

The Ford and Carter Years

President Ford

By the time Gerald R. Ford took office, America's economy had gone from bad to worse. Surprisingly, the United States experienced high unemployment and high inflation simultaneously in the 1970s — a phenomenon called **stagflation**. Experts and commoners debated the roots of this problem with differing opinions.

One possibility was the price of oil. When Israel defeated its Arab neighbors in the Yom Kippur War of 1973, Arab oil producers retaliated against Israel's allies by leading the Organization of Petroleum Exporting Countries (OPEC) to enact an embargo. Oil prices skyrocketed immediately in the United States as the demand outstripped the supply. Automobiles and drivers sat in long gas lines at service stations. The price of a gallon of gasoline more than tripled from the 1970 to 1980. Inflation, which crept along at one to three percent for the previous two decades, exploded



into double digits. Full employment, defined as five percent or less, had been achieved in most years since 1945. Now the unemployment rate was nearing the dangerous ten percent line. Americans asked the question: what went wrong?

"Whip Inflation Now!" or "WIN" campaign of 1974. Despite this effort, inflation continued to rise throughout the 1970s.



Gerald Ford watched the inflation rate soar above 11 percent in 1974. He enacted a huge propaganda campaign called Whip Inflation Now (WIN), which asked Americans to voluntarily control spending, wage demands, and price increases. The economy, along with Watergate disillusionment, led Ford to suffer defeat at the hands of Jimmy Carter in the 1976 Presidential election.

Ford's Foreign Policy

Ford fared slightly better in the international arena. He relied heavily on Henry Kissinger, who continued to hold the key position of secretary of state. Following Kissinger's advice, Ford pushed ahead with Nixon's policy of negotiation with China and the Soviet Union. In November 1974, he met with Soviet premier Leonid Brezhnev. Less than a year later, he traveled to Helsinki, Finland where 35 nations, including the Soviet Union, signed the Helsinki Accords—a series of agreements that promised greater cooperation between the nations of Eastern and Western Europe. The Helsinki Accords would be Ford's greatest presidential accomplishment.

President Carter

During the post-Watergate era, cynicism toward the Washington establishment ran high. The soft-spoken, personable man from Plains, Georgia, promised to restore integrity to the nation's highest office, "I will never tell a lie to the American people." From the very beginning, the new first family brought a down-to-earth style to Washington. After settling into office, Carter stayed in touch with the people by holding Roosevelt-like "fireside chats" on radio and television. Yet, he failed to reach out to Congress in a similar way, refusing to play the "insider" game of making deals. Relying mainly on a team of advisers from Georgia, Carter even alienated congressional Democrats. Both parties on Capitol Hill often joined to sink the president's budget proposals, as well as his major policy reforms of tax and welfare programs.

In the summer of 1979, renewed violence in the Middle East produced a second major fuel shortage in the

United States. To make matters worse, OPEC announced another major price hike.

In 1979 inflation soared from 7.6 percent to 11.3 percent.

Carter tried tax and spending cuts, but the annual inflation rate topped 18 percent under his watch in the summer of 1980. At the same time, the unemployment rate fluctuated between 6 and 8 percent. Many Americans became convinced that Carter really had no economic policy at all. Carter fueled this feeling of uncertainty by delivering his now-famous "malaise" speech, in which he complained of a "crisis of spirit" that had struck "at the very heart and soul of our national will." Carter's address made many Americans feel that their president had given up.

Economic woes may well have been the decisive factor in Carter's defeat to Ronald Reagan in the election of 1980.

Carter's Foreign Policy

Terrorism was on the rise around the globe. The world watched in horror as Arab gunmen cut down eleven Israeli weightlifters at the 1972 Olympics in Munich. The Irish Republican Army (IRA) killed thousands of English and Irish citizens attempting to receive recognition for their cause — an independent homeland. Americans began to see the world slipping into anarchy and felt powerless to fix the problem.



Malaise = an indefinite feeling of debility or lack of health. 2) A vague sense of mental or moral ill-being.

Since 1914, when the U.S. obtained full ownership over the Panama Canal, Panamanians had resented having their nation split in half by a foreign power. In 1977, the two nations agreed to a treaty which turned over control of the Panama Canal to Panama on December 31, 1999. Public opinion was divided in the U.S. as a result

In 1979, the shah of Iran, an ally of the United States, was in deep trouble. Many Iranians resented his regime's widespread corruption and dictatorial tactics. In January 1979, revolution broke out. The Muslim leader Ayatollah Khomeini led the rebels in overthrowing the shah and establishing a religious state based on strict obedience to the Qur'an. Carter supported the shah until the end. In October 1979, the president allowed the shah to enter the United States for cancer treatment.

This act infuriated the revolutionaries in Iran. On November 4, 1979 armed Iranian students seized the U.S. embassy in Tehran and took 52 Americans hostage. They demanded the return of their former leader, Shah Mohammed Reza Pahlavi, to Iran in exchange for the lives of the hostages. For 444 days, Americans watched helplessly as their fellow citizens were held in confinement. A rescue effort ordered by President Carter crashed in the desert in April 1980.

A painful yearlong standoff followed, in which the United States continued quiet but intense efforts to free the hostages. The captives were finally released on January 20, 1981, shortly after the new president, Ronald Reagan, was sworn in as president.

Also, the U.S.-USSR détente (peaceful coexistence) arranged by Nixon and Kissinger was crumbling by the end of the decade. A second arms limitation treaty between the superpowers known as SALT II was delivered to the Senate — only to be rejected. The USSR had surpassed the United States in nuclear warheads. The Cold War became frostier.

One exception to these negative trends was the Camp David Agreement, brokered by Carter in 1978. These accords resulted in the mutual recognition of Israel and Egypt, a giant first step toward a lasting peace. Carter helped forge peace between long-time enemies Israel and Egypt. Carter invited Sadat (prime minister of Egypt) and Begin (prime minister of Israeli) to the presidential retreat of Camp David. Under this signed peace agreement, Israel agreed to withdrawal from the Sinai Peninsula and Egypt formally recognized Israel's right to exist.



Here, Carter, Anwar Sadat, and Menachem Begin celebrate the signing of the Camp David Accords.

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