more than two years was barred entry to the country again.

Many Chinese workers had come to Canada to help build the Canadian Pacific Railway from 1881 to 1885. Once the railways were completed, anti-Chinese sentiment began to take hold and dozens of local laws were passed to discourage the permanent settlement of Chinese workers.

In 1885, parliament, also under the Liberals, passed an earlier Chinese Immigration Act that imposed a head tax of \$50 on every Chinese immigrant. An Immigration Act of 1910 restricted the presence of "immigrants belonging to any race deemed unsuited to the climate or requirements of Canada."

The Chinese Exclusion Act was repealed only in June 1947. Immigration restrictions related to race and religion persisted in Canada until 1967.

The United States had passed its own Chinese Exclusion Act in 1882 that banned the immigration of Chinese for 10 years. The ban was made permanent in 1902 and repealed in 1943, when the US allowed 105 Chinese a year to enter. This quota was not abolished until 1952.



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