Have a Nice Decade: The Stagnant Seventies

1. Nixon’s Détente
   a. Détente is an easing of tensions between the US and Soviet Union

2. Nixon’s First Term
   a. Economics
      i. Stagflation
         1. Stagnation coupled with inflation
         2. Economic growth rate slows down
         3. Unemployment remains steadily high
         4. Inflation rate is high
      ii. Economic Growth slowed down in the 1970s
          1. Women and teens
             a. More were entering the works force
             b. Typically made less money than males
          2. Deteriorating machinery & new regulations also hindered growth
          3. Japan and Germany started to dominate industries that had traditionally been led by Americans
             a. Steel
             b. Automobiles
             c. Consumer electronics
      iii. Inflation’s contribution factors
          1. The Vietnam War
          2. Great Society programs
          3. Oil shocks
      iv. Nixon’s responses
          1. 90-day prices and wages freeze
             a. Nixon imposed in 1971
             b. Attempt to control inflationary pressures
          2. Took the nation off the gold standard (1971)
             a. Devaluing the dollar
             b. This ended the Bretton Woods system of international currency stabilization

3. The Arab Oil Embargo and the Energy Crisis
   a. Yom Kippur War (1973)
      i. Syria and Egypt attacked Israel
      ii. Attempt to regain the territory lost in the Six-Day War (1967)
         1. Golan Heights, Syria
         2. West Bank, Jordan
         3. Sinai Peninsula, Egypt
      iii. American support
      iv. Helped Israel win the war
         v. Caused the Arab nations (OPEC) to impose an oil embargo on the US
   b. Speed limit of 55 MPH was imposed to conserve oil
   c. Alaskan Oil Pipeline was approved in 1974
   d. Other forms of energy were researched
      i. Nuclear
      ii. Solar
   e. Oil embargo caused an economic recession in America and the West
   f. OPEC
      i. Organization of Petroleum Exporting Countries
      ii. Lifted the embargo in 1974
      iii. It quadrupled the price of oil

4. The Election of 1976: The Bicentennial Campaign
   a. Nominees
      i. Ford narrowly defeated Ronald Reagan for the Republican nomination
ii. Ford plagued by
   1. His pardon of Nixon
   2. Seeming denial of Soviet domination of Eastern Europe
   3. Stagflation

iii. Democrats nominated Jimmy Carter
   1. Former governor of Georgia and peanut farmer
   2. Ran as an outsider from Washington (like Reagan will in 1980)
   3. Emphasized integrity & lack of Washington connections
   4. Born-again Baptist; "I'll never lie to you"
   5. Carter a conservative Democrat
      a. Questioned affirmative government
      b. Welcomed increased role of religion in public life

b. Result
   i. Carter wins
      1. Swept every southern state except Virginia
      2. 97% of African-Americans voted for Carter
   ii. Large Democratic majorities in both houses

5. Domestic Issues: The Economy, Energy, and Environmentalism
   a. Amnesty
      i. Pardoned 10,000 draft evaders during Vietnam era
      ii. It was a campaign pledge
   b. Created the Department of Education
   c. Placed the civil service on a merit basis and reduced Civil Service System
   d. Air Transportation Deregulation Act (1978)
      i. Ended government regulation of airline fares and routes
      ii. Action symbolizes Carter as a conservative Democrat
      iii. Perhaps the most conservative since Grover Cleveland
   e. The Economy – Stagflation Continues
      i. Convinced Congress to pass an $18 billion tax cut in 1978
      ii. Proposed voluntary wage and price guidelines to combat inflation 1978
         1. Somewhat successful but did not apply to oil, housing, and food
         2. By 1980 inflation was 12%
      iii. Federal Reserve Board tightened money supply
         1. in order to reduce inflation
         2. but interest rates soared to 20%!
      iv. Sales of automobiles and houses suffered which increased unemployment
      v. By 1980, unemployment reached 7.5%
   f. Energy & Environment
      i. Created the Department of Energy
      ii. Created "superfund" for the cleanup of chemical waste dumps.
      iii. Established controls over strip mining
      iv. Protected 100 million acres of Alaskan wilderness from development
      v. 2nd fuel shortage in 1979 exacerbated the nation's energy woes
      vi. Proposed Energy Conservation
         1. To reduce America's costly dependence on foreign oil
         2. Carter called for legislation to improve energy conservation
         3. The legislation didn't get much public or political support
         4. Carter was inexperienced in dealing with the politics of Washington
      vii. Three Mile Island nuclear accident 1979
         1. Partial meltdown
         2. Crystallized ant-nuclear safety concerns
   g. Stagflation, fueled by energy woes, crushed the economy
   h. The Malaise Speech
      i. Carter retreated to Camp David
ii. Met with hundreds of advisors to come up with a solution to America’s problems

iii. Carter gave his malaise speech on July 15, 1979

iv. He chastised the American people for their obsession of material goods

v. Stunned the nation

vi. He fired four cabinet secretaries a few days later

6. Iran

a. Iran’s shah Mohammed Reza Pahlavi
   i. Had been installed by America in 1953
   ii. Ruled Iran as a dictator
   iii. Was overthrown in January 1979
   iv. Succeeded by the Ayatollah Ruhollah Khomeini

b. Iranian fundamentalists
   i. Very opposed to Western customs
   ii. Iran stopped exporting oil because of that
   iii. OPEC also raised oil prices and caused another oil crisis

c. Shah enters US for Cancer treatment in October 1979

d. The Hostage Crisis
   i. Begins on November 4, 1979
   ii. Anti-American Iranian students & militants stormed the US embassy in Tehran
   iii. Took 66 Americans hostage
   1. Will eventually release all women and non-white men
   2. 52 American remained in captivity
   iv. Demanded that the U.S. return the exiled Shah

e. Carter’s Response
   i. Carter first tried economic sanctions on Iran
   ii. Sanctions did not work
   iii. He then tried a commando rescue mission
   iv. Mission failed and was aborted

f. Hostage crisis dragged on for most of Carter’s term

g. Hostages were released January 20, 1981 – Reagan’s Inauguration

7. By the end of the 1970s America had lost

a. Face in the eyes of foreigners

b. Its own self-esteem

c. Confidence in its military power

d. The econ strength that had made its global leadership after WWII possible