**The Ford Administration**

Gerald Ford had been appointed Vice President by Nixon and confirmed by Congress when Vice President Spiro Agnew had resigned over corruption charges. Although Ford had never been elected, after Nixon’s resignation he suddenly became President. One step that Ford immediately took was to grant a Presidential pardon to Nixon. This action was unpopular with many Americans at the time.

**OPEC and the U.S. Economy**

In foreign policy, Ford kept Kissinger as his Secretary of State and continued Nixon’s policy of *détente*, an easing of tensions with the Soviet Union and China. Ford faced problems, however, in the Middle East. OPEC, the Organization of Petroleum Exporting Countries, had been formed in 1960. During the Arab-Israeli War of 1973, the Arab members of OPEC placed an embargo on the United States and other countries that traded with Israel. Even after the war ended, OPEC members continued to raise their oil prices, contributing to inflation in the United States at a time of high unemployment. Americans had to wait on lines at gas stations because of fuel shortages, and many worried that the world’s oil reserves might soon be exhausted. Smaller cars from Japan and European manufacturers suddenly became more popular with Americans as gas prices soared.

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.

**Foreign Diplomacy**

President Ford was also forced to stand by passively when North Vietnamese Communist forces finally took over South Vietnam in April 1975. Movie cameras recorded the final American helicopters leaving the roof of the U.S. embassy on Saigon. Vietnamese who has cooperated with the United States were left at the mercy of their sworn enemies, the Vietnamese Communists. 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.

Ford did have a major success in foreign policy three weeks later. The Helsinki Accords were an agreement recognizing the existing borders in Europe in an attempt to preserve peaceful relationships between Eastern and Western Europe. The Helsinki Accords pledged respect for human rights, providing a basis for later action by anti-communist dissidents (critics of the government) in Eastern Europe.

**Deregulation of Transportation**

The first proposal to deregulate, or remove restrictions, on a major industry in the United States was through transportation. Ford wanted to address both rail and truck transportation, but not air carriage. The developers of this legislation in his Administration sought to gain support from commercial buyers of transportation services, consumer organizations, and environmental organization leaders. Ford established the [Railroad Revitalization and Regulatory Reform Act of 1976](https://en.wikipedia.org/wiki/Railroad_Revitalization_and_Regulatory_Reform_Act_of_1976). This act was meant to rehabilitate and maintain the physical facilities, improve the operations and structure, and restore the financial stability of the railway system of the United States.

**Carter’s Presidency**

Democratic Candidate Jimmy Carter, a former naval officer, farmer, and governor of Georgia, was elected in 1976 as a Washington outsider. At the time when Americans were distrustful of politicians, Carter’s campaign slogan was, “I will never lie to you.”

**Carter and Foreign Diplomacy**

In foreign policy, Carter believed it was necessary for Americans to take a more moral tone. He tried to reassert American morality in foreign policy by signing a treaty with Panama in 1977 which promised to hand over the Panama Canal to the government of Panama by 2000. Carter refused to help anti-Communist dictators like Somoza in Nicaragua, even when they had been friendly to the U.S. In 1977, Carter invited Menachem Begin of Israel and Anwar Sadat of Egypt to Camp David in Maryland, the President’s vacation spot. With Carter’s help, they were able to reach an agreement called the Camp David Accords, which saw Egypt recognize Israel’s independence in exchange for Israel returning the Sinai Peninsula it had taken during the 1967 War.

Despite these successes, relations with the Soviet Union deteriorated during the Carter Presidency. In 1979, Soviet leaders launched an invasion of Afghanistan, where Muslim rebels were attacking the pro-Soviet government. In retaliation, President Carter stopped all U.S. grain sales to the Soviet Union and refused to let the United States participate in the summer Olympics in Moscow Russia. In 1979, a popular revolution occurred in Iran. A religious leader, Ayatollah Khomeini, returned from exile and established the Islamic Republic. Khomeini blamed Americans and other western powers for having supported the Shah, the previous leader of Iran. When the Shah sought medical treatment in the U.S., Iranian students and other followers of Khomeini seized the staff at the U.S. Embassy in Tehran and held them hostage. President Carter was unable to obtain their release, and the hostages were held captive for more than a year.

**Carter and the 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. 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. The booming economies of other countries like Japan 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.

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 scattershot 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 the hostage crisis were key factors in sending Ronald Reagan to the White House in 1980.

**Deregulation of Transportation**

President [Jimmy Carter](https://en.wikipedia.org/wiki/Jimmy_Carter) devoted substantial effort to transportation deregulation, and worked with Congressional and civil society leaders to pass the [Airline Deregulation Act](https://en.wikipedia.org/wiki/Airline_Deregulation_Act) in 1978, [Staggers Rail Act](https://en.wikipedia.org/wiki/Staggers_Rail_Act) in 1980, and the [Motor Carrier Act of 1980](https://en.wikipedia.org/wiki/Motor_Carrier_Act_of_1980). The goal of these acts was to lessen [barriers to entry](https://en.wikipedia.org/wiki/Barriers_to_entry) in transport markets and promote more independent, competitive pricing among transport service providers. This substituted the freed-up competitive market forces for regulatory control of entry, exit, and price making in transport markets. As deregulation grew, regulations to promote competition were put in place.

**Ford and Carter Presidencies**

**Gerald Ford Presidency**

|  |  |
| --- | --- |
| **Positives** | **Negatives** |
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| --- |
| **Why do you think Gerald Ford was not re-elected President?** |

**Jimmy Carter Presidency**

|  |  |
| --- | --- |
| **Positives** | **Negatives** |
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| **Why do you think Jimmy Carter was not re-elected President?** |

**Compare and Contrast**

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| --- |
| **Main topic: The Ford and Carter Presidencies** |

|  |  |
| --- | --- |
| **Gerald Ford** | **Jimmy Carter** |
| **How were the presidencies of these two men alike?** | |

|  |  |
| --- | --- |
| **Gerald Ford** | **Jimmy Carter** |
| **How were the Presidencies of these two men different?** | |
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| **Which President do you think did the better job? Defend your answer with 2 pieces of evidence** |
|  |