

This week in history: January 4-January 10

4 January 2010

This Week in History provides brief synopses of important historical events whose anniversaries fall this week.

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25 years ago: Major US budget deficits forecast

In testimony before the opening of the 99th US Congress this week in 1985, the Reagan administration's top budget officer said that the annual deficits of the US government were far worse than previous estimates. Media accounts called the mood in Congress "grim," "depressing" and "somber."

David A. Stockman, director of the Office of Management and the Budget, predicted a \$200 billion deficit for 1985, and deficits ranging from \$139 billion to \$178 billion over the following three years. In response, the Reagan administration proposed cuts to social spending, while Congressional Republicans considered freezing cost-of-living increases for Social Security recipients.

Meanwhile, trade deficits with Japan continued to mount, reaching \$35 billion in 1984 with projections for a further increase in 1985. In response, the US was making increasing demands that Japan liberalize its economy and allow the value of the yen to increase against the dollar.

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50 years ago: Construction begins on Egypt's Aswan High Dam

On January 9, Egyptian President Gamal Abdel Nasser set off a ten-ton explosive near Aswan to symbolically begin construction of the Aswan High Dam in southern Egypt on the Nile River.

Nasser hoped the dam would serve as a symbol of Arab and third world nationalism. Its initial stages would be funded by a loan of \$93 billion from the Soviet Union, and Soviet engineers, scientists, and workers were enlisted for its construction. Earlier funding offers from the US and Great Britain had been withdrawn in the months before Nasser's nationalization of the Suez Canal, which in turn had resulted in a brief war with Israel, France, and Britain.

The project was designed to control the waters of the Nile, which had since the dawn of civilization subjected the Egyptian population to massive destruction, in addition to providing it with rich soils and transportation. The proposed dam would be about a kilometer wide at its base, extend nearly four kilometers across, and stand over 100 meters tall. It would create a reservoir, Lake Nasser, more than 500 kilometers long and 35 kilometers wide.

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75 years ago: Roosevelt outlines plan for US social safety net

In his second State of the Union Address, delivered on January 4, 1935, President Franklin Roosevelt proposed to Congress “a broad program,” to provide security to the US population in three immediate categories: “the security of a livelihood through the better use of the national resources of the land in which we live;” “the security against the major hazards and vicissitudes of life;” and “the security of decent homes.”

The proposed legislation would go beyond the National Industrial Recovery Act of 1933, which had proven inadequate in relieving the suffering caused by the Great Depression, leaving millions still unemployed. It would include a program of “emergency public employment” that Roosevelt hoped would create some 3,500,000 jobs. The work projects would target “the greatest unemployment needs as shown by present relief rolls” and be dedicated to “useful” work, “not just for a day, or a year, but useful in the sense that it affords permanent improvement in living conditions or that it creates future new wealth for the Nation.”

The global economic crisis that had erupted in 1929 had left the United States shattered. At the height of the Great Depression, the unemployment rate rose to 25 percent and the GDP was cut in half. Roosevelt recognized that social upheaval created by these conditions could ultimately threaten the capitalist system. The new reforms proposed in the State of the Union address were part of an effort to stave off such a crisis.

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100 years ago: Great powers step up rivalry in China

Great Britain, Japan, Germany, France, Russia and the US each made new demands on imperial China this week in 1910.

Great Britain, in its capacity of "protector" of the decrepit Portuguese empire, told China to submit to arbitration its protests regarding Macau. China had recently informed Portugal it would not take its protests over the island-colony to the Hague.

France continued to reject any adjustments to loans made for the construction of the Chinese Railroad. US State Department officials speculated that French obstinacy was part of a bid to extract tariff concessions.

In Germany, Kaiser Wilhelm received a Chinese naval delegation and conferred upon Prince Tsai Chun the Grand Cross of the Order of the Red Eagle, declaring that the moment served as an opportunity to promote relations between the two countries.

Japan demanded that China accede to the same terms of reduced tariff rates afforded Russia in Manchurian ports, using the question of Korean immigration into the region of Chientao to delay opening the port city of Hunchun to international trade.

In line with its "Open Door" policy, the US demanded that Russia and Japan sell their interests in the Manchurian Railway to China. According to the US plan released by the State Department, the railway would be run by a consortium of powers, China not among them.

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