

Chapter 38: Challenges to the Postwar Order (1973-1980)

Synopsis

- An economic phenomenon known as “stagflation” was prominent during the 1970s
 - This involved a mixture of economic stagnation (little economic growth or decay) due to a “broadly shared prosperity”, as well as inflation
 - This caused several major positive economic policies of the more earlier post-war era (“Keynesian economic policies, an expanding welfare state, shared prosperity, and stable corporations matched by strong labor unions”) to weaken
- A weakening economic system led to “political polarization, a weakened federal government, rising inequality, and the reassertion of traditionalist cultural values”

Watergate and the Unmaking of a President

- The Watergate scandal (June 17, 1972) was when five men tried to bug the Democrat headquarters to sway the election of 1972 towards the Republicans
 - The five men were part of the Republican Committee to Re-Elect the President (CREEP), and were arrested
 - It turned out to be a sort of dirty trick Nixon used to try to get himself re-elected (among others newly discovered such as the manipulation of IRS, FBI, and CIA to aid him)
- The Vice President Spiro Agnew resigned (October 1973) because he took bribes
 - This worsened the suspicion about the President’s honesty because his running-mate was found guilty of corruption
 - The Vice President was replaced with Michigan Congressman Gerald Ford
- The Senate carried out televised court cases about Watergate (1973-1974)
 - Nixon denied all charges, but evidence from secret recording systems found him guilty of trying to cover up the incident
 - He initially only allowed select portions of the tape to be revealed; however, the Supreme Court ruled that he could not hide any potential evidence to possible criminal activity
 - The “smoking gun” tape was an especially incriminating tape of the President giving orders to cover up the break-in with the CIA’s help
 - The House drew up charges of impeachment: “obstruction of justice, abuse of the power of the presidential office, and contempt of Congress”
- Nixon resigned (August 8, 1974) following a dramatic farewell address
 - The resignation (which would have been forced anyways if the impeachment trial had followed through with its charges) showed the power of the process of impeachment to check corruption in American government without chaotic means

American and National Identity: Nixon became the first president to be impeached and almost removed from office (he would have been had he not resigned first) because of his corruption (“obstruction of justice, abuse of the power of the presidential office, and contempt of Congress”). Although other presidents had many unconstitutional policies enacted, such as ones that enforced discrimination against blacks or Native Americans, Nixon’s presidency was the first one that clearly involved a

manipulation of the electoral system. With the election system being a fundamental basis of US democracy, this enraged many people and caused a full impeachment trial of Nixon, in which he was found guilty. Thus the constitutional and democratic process of impeachment, also a fundamental idea in American ideology, showed its power to check blatant uses of political power for corrupt reasons.

Sources of Stagnation

- The 25-year economic boom of the 50s and 60s ended in the 1970s with stagnation
 - While productivity gains had caused the standard of living to roughly double since the beginning of the boom, wages and standard of living stagnated by the 1970s
 - Some attributed stagnation to the increase of women in the workforce, who often had fewer skills outside the home than men and often took part-time jobs, while others claim that a shift in emphasis from manufacturing to science industries caused a productivity decline
- Inflation also increased
 - The deficit spending on the Vietnam War and the Great Society programs caused great inflation
 - In addition, these programs turned potential civilian and education funds into welfare and military funding, which didn't help the workforce grow
 - Inflation tripled in the 12 years after Nixon's inauguration
- While working WWII-age factories in America found little incentive to modernize, ruined Japanese and German factories had to build new, ultramodern factories that would soon dominate some industries (including the automobile and consumer electronics industries)

Work, Exchange, and Technology: The decrease in the industrial processes during the 1950s made the US fall behind in terms of its industrial prowess. The US spent much of its money on the Vietnam War and on welfare programs, neither of which improved either the workforce's education level or the modernized the factories. In contrast, destroyed Japanese and German factories were forced to rebuild modern factories, many of which outpaced American WWII-age factories and led various areas in industry where the US used to operate, such as with automobiles. As a result of the US decrease in industrialization and movement towards the service section, it lost its 25-year economic boom; worse, the inflation caused by the deficit spending on the simultaneous money drains of the Vietnam War and the welfare programs tripled in the decade after Nixon's inauguration.

The First Unelected President

- Gerald Ford became the first president not elected by the people
 - Some people thought he wasn't very bright
 - His presidency was soured by his replacing of two corrupt leaders and his not being elected into office by the people
 - People liked him even less when he pardoned Nixon of any criminal charges
- Ford sought to improve the détente situation with the USSR to improve relations with them
 - The US and 30 other nations joined at the Helsinki Accords to officially end WWII by "formally legitimizing the Soviet-defined boundaries of Poland and other Eastern European countries" in exchange for a more open trade with the western nations

- While the Eastern European nations didn't like this because they were held under Soviet rule, the Western European nations and the US agreed with this because it was meant to lower tensions in the Cold War
- These accords ended up not being as optimistic as originally thought because of Jewish discrimination in Russia and few exports to offer from from them, which caused Ford to eventually lose support of détente and the accords

Defeat in Vietnam

- The North Vietnamese quickly defeated South Vietnam in a 1975 campaign
 - It was so quick that the remaining American troops had to be rescued by airlift
 - 140,000 South Vietnamese were also moved to the US because they were worried about annihilation, with eventually 500,000 Vietnamese relocating to the US in the long run
- The US had provided military support necessary for the South Vietnamese but had lacked the will to fight
 - \$118 billion had been spent on the Vietnam War by the US
 - The US sustained 50,000 deaths and 300,000 casualties
 - The US retreated in 1973 at a standstill (so they technically did not lose; the South Vietnamese did two years afterwards)
- The defeat at Vietnam was humiliating to the US because the US was fighting an unjust war (simply because North Vietnam was communist, but violating their right to self-determination and savagely massacring them at times) and because the US were the bullies (a much larger and more powerful nation than Vietnam)
 - This also lost the US citizens' confidence in their leadership and military power

America in the World: The defeat in Vietnam defaced America to the world and to its citizens. The war, and then its defeat, all were very American. The US spent \$118 billion on the war and sustained hundreds of thousands of casualties, in a war in which the US was fighting a nation much smaller and weaker than itself as simply a proxy war in the larger ideological Cold War. In addition, the US lost the war — a huge bully of the West fighting a tiny Eastern Asian country. Although the US had technically surrendered during a standstill and had made their peace with the Vietnamese by backing out with “Vietnamization,” the US had essentially lost because they had provided much of the South Vietnamese firepower, which was insufficient with the growing amount of US discontentment about the war. Because US citizens also lost faith in the war because it was a defeat and because it was immoral, it also helped to shrink the US's international policing powers that corresponded with the caution in the growig New Isolationism ideology.

Feminist Victories and Defeats

- Women demonstrators were strong and common in the 1970s
 - There was the Women's Stride for Equality march in 1970
 - In 1972 Congress “prohibited sex discrimination in any federally assisted educational program or activity” in Title IX of the Education Amendments
 - This helped not only women scholars but also women athletes at schools
- The Equal Rights Amendment (ERA) gave women total equality of rights under the law

- It won congressional support in 1972, and 21 states quickly ratified it
- The Supreme Court supported it with the controversial case Roe v. Wade (1973) that legalized abortion
- It was opposed by antifeminists and religious groups who blamed the rising divorce rates on feminists
- Antifeminist Phyllis Schlafly (a woman) said that the ERA would remove traditional women's protection in the home and workplace, and she and other antifeminists stopped the ERA from being ratified by enough states
- Despite the death of the ERA, women's rights advocated effected many changes in the social structures of America
 - Women in the workforce greatly increased in numbers, especially in white-collar professions such as "medicine, law, and higher education"
 - Feminist institutions (e.g., women's shelters) sprung up
 - The battle for feminism became a prominent idea in the media
 - The changes in families ("including the growing numbers of divorced, single-parent, and dual-income household") greatly changed family life

Culture and Society: Society was further increasing its women's rights with the strong women's protests in the 1970s. Both feminists and antifeminists clashed strongly, with feminists arguing that their freedom was a fundamental right of all Americans but antifeminists taking the conservative route by claiming that feminism stripped women of their traditional protections and that feminism caused the drastic increase in divorces and weaker family connections. The Women's Stride for Equality and the new Title IX of the Education Amendments gave women no discrimination in schools (for education and athletics). The ERA almost passed to give women complete equality under the law, which was still considerable taking into account the liberality of the proposal. And the workforce's percentage of women greatly increased. So despite strong conservative movements in the 1970s, the pro-feminist movement rode the wave of liberal reform (e.g., the welfare policy reform) to give women many more rights outside of the home during this decade.

The Bicentennial Campaign

- Gerald Ford won renomination for the Republican party over Ronald Reagan
 - Reagan supported the idea of the "New Right," a "swelling conservative movement" that "emphasized hot-button cultural issues — from the ERA and abortion to housing busing and school curricula — as well as a nationalist foreign-policy outlook that rejected détebte and international treaties"
 - This New Right movement was more conservative and popular than moderate Ford, causing Reagan to gain popularity
- James ("Jimmy") Carter won the Democratic nominee for the election of 1976
 - He was a dark-horse candidate, a peanut farmer that was very sincere and humble
 - He strongly campaigned with his honesty (wanted to dissociate himself from the stigma of presidential corruption such as with Nixon)
- Carter won the presidential election, 297 to 240 electoral votes

- Carter won most of the Southern states, with 97% of the African Americans voting for him (although Ford won the majority of the White Southerners)
- Both houses of Congress were also majority Democratic
- At first, Carter was popular, but this diminished over time
 - Having both Houses of Congress with Democratic majorities, he quickly created a new Department of Energy and cut taxes
 - In the long run, Carter's lack of political expertise and unwillingness to consult others caused the fall of his popularity

Carter's Humanitarian Diplomacy

- One of Carter's main foreign-policy motives was for human rights
 - In Rhodesia (Zimbabwe) and South Africa he supported the oppressed black majorities
- Carter had Egypt's president Anwar Sadat and Israel's Prime Minister Menachem Begin to have peace talks at Camp David
 - Israel ceded land gained in the 1967 war and Egypt vowed to respect Israel's borders
- Carter resumed trade with China (which had been stopped for 32 years because of Cold War tensions)
- Carter advocated for the return of the Panama Canal to the Panamanians
 - This was fought against strongly by conservatives, but still passed
- The Cold War situation became more hostile again as Cuba deployed troops to help rebel groups in Angola and Ethiopia under USSR guidance

America in the World: Carter used his honest policy of presidency to extend to foreign nations. Rather than focusing on economic or political connections with other nations, he focused more on humanitarian efforts in other nations. In comparison to the other international conflicts of US history, which were mostly political (e.g., WWI, WWII, the Cold War and associated proxy wars, the Spanish-American War, the Mexican-American War, the Civil War, the War of 1812, and the Revolutionary War), these were simply meant to improve the American goodwill and show its simple honesty. Carter helped the suppressed in some African nations, improved the hostile situation between Egypt and Israel, improved the trade relationship with China, and restored the right of the Panamanians to the canal on their own land (even despite American investors' and shipping's protests). This helped to improve America's standing with the world again, showing itself as a benefactor to other nations rather than a bully like it had been in Cuba and in Vietnam.

Economic and Energy Woes

- The US entered a recession with Ford's presidency that had lowered the inflation rate to 6%, but Carter's presidency immediately raised it to 13%
 - This was worsened by the high cost of imported foreign oil
- The financial deficit reached \$50 billion by 1980
 - This caused massive inflation and huge debtor interest rates (because debtors did not want to lose their money by being paid the same number of depreciated bills)
- Carter said that the economic problems of the US stemmed from its oil dependency

- This was emphasized when the US-placed Mohammed Reza Pahlavi's pro-western regime was overthrown by a western-hating Muslim coup, which cut its oil production to the west (and therefore made oil prices and scarcity in the US shoot up again)
- Carter consulted over 100 leaders at Camp David for 10 days about the oil crisis
- Carter returned from the 10-day meeting with the malaise speech (July 15, 1979)
 - The speech was “chiding his fellow citizens for falling into a ‘moral and spiritual crisis’ and for being too concerned with ‘material goods’”
 - He then went on to soon fire four cabinet members
 - These sudden and critical actions (criticizing the people and firing cabinet members) caused people to think that president Carter had fallen out of touch with them

The Turn Toward the Market

- The economic problems of the 1970s (“the energy crisis, stagflation, and Carter’s political woes”) led to the rise of neoconservatism
 - Neoconservatism was a conservative movement of thinkers believing in free market capitalism and denouncing large government regulation (such as Johnson’s Great Society programs or FDR’s New Deal programs)
 - They wanted traditional values restored at home and “took a tough, harshly anti-Soviet positions in foreign policy”
 - Many were former liberals appalled by the ineffectiveness of Democrats’ large-government effects on the economy
 - A major neoconservative was Milton Friedman, who stood strongly against “Keynesian economics and activist government”
 - This caused the rise of Political Action Committees (PAC) and lobbying groups, and it killed many labor groups
 - Neoconservatives also blamed stagflation on government regulations, which led to many “deregulatory” policies in government
- President Carter supported neoconservative deregulation and free-market initiatives, believing that these policies would help improve the low economic standing of the US
- Anti-government-economics sentiment also caused a “tax-revolt” in California, causing many tax cut policies

Foreign Affairs and the Iranian Imbrolio

- The SALT II (Strategic Arms Limitations Talks II) happened between Carter and Brezhnev of Russia in June 1979
 - This slightly reduced US-USR relations
 - Conservatives strongly against the USSR wanted to block this treaty from being passed on Congress
- In Iran, anti-US militants stormed the US embassy in Iran, taking all of the US diplomats there hostage in the Iranian hostage crisis
 - They demanded that their exiled shah be returned to Iran

- The US worried about the hostages' safety and about the stability of the Middle East region, whose oil fields were susceptible to be overcome by the USSR military close by
- During the crisis, anti-American demonstrations were often aired on US TV
- The USSR entered Afghanistan and seemed to be ready to try and take over the Middle East region
 - Strongly fearing an attack on their oil supplies, Carter acted quickly and decisively
 - He put an embargo on the USSR for high-tech machinery
 - He asked nations to boycott the Olympic games in Moscow
 - He asked for a military draft to be prepared
 - The USSR met strong resistance in Afghanistan
- The US tried to apply sanctions against Iran to get the hostages back, but the chaos did not end
 - The US attempted a rescue mission to retrieve the hostages, but failed
- Carter's presidency turned the US towards lasting economic and social policies and trends
 - The postwar economic boom turned into economic stagnation that would largely be the standard for the decades to come
 - The nation moved towards a free-market economy
 - There was increasing "tolerance and inclusion for racial and ethnic minorities, immigrants, gays and lesbians, and women"

America in the World: The oil dependency and the embargo from the Middle East had a huge impact on the financial standing in America. With the Iranian hostage crisis with its roots in the CIA-backed coup, Iran became extremely hostile to the US and the oil fields became endangered. The Russian advance on the Middle East too caused panic in America. Previously, the oil embargo from OPEC had caused Carter to blame the oil dependency for America's financial woes and give the malaise speech criticizing the Americans for their laxation regarding material goods. This in turn gave rise to the economic idea of neoconservatism and lesser government intervention in economics (a more laissez-faire government) because of the negative effects of big-government on the economy, especially with foreign involvements in oil. This extended crisis involving the supply of Middle Eastern oil showed America's strong dependency on the Middle East and its need to protect it to prevent against financial depression at home.