

This week in history: August 14-20

This column profiles important historical events which took place during this week, 25 years ago, 50 years ago, 75 years ago and 100 years ago.

13 August 2023

25 years ago: Russia devalues ruble in financial crisis

On August 17, 1998, the Russian government devalued the ruble, suspended trading in the short-term Treasury bill (GKO) market and imposed a 90-day moratorium on international debt repayments. The day's market ended with the largest one-day fall on the London stock exchange since October 1987, a collapse of share prices across Latin America, a steep decline on Wall Street and a rush into US Treasury bonds, cutting the yield rate to just 5.43 percent—below the 5.5 percent rate fixed by the Federal Reserve.

In July, the International Monetary Fund (IMF) gave a \$22.6 billion package to Russia that it claimed had “gone a long way towards restoring confidence in the ruble and resolving the current crisis.”

“With the additional resources available to the central bank, the pressure on the ruble has been removed and the domestic debt situation is now manageable. Although Russia will remain vulnerable to contagion from Asia, speculation about devaluation, debt restructuring and capital controls have now dissipated, and thus significantly reducing investors’ nervousness about the country’s risk.”

Just five weeks later, however, the IMF restructuring plan disintegrated and the government that was supposed to carry it out was swept out of office. The IMF plan began to unravel from the very outset. Central Bank governor Sergei Dubunin revealed that of the \$4.8 billion in the first IMF tranche handed over to Russia, some \$3.8 billion had been spent in a futile defense of the ruble, while the rest was used to redeem short-term government debt.

Faced with a continuous outflow of finance, Russian authorities approached the IMF and G-7 countries for further assistance, but were turned down. With official reserves running down at the rate of \$1 billion a week, they were left with little choice but to devalue the currency and impose a debt repayment freeze.

Combined with the announcement the same weekend by President Yeltsin that he had sacked the five-month-old government of Prime Minister Sergei Kiriyenko and had called on the previous prime minister, Viktor Chernomyrdin, to resume office, the crisis of the Russian regime and the financial market chaos was only the sharpest expression of an international tendency: the general bewilderment of the overlords of finance in the face of the deepening global crisis of capitalism and their inability to predict, much less control, the course of events.

50 years ago: Police attack wildcat sit-down strike at Detroit Chrysler plant

On August 15, 1973, police in Detroit stormed into the Chrysler Mack Stamping Plant to clear out nearly 50 workers who had been carrying out a sit-down strike for over 30 hours. The sit-down stopped all production at the plant and was supported by hundreds of other workers who remained locked outside of the factory.

The militant sit-down was sparked when two company guards assaulted a worker. The worker, Billy Gilbreth, had been targeted for firing the week prior because he was involved in leading a work stoppage to protest unsafe ventilation in his area. Four other workers involved in the protest were also fired.

Gilbreth had returned to the plant to find out if his firing was permanent and if he could be reinstated. It was then that he was attacked by the company guards.

When the guards came for Gilbreth, other workers stepped in to defend him and fighting broke out between the workers and security. Chrysler management responded by locking out the 2,050 workers due to come in for the morning shift, attempting to stop a full-scale occupation of the plant.

The workers who were already inside then began the sit-down. They declared that they would not allow production to resume until all workers were reinstated, complete amnesty and back pay were granted, and that there would be no later reprisals against the workers involved in the sit-down.

The sit-down was the third wildcat strike at Chrysler in less than two weeks. Amid high inflation that was eating away at workers wages, a militant mood had spread throughout the auto industry, especially as the current United Auto Workers (UAW) contract agreement was set to expire on September 14, 1973.

One worker who spoke to reporters from the *Bulletin*, the US predecessor to the *World Socialist Web Site*, described the conditions in Chrysler Mack plant: “That place is hot, dirty, and dangerous and the union won’t do anything about it.” Another worker added, “Most of the stewards right now are standing around talking with the guards and management.”

Even after the sit-down strikers were removed from the plant by police, the wildcat continued with hundreds of workers remaining on strike until their demands for all workers to be reinstated were met. The UAW bureaucracy then intervened in a manner that can only be

described as a thuggish display of strikebreaking.

As the wildcat continued into its second day, the UAW mobilized 1,000 staffers, local officials, and committeemen from across Michigan to come to the Mack plant armed with clubs and baseball bats to breakup the picket line and send workers back to the assembly line.

The goons sought out Gilbreth and beat him with clubs openly in front of other workers. The UAW officials led by Vice President Doug Fraser said they came out to ensure an “orderly return to work” and to “enforce the contract.”

75 years ago: Right-wing South Korean state proclaimed with US backing

On August 15, 1948, an independent state was proclaimed in South Korea by far-right forces allied with American imperialism. Under conditions where the north of Korea was dominated by independence fighters who had repelled the Japanese occupation, and were tied to the Soviet Union, the declaration amounted to a division of Korea, one that continues to this day.

Korea had been ruled brutally as a protectorate of imperial Japan from 1910 until 1945. Over that period, independence movements had repeatedly emerged. In the latter phases of World War II, a powerful independence movement developed, involving broad layers of the rural peasant population, as well as the working class in the major urban centers.

With the routing of Japan at the conclusion of the war, there was a scramble for Korea. The US and the Soviet Union had functioned as nominal allies during the war. Based on its counter-revolutionary collaboration with imperialism, the Stalinist bureaucracy had rejected any perspective of socialist revolution in Korea.

Instead, it had forged a deal with the major imperialist powers, under which the Stalinist Communist parties would prevent socialist revolution in Western Europe, while the Soviet Union would be provided with a buffer region in Eastern Europe. In line with this program, the Soviet bureaucracy rejected any settlement with capitalism in Korea, helping rather to set up a nationalist regime in the north increasingly juxtaposed to a US-allied power in the south.

The US choice of ruler in the new South Korea underscored the sham character of the democratic rhetoric with which the intensifying Cold War against the Soviet Union was increasingly justified by 1948.

The new president, Syngman Rhee, was a decades-long patsy of American imperialism. He had first spend time in the US, and been courted by its political establishment, including through meetings with then President Theodore Roosevelt, as early as 1904. For years, Rhee had lived in Washington as a house guest of the American military and intelligence agencies, before being parachuted back to Korea in 1945. He had played no role whatsoever in the independence struggle against Japanese imperialism.

Rhee's ascension to the South Korean presidency, while based on highly limited elections, would rapidly be followed by the establishment of de facto military rule. The armed forces would come to dominate the new South Korean state, carrying out a violent crackdown targeting all social and political opposition. The government was based on fundamentalist Christianity, imported from

the US, rabid anti-communism and a program of dictatorship.

100 years ago: Communist International debates preparations for revolution in Germany

On August 15, 1923, the Chairman of the Executive Committee of the Communist International, Grigory Zinoviev, on vacation in the Caucasus, began to draft theses about the need for the German Communist Party (KPD) to lead the masses in seizing power. “The crisis is maturing,” he wrote. “Decisive events are immanent. ... The German Communist Party must direct itself quickly and resolutely toward the approaching crisis. ... The stakes are immense.”

A series of strikes had brought down the German Cuno government days before and factory committees made up of Communist, Social Democratic and non-party workers had acquired enormous influence in the working class. The French occupation of the industrial Ruhr Valley had produced an intolerable situation, and the national and state governments had begun raiding the offices of Communist publications and arresting workers.

Nevertheless, conflicts in the leadership of the leading party of the Communist International, the Russian Communist Party (RCP), were assuming an acute character. Lenin was ill and unable to work, and Trotsky had begun his fight against the “triumvirs” Stalin, Zinoviev and Kamenev, who were expressing more and more the interests of the conservative state and party bureaucracy on the Russian party and on the Communist International.

Stalin, evaluating the situation in Germany in the most timid terms and exaggerating the strength of the German ruling class, wrote to Zinoviev: “In my opinion, the Germans [i.e., the KPD] must be curbed and not spurred on.” Stalin, Zinoviev and Kamenev had all opposed the preparation for the seizure of power in September 1917 in Russia.

Later that summer, at a meeting of the RCP's Central Committee, Trotsky asked to be sent “as soldier of the revolution” to Germany to assist the KPD in preparations for the seizure of power. His request was denied under the influence of the triumvirate.

As Trotsky said six years later of his role in the discussions in the Soviet leadership that summer, he proposed a “much more timely and resolute position be taken on the question of the preparation of the armed insurrection and the necessary mobilization of forces for the support of the German Central Committee.”



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