

1970's Economics - 1970's experienced slow economic growth / inflation

- **Decline of Manufacturing:** due to global competition
 - ✓ 1960: 38% 1980: 28%
 - ✓ Chicago & Detroit manufacturing decline and depress the cities by 1980
 - ✓ New York transitioned into a market based on finance, entertainment, and other services
 - World Trade Center - built by 1977
- **Trade Deficit:** import more goods than export - 1971
- **Gold Standard Ends:**

Money no longer connected to the gold standard, which provided a stable value for money

 - ✓ 1946 - 1970 Fixed Rates \$20 = Gold 1oz
 - ✓ 1971 End Gold Standard for "Floating Exchange Rate"
(moves up and down according to the values of international money)
 - ✓ Nixon was hoping to make American goods cheaper and Foreign goods more expensive to encourage the sale of American goods (brief success)
- **Stagflation:** stagnant or slow economic growth and inflation (due to world events)
- **Oil Crisis:**

<http://www.npr.org/blogs/pictureshow/2012/11/10/164792293/gas-lines-evoke-memories-oil-crises-in-the-1970s>
Gas ran out at some stations and the nation had to ration its domestic supply

 - ✓ 1973 - US import 1/3 of Oil
 - ✓ 1973 - OPEC (Organization of Petroleum Exporting Countries)
http://www.opec.org/opec_web/en/about_us/24.htm
Punished the US with an oil embargo (US supported their enemy Israel Arab-Israeli war)
 - ✓ 1979 - Iranian Revolution (Shah overthrown)
- **Energy Crisis in the US:**
 - ✓ Misery Index - measure the rise of Inflation and Unemployment
 - ✓ Ration Gasoline (purchase by appointment, based on license plate)
 - ✓ Speed Limit reduced to 55 mph
 - ✓ Alaskan Pipeline (1977)
 - ✓ Wyoming Coal
 - ✓ Foreign Cars (Japan's fuel-efficient cars 25% of car sales)

FORD

1974 Nixon Resigns and Gerald Ford becomes President

- Pardon Nixon
- Economics: cut taxes for business & reduce government regulation
- 1974-1975 Recession 9% unemployment
- Helsinki Accords: 1975, US-Soviet agreement in Helsinki, Finland approving the national boundaries created after WWII & agree provide citizens with basic liberties

CARTER

1976 Election Carter beat Ford because he played an "outsider" angle and said "I'll never lie to you", playing on the crisis in confidence in the federal government since Vietnam and Watergate

- **Three Mile Island:** 1979, a nuclear plant in Pennsylvania that released radioactive steam created concern about safety and nuclear power, halting the expansion of the nuclear energy industry
<http://www.world-nuclear.org/info/Safety-and-Security/Safety-of-Plants/Three-Mile-Island-accident/>
<http://www.atomicarchive.com/History/coldwar/page19.shtml>
- **Human Rights:** focus of Jimmy Carter's foreign policy
 - ✓ Influenced by data from Amnesty International & International League for Human Rights
<http://www.amnestyusa.org/>
 - ✓ Carter cuts US aid to brutal military dictatorships: Argentina, Nicaragua, El Salvador (supported previously because they were noncommunist)
- **Peace:**
 - ✓ Amnesty of Vietnam draft-dodgers
 - ✓ SALT II (US-Soviet agreement to reduce nuclear weapons)
 - ✓ Panama Canal to be returned to local control in 2000
 - ✓ Camp David Accords (1979) – Israel and Egypt signed (Menchem Begin & Anwar Sadat) peace treaty to end a consistent war between these countries over the creation of Israel in 1948
Video - <https://www.youtube.com/watch?v=jYASjRMEWeA&safe=active>
- **Iran & Afghanistan:**
 - ✓ 1979 Iranian Revolution - Shah overthrown by Ayatollah Khomeini (Islamic Republic)
 - ✓ 1979 - 1981 Iran Hostage Crisis
Video <https://www.youtube.com/watch?v=gGUI7kDLsQo>
American embassy in Tehran invaded by Khomeini's forces because the US (Carter) supported the Shah and provided him with medical treatment in 1979
- **Carter Doctrine:**
 - ✓ US would use military force to protect US interests in the Persian Gulf
 - ✓ Response to Soviet invasion of Afghanistan who was resisting an Islamic rebellion (Soviets version of Vietnam)
 - ✓ US funded fundamentalist Muslims in Afghanistan who fought the Soviets (Taliban ultimately rose to power in Afghanistan)
 - ✓ US punish Soviet Union - embargo on grain exports, boycott 1980 Olympics in Moscow, SALT II withdrawn, US increase military spending

REAGAN

- **Supply-Side Economics or Reaganomics** (critics call it "trickle-down economics")
 - ✓ **Tax Cuts** - Tax Reform Act reduced taxes on the wealthiest Americans and business
 - ✓ **Deregulated Business** - environmental protection diminished, business profits would hopefully help the economy grow
 - ✓ **1981 - 1982**: most severe recession since 1930's
 - ✓ **Impact** - Rise in Economic Inequality (rich got richer, middle class got poorer, homelessness increased, crack problem grew)
 - ✓ **Yuppie**: wealthy, young urban professionals of the 1980's who benefited from Reaganomics
- **Unions**: power reduced, workplace safety rules cut back
 - ✓ **PATCO** (Professional Air Traffic Controllers Organization) - union went on strike, against federal law, Reagan fired them, military took control, trained new air traffic controllers
 - ✓ Reagan's actions inspired business to replace strikers permanently
- **Iran-Contra Affair**: greatest scandal of the Reagan administration
 - ✓ **1984** Congress banned aid to the Contras who were fighting the Sandinistas in Nicaragua (US had previously backed the dictator Somoza who was ousted by the Sandinistas)
 - ✓ **1985** CIA Director William Casey & Lt. Colonel Oliver North of the NSA secretly funded the Contras with some money Reagan set aside for Iran
 - ✓ **1985** Reagan sold arms to Iran in exchange for American Hostages being held by extremists
 - ✓ **1987** Middle East press leaks secret and Televised Hearings take place / Resulted in the conviction of 11 officials, causing distrust in government
- **Reagan and the Soviet Union (Mikhail Gorbachev)**
 - ✓ **1985-1987 Diplomacy** - agree to eliminate nuclear missiles in Europe, Soviets pull troops from Afghanistan, Reagan no longer labels Soviets an "evil empire"
 - ✓ **1987 Berlin Wall** <https://www.youtube.com/watch?v=xfZgR5KOIXs>
"Tear Down This Wall" speech by Reagan at the Brandenburg Gate in Berlin on June 12: he pushes Gorbachev to make a sign of sincerity and "advance dramatically to the cause of freedom and peace"