

SECTION
3

The Ford and Carter Years

MAIN IDEA

The Ford and Carter administrations attempted to remedy the nation's worst economic crisis in decades.

WHY IT MATTERS NOW

Maintaining a stable national economy has remained a top priority for every president since Ford and Carter.

Terms & Names

- Gerald R. Ford
- Jimmy Carter
- National Energy Act
- human rights
- Camp David Accords
- Ayatollah Ruhollah Khomeini

James D. Denney couldn't believe what he was hearing. Barely a month after Richard Nixon had resigned amid the Watergate scandal, President **Gerald R. Ford** had granted Nixon a full pardon. "[S]omeone must write, 'The End,'" Ford had declared in a televised statement. "I have concluded that only I can do that." Denney wrote a letter to the editors of *Time* magazine, in which he voiced his anger at Ford's decision.

A PERSONAL VOICE JAMES D. DENNEY

"Justice may certainly be tempered by mercy, but there can be no such thing as mercy until justice has been accomplished by the courts. Since it circumvented justice, Mr. Ford's act was merely indulgent favoritism, a bland and unworthy substitute for mercy."

—*Time*, September 23, 1974

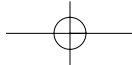
James Denney's feelings were typical of the anger and the disillusionment with the presidency that many Americans felt in the aftermath of the Watergate scandal. During the 1970s, Presidents Gerald Ford and Jimmy Carter sought to restore America's faith in its leaders. At the same time, both men had to focus much of their attention on battling the nation's worsening economic situation.



▲ Two women protest President Ford's pardon of Richard Nixon.

Ford Travels a Rough Road

Upon taking office, Gerald R. Ford urged Americans to put the Watergate scandal behind them. "Our long national nightmare is over," he declared. The nation's nightmarish economy persisted, however, and Ford's policies offered little relief.



“A FORD, NOT A LINCOLN” Gerald Ford seemed to many to be a likable and honest man. Upon becoming vice president after Spiro Agnew’s resignation, Ford candidly admitted his limitations. “I’m a Ford, not a Lincoln,” he remarked. On September 8, 1974, President Ford pardoned Richard Nixon in an attempt to move the country beyond Watergate. The move cost Ford a good deal of public support.

FORD TRIES TO “WHIP” INFLATION By the time Ford took office, America’s economy had gone from bad to worse. Both inflation and unemployment continued to rise. After the massive OPEC oil-price increases in 1973, gasoline and heating oil costs had soared, pushing inflation from 6 percent to over 10 percent by the end of 1974. Ford responded with a program of massive citizen action, called “Whip Inflation Now” or WIN. The president called on Americans to cut back on their use of oil and gas and to take other energy-saving measures.

In the absence of incentives, though, the plan fell flat. Ford then tried to curb inflation through a “tight money” policy. He cut government spending and encouraged the Federal Reserve Board to restrict credit through higher interest rates. These actions triggered the worst economic recession in 40 years. As Ford implemented his economic programs, he continually battled a Democratic Congress intent on pushing its own economic agenda. During his two years as president, Ford vetoed more than 50 pieces of legislation. **A**

MAIN IDEA

Making Inferences

A Why was Ford’s call for voluntary actions to help the economy unsuccessful?

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.

CARRYING OUT NIXON’S FOREIGN POLICIES 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.

ONGOING TURMOIL IN SOUTHEAST ASIA Like presidents before him, Ford encountered trouble in Southeast Asia. The 1973 cease-fire in Vietnam had broken down. Heavy fighting resumed and Ford asked Congress for over \$722 million to help South Vietnam. Congress refused. Without American financial help, South Vietnam surrendered to the North in 1975. In the same year, the Communist government of Cambodia seized the U.S. merchant ship *Mayagüez* in the Gulf of Siam. President Ford responded with a massive show of military force to rescue 39 crew members aboard the ship. The operation cost the lives of 41 U.S. troops. Critics argued that the mission had cost more lives than it had saved.

DIFFICULT DECISIONS



PARDONING PRESIDENT NIXON


President Ford’s pardon of Richard Nixon outraged many Americans. But President Ford argued that the pardon of Richard Nixon was in the country’s best interest. In the event of a Watergate trial, Ford argued, “ugly passions would again be aroused. . . . And the credibility of our free institutions . . . would again be challenged at home and abroad.” Ford called the pardon decision “the most difficult of my life, by far.”

In 2001, after more than 25 years, Ford received the John F. Kennedy Profiles in Courage Award for his courageous decision in the face of public opposition.

1. How might the country have been affected if a former United States president had gone on trial for possible criminal wrongdoing?
2. If you had been in President Ford’s position, would you have pardoned Richard Nixon? Why or why not?



KEY PLAYER



JIMMY CARTER
1924–

James Earl Carter, Jr., was born into relative prosperity. His father, Earl Carter, was a disciplinarian who tried to instill a sense of hard work and responsibility in his son.

To earn money for himself, Carter undertook a variety of jobs selling peanuts, running a hamburger and hot dog stand, collecting newspapers and selling them to fish markets, and selling scrap iron.

Before entering politics, Carter joined the navy, where he excelled in electronics and naval tactics. In 1952, he joined a select group of officers who helped develop the world's first nuclear submarines. The group's commander was Captain Hyman G. Rickover. Carter later wrote that Rickover "had a profound effect on my life—perhaps more than anyone except my own parents. . . . He expected the maximum from us, but he always contributed more."

This 1976 ►
campaign
toy exaggerates
Jimmy Carter's
well-known smile
and parodies his
occupation as a
peanut farmer.



Carter Enters the White House

Gerald Ford won the Republican nomination for president in 1976 after fending off a powerful conservative challenge from former California governor Ronald Reagan. Because the Republicans seemed divided over Ford's leadership, the Democrats confidently eyed the White House. "We could run an aardvark this year and win," predicted one Democratic leader. The Democratic nominee was indeed a surprise: a nationally unknown peanut farmer and former governor of Georgia, **Jimmy Carter**.

MR. CARTER GOES TO WASHINGTON 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."

Throughout the presidential campaign, Carter and Ford squared off over the key issues of inflation, energy, and unemployment. On Election Day, Jimmy Carter won by a narrow margin, claiming 40.8 million popular votes to Ford's 39.1 million. **B**

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.

Carter failed to reach out to Congress in a similar way, refusing to play the "insider" game of deal making. 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.

Carter's Domestic Agenda

Like Gerald Ford, President Carter focused much of his attention on battling the country's energy and economic crises but was unable to bring the United States out of its economic slump.

CONFRONTING THE ENERGY CRISIS Carter considered the energy crisis the most important issue facing the nation. A large part of the problem, the president believed, was America's reliance on imported oil. On April 18, 1977, during a fireside chat, Carter urged his fellow Americans to cut their consumption of oil and gas.

★ A PERSONAL VOICE JIMMY CARTER

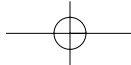
"The energy crisis . . . is a problem . . . likely to get progressively worse through the rest of this century. . . . Our decision about energy will test the character of the American people. . . . This difficult effort will be the 'moral equivalent of war,' except that we will be uniting our efforts to build and not to destroy."

—quoted in *Keeping Faith*

MAIN IDEA

Analyzing Causes

B What factors played a significant role in Carter's election?



Vocabulary

lobby: a special-interest group that tries to influence the legislature

MAIN IDEA

Summarizing

C How did the National Energy Act help ease America's energy crisis?

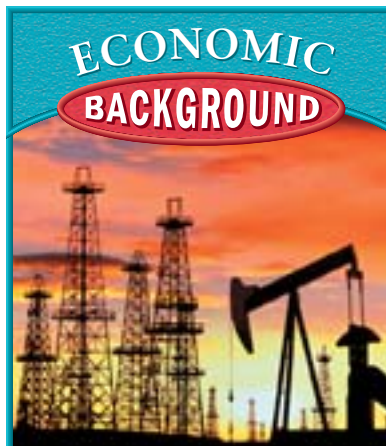
In addition, Carter presented Congress with more than 100 proposals on energy conservation and development. Representatives from oil- and gas-producing states fiercely resisted some of the proposals. Automobile manufacturers also lobbied against gas-rationing provisions. "It was impossible for me to imagine the bloody legislative battles we would have to win," Carter later wrote.

Out of the battle came the **National Energy Act**. The act placed a tax on gas-guzzling cars, removed price controls on oil and natural gas produced in the United States, and extended tax credits for the development of alternative energy. With the help of the act, as well as voluntary conservation measures, U.S. dependence on foreign oil had eased slightly by 1979. **C**

THE ECONOMIC CRISIS WORSENS Unfortunately, these energy-saving measures could do little to combat a sudden new economic crisis. 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.

Faced with increasing pressure to act, Carter attempted an array of measures, none of which worked. Carter's scatter-shot approach convinced many people that he 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.

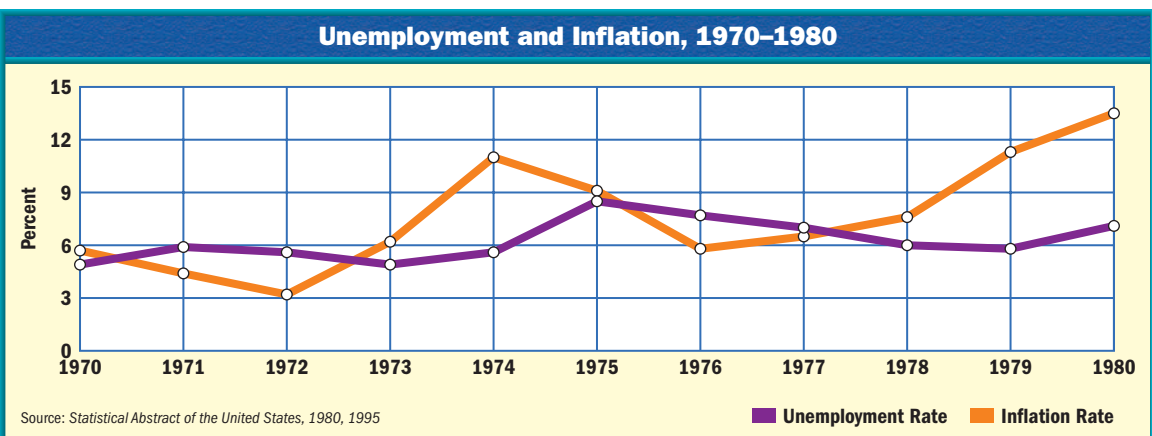
By 1980, inflation had climbed to nearly 14 percent, the highest rate since 1947. The standard of living in the United States slipped from first place to fifth place in the world. Carter's popularity slipped along with it. This economic downswing—and Carter's inability to solve it during an election year—was one key factor in sending Ronald Reagan to the White House.



THE 1980s TEXAS OIL BOOM

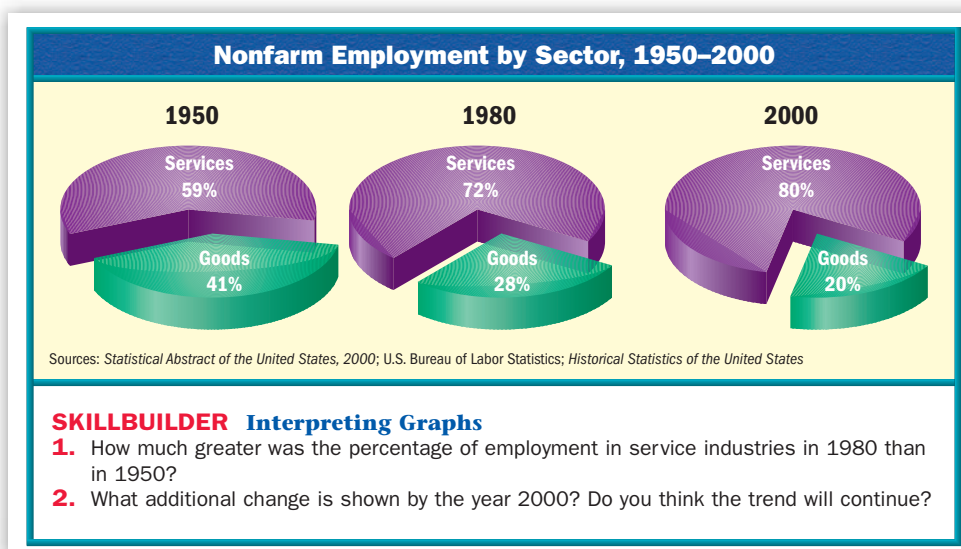
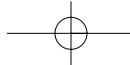
The economic crisis that gripped the country in the late 1970s was largely caused by the increased cost of oil. The OPEC cartel raised the price of oil by agreeing to restrict oil production. The resulting decrease in the supply of oil in the market caused the price to go up.

Most Americans were hurt by the high energy prices. However, in areas that produced oil, such as Texas, the rise in prices led to a booming economy. Real-estate values—for land on which to drill for oil, as well as for office space in cities like Houston and Dallas—increased greatly. (See *supply and demand* on page R46 in the Economics Handbook.)



SKILLBUILDER Interpreting Graphs

1. What trends did the economy experience during the Carter years?
2. Which year of the Carter administration saw the greatest stagflation (inflation plus unemployment)?



A CHANGING ECONOMY Many of the economic problems Jimmy Carter struggled with resulted from long-term trends in the economy. Since the 1950s, the rise of automation and foreign competition had reduced the number of manufacturing jobs. At the same time, the service sector of the economy expanded rapidly. This sector includes industries such as communications, transportation, and retail trade.

The rise of the service sector and the decline of manufacturing jobs meant big changes for some American workers. Workers left out of manufacturing jobs faced an increasingly complex job market. Many of the higher-paying service jobs required more education or specialized skills than did manufacturing jobs. The lower-skilled service jobs usually did not pay well.

Growing overseas competition during the 1970s caused further change in America's economy. The booming economies of West Germany and countries on the Pacific Rim (such as Japan, Taiwan, and Korea) cut into many U.S. markets. Many of the nation's primary industries—iron and steel, rubber, clothing, automobiles—had to cut back production, lay off workers, and even close plants. Especially hard-hit were the automotive industries of the Northeast. There, high energy costs, foreign competition, and computerized production led companies to eliminate tens of thousands of jobs. **D**

CARTER AND CIVIL RIGHTS Although Carter felt frustrated by the country's economic woes, he took special pride in his civil rights record. His administration included more African Americans and women than any before it. In 1977, the president appointed civil rights leader Andrew Young as U.S. ambassador to the United Nations. Young was the first African American to hold that post. To the judicial branch alone, Carter appointed 28 African Americans, 29 women (including 6 African Americans), and 14 Latinos.

However, President Carter fell short of what many civil rights groups had expected in terms of legislation. Critics claimed that Carter—preoccupied with battles over energy and the economy—failed to give civil rights his full attention. Meanwhile, the courts began to turn against affirmative action. In 1978, in the case of *Regents of the University of California v. Bakke*, the Supreme Court decided that the affirmative action policies of the university's medical school were unconstitutional. The decision made it more difficult for organizations to establish effective affirmative action programs. (See *Regents of the University of California v. Bakke*, page 1024.)

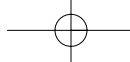


▲ Andrew Young stands outside the United Nations in New York City, in 1997.

MAIN IDEA

Analyzing Causes

D What factors played a role in America's economic stagnation?



A Human Rights Foreign Policy

Jimmy Carter rejected the philosophy of *realpolitik*—the pragmatic policy of negotiating with powerful nations despite their behavior—and strived for a foreign policy committed to human rights.

ADVANCING HUMAN RIGHTS Jimmy Carter, like Woodrow Wilson, sought to use moral principles as a guide for U.S. foreign policy. He believed that the United States needed to commit itself to promoting **human rights**—such as the freedoms and liberties listed in the Declaration of Independence and the Bill of Rights—throughout the world.

Putting his principles into practice, President Carter cut off military aid to Argentina and Brazil, countries that had good relations with the United States but had imprisoned or tortured thousands of their own citizens. Carter followed up this action by establishing a Bureau of Human Rights in the State Department.

Carter's philosophy was not without its critics. Supporters of the containment policy felt that the president's policy undercut allies such as Nicaragua, a dictatorial but anti-Communist country. Others argued that by supporting dictators in South Korea and the Philippines, Carter was acting inconsistently. In 1977, Carter's policies drew further criticism when his administration announced that it planned to give up ownership of the Panama Canal. **E**

YIELDING THE PANAMA CANAL Since 1914, when the United States 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 two treaties, one of which turned over control of the Panama Canal to Panama on December 31, 1999.

In 1978, the U.S. Senate, which had to ratify each treaty, approved the agreements by a vote of 68 to 32—one more vote than the required two-thirds. Public opinion was also divided. In the end, the treaties did improve relationships between the United States and Latin America.

THE COLLAPSE OF DÉTENTE When Jimmy Carter took office, *détente*—the relaxation of tensions between the world's superpowers—had reached a high point. Beginning with President Nixon and continuing with President Ford, U.S. officials had worked to ease relations with the Communist superpowers of China and the Soviet Union.

However, Carter's firm insistence on human rights led to a breakdown in relations with the Soviet Union. President Carter's dismay over the Soviet Union's treatment of dissidents, or opponents of the government's policies, delayed a second round of SALT negotiations. President Carter and Soviet premier Leonid Brezhnev finally met in June of 1979 in Vienna, Austria, where they signed an agreement known as SALT II. Although the agreement did not reduce armaments, it did provide for limits on the number of strategic weapons and nuclear-missile launchers that each side could produce.

The SALT II agreement, however, met sharp opposition in the Senate. Critics argued that it would put the United States at a military disadvantage. Then, in December 1979, the Soviets invaded the neighboring country of Afghanistan. Angered over the invasion, President Carter refused to fight for the SALT II agreement, and the treaty died. **F**

MAIN IDEA

Identifying Problems

E What problems did critics have with Carter's foreign-policy philosophy?

MAIN IDEA

Analyzing Causes

F What led to the collapse of *détente* with the Soviet Union?

WORLD STAGE

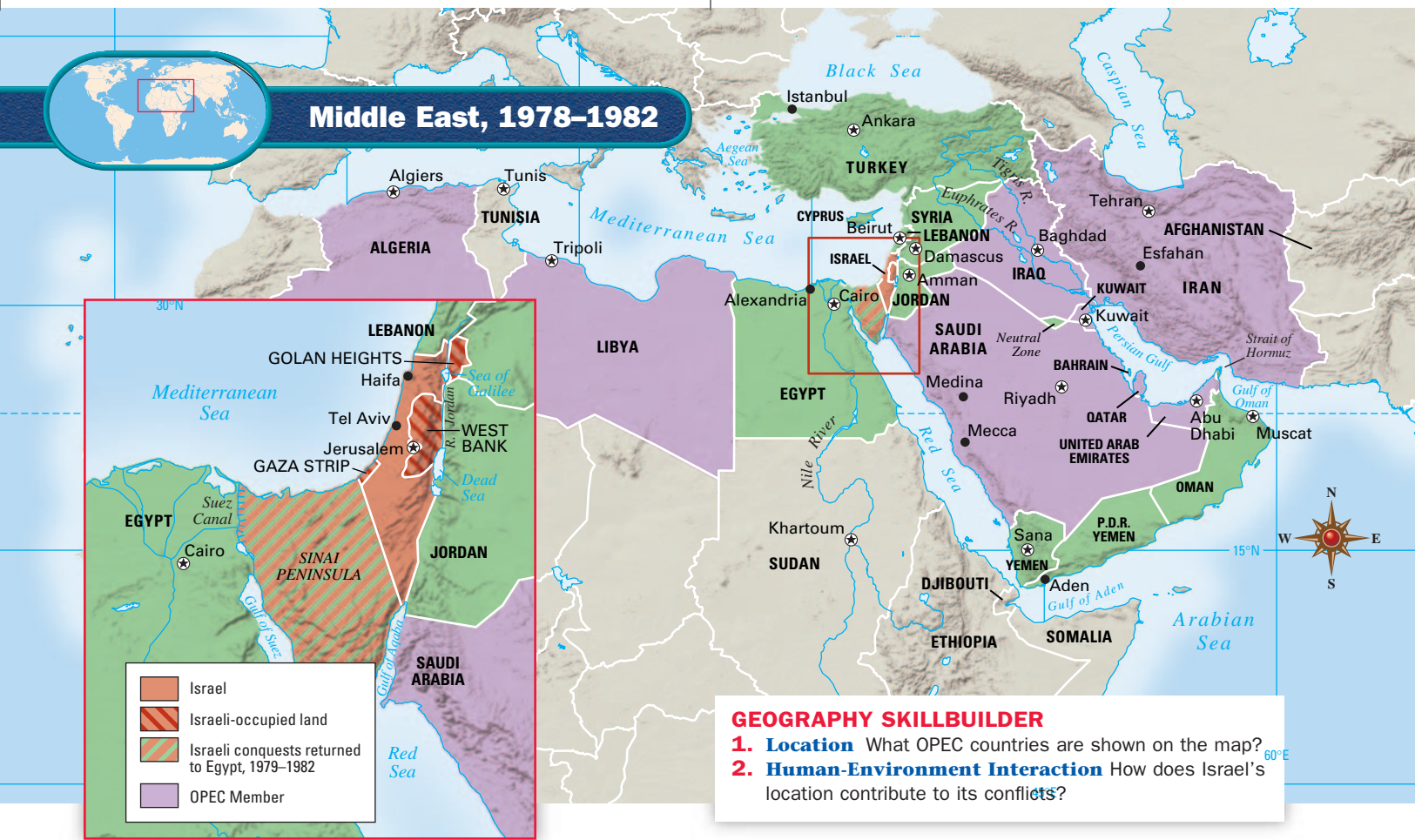


SOVIET-AFGHANISTAN WAR

Afghanistan, an Islamic country along the southern border of the Soviet Union, had been run by a Communist, pro-Soviet government for a number of years. However, a strong Muslim rebel group known as the *mujahideen* was intent on overthrowing the Afghan government. Fearing a rebel victory in Afghanistan, the Soviet Union sent troops to Afghanistan in late 1979.

While the Soviets had superior weaponry, the rebels fought the Soviets to a stalemate by using guerrilla tactics and intimate knowledge of the country's mountainous terrain.

After suffering thousands of casualties, the last Soviet troops pulled out of Afghanistan in February 1989. Fighting between rival factions continued for years. By 2000, the Taliban, a radical Muslim faction, controlled 90 percent of Afghanistan.



GEOGRAPHY SKILLBUILDER

- 1. Location** What OPEC countries are shown on the map?
- 2. Human-Environment Interaction** How does Israel's location contribute to its conflicts?

Triumph and Crisis in the Middle East

President Carter, President Anwar el-Sadat, and Prime Minister Menachem Begin reach a peace agreement in 1978.

Through long gasoline lines and high energy costs, Americans became all too aware of the troubles in the Middle East. In that area of ethnic, religious, and economic conflict, Jimmy Carter achieved one of his greatest diplomatic triumphs—and suffered his most tragic defeat.

THE CAMP DAVID ACCORDS Through negotiation and arm-twisting, Carter helped forge peace between long-time enemies Israel and Egypt. In 1977, Egyptian president Anwar el-Sadat and Israeli prime minister Menachem Begin met in Jerusalem to discuss an overall peace between the two nations. In the summer of 1978, Carter seized on the peace initiative. When the peace talks stalled, he invited Sadat and Begin to Camp David, the presidential retreat in Maryland.

After 12 days of intense negotiations, the three leaders reached an agreement that became known as the **Camp David Accords**. Under this first signed peace agreement with an Arab country, Israel agreed to withdraw from the Sinai Peninsula, which it had seized from Egypt during the Six-Day War in 1967. Egypt, in turn, formally recognized Israel's right to exist. Still, many issues were left unresolved.

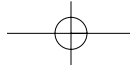
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MAIN IDEA

Summarizing

G What was the significance of the Camp David Accords?





Joking at the hard work ahead, Carter wrote playfully in his diary, “I resolved to do everything possible to get out of the negotiating business!” Little did the president know that his next Middle East negotiation would be his most painful.

THE IRAN HOSTAGE CRISIS By 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 religious leader **Ayatollah Ruhollah Khomeini** (i’ya-tō’lā rōō-hō’lā kō-mā’nē) led the rebels in overthrowing the shah and establishing a religious state based on strict obedience to the Qur’an, the sacred book of Islam. Carter had supported the shah until the very end. In October 1979, the president allowed the shah to enter the United States for cancer treatment, though he had already fled Iran in January 1979.

The act infuriated the revolutionaries of Iran. On November 4, 1979, armed students seized the U.S. embassy in Tehran and took 52 Americans hostage. The militants demanded that the United States send the shah back to Iran in return for the release of the hostages.

Carter refused, and a painful year-long 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. Despite the hostages’ release after 444 days in captivity, the crisis in Iran seemed to underscore the limits that Americans faced during the 1970s. Americans also realized that there were limits to the nation’s environmental resources. This realization prompted both citizens and the government to actively address environmental concerns.



▲ U.S. hostages were blindfolded and paraded through the streets of Tehran.

SECTION 3

ASSESSMENT

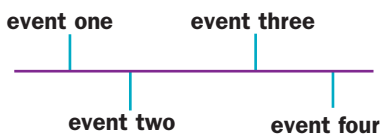
1. TERMS & NAMES For each term or name, write a sentence explaining its significance.

- Gerald R. Ford
- National Energy Act
- Camp David Accords
- Jimmy Carter
- human rights
- Ayatollah Ruhollah Khomeini

MAIN IDEA

2. TAKING NOTES

Create a time line of the major events of the Ford and Carter administrations, using a form such as the one below.



Which two events do you think were the most important? Why?

CRITICAL THINKING

3. EVALUATING DECISIONS

Do you think that Ford made a good decision in pardoning Nixon? Explain why or why not.

4. COMPARING

How were the actions taken by Presidents Ford and Carter to address the country’s economic downturn similar? How did they differ?

5. ANALYZING ISSUES

Do you agree with President Carter that human rights concerns should steer U.S. foreign policy? Why or why not? **Think About:**

- the responsibility of promoting human rights
- the loss of good relations with certain countries
- the collapse of détente with the Soviet Union