


Chapter 38

Challenges to the Postwar Order, 1973–1980

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I. Watergate and the Unmaking of a President

- **Watergate scandal:**
 - (June 17, 1972) 5 men arrested in Watergate apartment-office complex in Washington:
 - Planned to plant electronic “bugs” in Democratic party’s headquarters
 - Soon revealed they worked for Republican Committee to Re-Elect the President, “CREEP”
 - Nixon administration’s “dirty tricks”
 - Watergate break-in one of them
 - Forged documents to discredit Democrats
 - Used Internal Revenue Service to harass innocent citizens named on White House “enemies list”



I. Watergate and the Unmaking of a President (cont.)

- Burglarized office of psychiatrist who treated leaker of Pentagon Papers
- Perverted FBI and CIA to cover tricksters' tracks
- Agnew forced to resign (Oct. 1973) for taking bribes from contractors while governor and while VP
- As investigations began, Nixon denied
 - Any prior knowledge of break-in
 - Any involvement in legal proceedings against burglars
- Former White House aide revealed secret taping system had recorded most of Nixon's conversations
- Nixon agreed to release "relevant" portions of tapes

I. Watergate and the Unmaking of a President (cont.)

- (July 24, 1974) Supreme Court unanimously ruled "executive privilege" gave Nixon no right to withhold evidence
- Nixon reluctantly complied
- Three subpoenaed tapes of Nixon's conversations with chief aide on June 23, 1972 proved fatal
- **"Smoking gun" tape** revealed Nixon giving orders, six days after Watergate break-in, to use CIA to hold back an inquiry by FBI
- Nixon's own words on tape convicted him of being involved
- House Judiciary Committee drew up articles of impeachment based on:
 - » Obstruction of justice
 - » Abuse of presidential power
 - » Contempt of Congress



I. Watergate and the Unmaking of a President (cont.)

- Public wrath proved to be overwhelming:

- Republican leaders in Congress concluded he was guilty
 - Informed Nixon his impeachment by full House and removal by Senate were foregone conclusions
 - He would do best to resign
- Nixon announced resignation in dramatic television appearance on August 8, 1974
- Nation survived wrenching constitutional crisis
 - Confirmed impeachment machinery forged by Founding Fathers could serve its purpose when public demanded

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I. Watergate and the Unmaking of a President (cont.)

- Principles, that no person above the law and that presidents must be held accountable for actions, strengthened
- U.S.A. cleaned its own sullied house
 - Impressive demonstration of self-discipline and self-government to rest of world
- Watergate weakened public's faith in government
- Economic problems further deepened disillusionment

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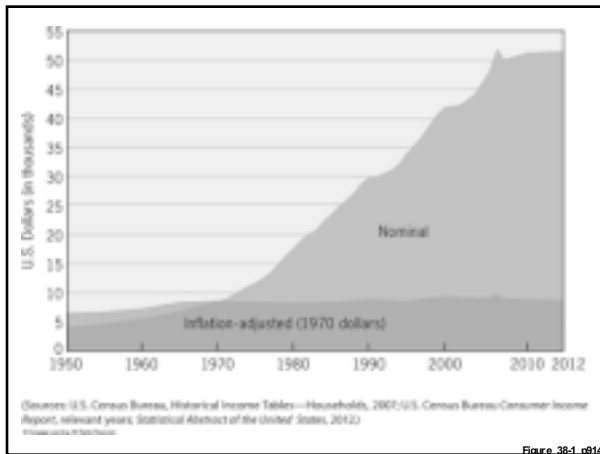
II. Sources of Stagnation

- Massive post-WWII economic growth based on big increases in worker productivity:
 - because of productivity increases, workers doubled their standard of living between 1945 and 1970
 - But productivity increases stalled in 1970s
 - Result: median income of average family stagnated in decades after 1970 (see Figure 38.1)
 - Failed to decline only because many wives entered work force
 - Economists still debate causes of productivity slump



II. Sources of Stagnation (cont.)

- Some causes of productivity slump:
 - Increase of women and teenagers in work force
 - Declining investment in new machinery
 - Heavy costs of compliance with government-imposed safety and health regulations
 - Shift of economy from manufacturing to services
- Vietnam War caused economic distortions:
 - Drained tax dollars from improvements in education
 - Deflected scientific skill and manufacturing capacity from civilian sector
 - Contributed to inflation



II. Sources of Stagnation (cont.)

- Other causes of inflationary spiral:
 - Sharply rising oil prices in 1970s
 - Deepest roots lay in deficit spending of 1960s
 - Especially Johnson's insistence on fighting war in Vietnam while funding Great Society programs at home without tax increases to finance these new expenditures
 - Without tax increases, military spending and welfare spending inherently inflationary because:
 - Put money into people's hands without adding to supply of civilian goods that those dollars can buy

II. Sources of Stagnation (cont.)

- Prices increased astonishingly throughout 1970s
 - Cost of living tripled in decade after Nixon's inauguration—longest and steepest inflationary cycle in American history
 - U.S. economy laid bare by abrupt reversal of America's financial fortunes
 - After WWII, companies had small incentives to modernize plants and seek more efficient methods of production
 - Problem when challenged by rebuilt Japan and West Germany
 - A stalemated war and a stagnant economy ended liberal dream that an affluent society could spend its way to social justice

III. The First Unelected President

- Gerald Rudolph Ford
 - First man made president solely by vote of Congress:
 - Entered White House (August 1974) with serious handicaps:
 - Had been selected, not elected, vice president, following Agnew's resignation in disgrace
 - Odor of illegitimacy hung about this president
 - Odor increased when Ford pardoned Nixon for any crimes he may have committed as president, discovered or undiscovered



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TABLE 38.1 International Trade, 1948–2012

	1948	1953	1963	1973	1983	1993	2003	2012
Total volume of world trade (in billions of U.S. dollars)	59	84	157	379	1,838	3,676	7,377	17,000
Total volume of U.S. exports (in billions of U.S. dollars)	13	12	22	75	282	457	758	1,364
Share of world exports (%)								
United States	22	14	14	20	15	12	10	8
Europe	33	38	48	33	42	42	40	36
Africa	7	6	8	5	6	5	2	4
Middle East	3	3	3	4	7	4	4	5
Asia	14	11	12	15	19	26	26	32
GATT/WTO members	42	48	75	96	77	89	94	97

Source: All data except total volume of U.S. exports are from World Trade Organization, International Trade Statistics, 2013. U.S. export data for 1948–1993 are from United States Historical Statistics of the United States, vol. 5; data for 2003 and 2012 are from Foreign Exports Statistics, U.S. Census Bureau. Because different organizations use different methodologies for estimating total exports, WTO estimates used to compute the U.S. share of world exports differ slightly from those presented in this table.

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Table 38-1 r217

III. The First Unelected President (cont.)

- Ford sought to enhance détente with Soviet Union that Nixon had crafted
 - 1973: joined 34 world leaders at Helsinki, Finland, to sign several historic accords:
 - One wrote an end to WWII by legitimizing USSR-dictated boundaries of Poland and Eastern Europe
 - In return, Soviets signed “third basket” agreement:
 - Guaranteed more liberal exchanges of people and information between East and West
 - Promoted certain basic “human rights”

III. The First Unelected President (cont.)

- Reactions to Helsinki accords:
 - Small dissident movements in Eastern Europe and in USSR
 - West Germany cheered conference as milestone of détente
- American critics charged détente a one-way street
 - American grain and technology flowed to USSR, but little of importance flowed back
 - Moscow's continued human rights violations, including restrictions on Jewish emigration—prompted Congress to add punitive restrictions to U.S.-Soviet trade bill

III. The First Unelected President (cont.)

- Ford at first clung stubbornly to détente
- Domestic fury over USSR's double-dealing grew
 - Stoked by conservative hawks
- Eventually Ford refused even to pronounce word *détente* in public
- Thaw in Cold War threatening to prove chillingly brief



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IV. Defeat in Vietnam

- Early 1975, North Vietnamese started long-expected drive south
 - Without U.S. aid, South Vietnam quickly collapsed
 - Last Americans frantically evacuated on April 29, 1975
 - Also rescued were 140,000 South Vietnamese:
 - Ford compassionately admitted these refugees to U.S.A., where they added further seasoning to melting pot
 - Eventually some 500,000 arrived (see Makers of America)
- America's long, frustrating war ended not with a bang but with a whimper

IV. Defeat in Vietnam (cont.)

- Technically U.S.A. did not lose; their client nation had
- Estimated cost of war:
 - \$118 billion in current outlays
 - 56,000 dead and 300,000 wounded
 - U.S.A. had provided everything that could be injected by outsiders
- America lost more than a war:
 - Lost face in eyes of foreigners
 - Lost self-esteem
 - Lost confidence in political leaders and military prowess
 - Lost much of the economic muscle behind global preeminence

V. Feminist Victories and Defeats

- While other protest movements splintered,
 - Feminists, although they had their differences, showed vitality and momentum:
 - Won legislative and judicial victories
 - Provoked rethinking of gender roles (see Makers of America)
 - Thousands marched in Women's Stride for Equality on fiftieth anniversary of woman suffrage in 1970
 - In 1972 Congress passed Title IX of the Education Amendments
 - » Prohibited sex discrimination in any federally assisted educational program or activity
 - Created opportunities for girls' and women's athletics at schools and colleges

V. Feminist Victories and Defeats (cont.)

- Gave birth to "Title IX generation" that would mature by century's end
- Helped professionalize women's sports
- **Equal Rights Amendment (ERA)** to Constitution won congressional approval in 1972:
 - 28 of necessary 38 states quickly ratified amendment, first proposed by suffragists in 1923
 - Presidents Nixon and Ford endorsed ERA
 - Hope rose that ERA might soon become law of land



V. Feminist Victories and Defeats (cont.)

- Even Supreme Court seemed to be on movement's side:
 - In *Reed v. Reed* (1971) and *Frontiero v. Richardson* (1973), Court challenged sex discrimination in legislation and employment
 - Landmark case of *Roe v. Wade* (1973)
 - Court struck down laws prohibiting abortion, arguing a woman's decision to terminate a pregnancy was protected by constitutional right of privacy

V. Feminist Victories and Defeats (cont.)

- Feminist movement faced formidable backlash
 - 1972: Nixon vetoed proposal to set up nationwide public day care
 - Nixon claimed it would weaken American family
 - Antifeminists blamed women's movement for rising divorce rate, which tripled between 1960 and 1976
 - Catholic Church and evangelicals organized powerful grassroots movement to oppose legalized abortions











V. Feminist Victories and Defeats (cont.)

- For many feminists, most bitter defeat was death of ERA:
 - Antifeminists, led by conservative Phyllis Schlafly:
 - Argued ERA would remove protections women enjoyed by forcing law to see them as men's equals
 - Believed amendment would threaten family structure
 - Her STOP ERA campaign successful:
 - Antifeminist activists organized grassroots state-level efforts to block ratification
 - ERA died in 1982, three states short of success

V. Feminist Victories and Defeats (cont.)

- Politics not whole story of second-wave feminism:
 - Women's labor force participation rate accelerated
 - Major professions opened doors to women
 - Feminist enterprises proliferated
 - Ongoing transformations in size and structure of families ensured women's centrality to debates over life-style choices and "family values"



VI. The Seventies in Black and White

- Race remained explosive issue in 1970s
 - Supreme Court in *Milliken v. Bradley* (1974) blindsided school integrationists:
 - Ruled desegregation plans could not require students to move across school-district lines
 - Effectively exempted suburbs from shouldering any part of burden of desegregating inner-city schools:
 - Reinforced “white flight” from cities to suburbs
 - Pitted poorest, most disadvantaged elements of white and black communities against one another

VI. The Seventies in Black and White (cont.)

- Affirmative-action programs remained highly controversial:
 - Whites cried “reverse discrimination,” charging their rights had been violated:
 - Allan Bakke (1978): Supreme Court upheld claim that his application to medical school had been rejected because of an admissions program that favored minority applicants
 - University of California (Davis) medical school had to admit Bakke
 - Yet Court ruled race might be taken into account in admissions to assemble diverse student body
 - Sharp dissent by Justice Marshall, but conservatives cheered verdict

VI. The Seventies in Black and White (cont.)

- Inspired by civil rights movement, Native Americans:
 - Used courts and well-planned acts of civil disobedience to assert status as separate semi-sovereign peoples
 - Seized island of Alcatraz (1970) and village of Wounded Knee, South Dakota (1972)
 - *United States v. Wheeler* (1978): Supreme Court declared tribes possessed “unique and limited” sovereignty, subject to Congress but not to individual states



VII. The Bicentennial Campaign

- America's 200th birthday (1976) fell during a presidential election year
 - Moderate Ford gained Republican nomination by narrowly defeating Ronald Reagan of California
 - Reagan propelled by conservative “**New Right**”
 - Benefitted from new emphasis on primaries
 - Activists built network of interlocking advocacy groups
 - Adopted more populist tone than earlier conservatives
 - Emphasized hot-button cultural issues (e.g., abortion) and a nationalist foreign policy (rejected détente)

VII. The Bicentennial Campaign (cont.)

- James Earl (“Jimmy”) Carter, Jr. of Georgia
 - Dark horse candidate for Democratic nomination
 - Born-again Baptist with down-home sincerity
 - Ran against memory of Nixon and Watergate as much as against Ford
 - Promised “I’ll never lie to you”
 - Ran as outsider:
 - Untainted by corrupt Washington
 - Would clean house of “big government”

VII. The Bicentennial Campaign (cont.)

- Carter's narrow victory:
 - 51% of popular vote; electoral count: 297 to 240
 - Swept his native South, except Virginia
 - Won 97% of African American vote
 - Ford won more white southern votes than Carter
- Carter had Democratic majorities in Congress
 - Enjoyed initial success as Congress agreed with him to:
 - Create Department of Energy
 - Cut taxes

VII. The Bicentennial Campaign (cont.)

- Carter's popularity remained high initially:
 - Even though he pardoned some ten thousand draft evaders of Vietnam War era to fulfill a campaign promise
- Carter's honeymoon not last long:
 - Had campaigned against Washington “establishment”
 - Never quite made transition to being an insider
 - Repeatedly angered Congress by failing to consult with congressional leaders
 - Isolated himself in shallow pool of fellow Georgians
 - » Whose ignorance of ways of Washington compounded problems of greenhorn chief

VIII. Carter's Humanitarian Diplomacy

- Displayed overriding concern for “human rights” as guiding principle of foreign policy
 - In Rhodesia and South Africa, he and U.N. ambassador, Andrew Young, championed black majority
 - Most spectacular foreign policy achievement:
 - Sept. 1978: invited President Sadat (Egypt) and Prime Minister Begin (Israel) to conference at Camp David
 - Persuaded them to sign accord (September 27, 1978) that held considerable promise of peace:



VIII. Carter's Humanitarian Diplomacy (cont.)

- Israel agreed in principle to withdraw from territory conquered in 1967 war
- And Egypt promised to respect Israel's borders
 - Both parties pledged to sign formal peace treaty within three months
- Carter resumed full diplomatic relations with China in early 1979 after nearly thirty-year interruption
- He successfully pushed through two treaties to turn Panama Canal over to Panamanians
 - Despite campaign by conservatives (Reagan) against treaties
 - U.S.A. gave up control of canal on December 31, 1999

VIII. Carter's Humanitarian Diplomacy (cont.)

- Trouble stalked Carter's foreign policy
 - Reheated Cold War with Soviets:
 - Détente fell into disrepute as Cuba deployed thousands of troops, assisted by Soviet advisers
 - To Angola, Ethiopia, and elsewhere in Africa
 - To support revolutionary factions
 - Arms-control negotiations with Moscow stalled because of this Soviet meddling as well as aggressive opposition by domestic hawks

IX. Economic and Energy Woes

- Carter's economic troubles
 - Recession during Ford's administration brought inflation rate down slightly to under 6%
 - When Carter took over, prices resumed rapid ascent,
 - Drove inflation rate above 13% by 1980 (see Figure 38.2)
 - Bill for imported oil plunged America's balance of payments deeply into red (an unprecedented \$40 billion in 1978)
 - “Oil shocks” of 1970s taught Americans they could never again consider a policy of economic isolation, as they had tried to do between two world wars
 - By late 1900s, foreign trade 27% of GNP (traditionally 10%)

IX. Economic and Energy Woes (cont.)

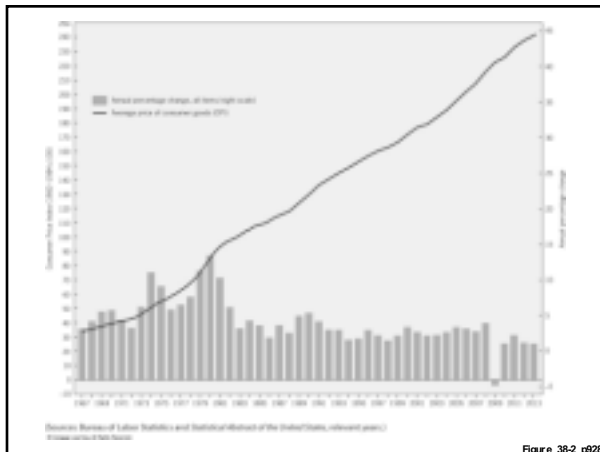
- Federal budget deficit of \$60 billion, 1980
- “Prime rate” vaulted to 20% in early 1980
- Carter blamed inflation on nation's dependence on foreign oil, but Americans ignored conservation efforts he proposed
 - Pro-USA dictator Mohammed Reza Pahlevi had long ruled oil-rich Iran, but was toppled in January 1979
 - Violent revolution by Muslim fundamentalists who resented shah's campaign to westernize and secularize Iran
 - Denounced U.S.A. as “Great Satan”

IX. Economic and Energy Woes (cont.)

- Disorder spread to Iran's oil fields
- With Iran's oil production interrupted, shortages appeared, and OPEC hiked petroleum prices
- Americans caught in second oil crisis
 - Carter retreated to Camp David in July 1979, remaining out of public view for ten days
 - Carter called in over a hundred leaders to give their views, while nation waited for results of these deliberations
 - On July 15, 1979, Carter stunned perplexed nation with his **malaise speech** (although he never used word malaise)

IX. Economic and Energy Woes (cont.)

- **Malaise speech:**
 - Chided his fellow citizens for falling into a “moral and spiritual crisis” and
 - For being too concerned with “material goods”
- Carter soon fired four cabinet secretaries and
 - Circled wagons of his Georgia advisers more tightly around White House by reorganizing and expanding power of his personal staff



X. The Turn toward the Market

- Energy crisis, stagflation, and Carter's woes nurtured powerful conservative movement
 - Challenged foundations of postwar “social contract”
 - Strong federal government
 - Economic regulation
 - Expanded social provision
 - Large measure of income equality
 - Emphasis shifted to energy/promise of free market, and burdens/dangers of “big government”



X. The Turn toward the Market (cont.)

- “Neoconservatives” (often former liberals) spearheaded conservative revival
 - Appalled by excesses of 1960s
 - Championed free-market capitalism
 - Questioned efficacy of Great Society welfare
 - Wanted to restore traditional values at home
 - Advocated harshly anti-USSR positions abroad
- Economist Milton Friedman criticized Keynesian economics and activist government

X. The Turn toward the Market (cont.)

- Book *Free to Choose* (1979) and TV documentary argued superiority of free markets in solving social problems and protecting individual liberty
- Conservatives helped organize Political Action Committees linked with business
- Corporations also hired many lobbyists:
 - Killed labor law reform bills, a minimum wage hike, and creation of Consumer Protection Agency

X. The Turn toward the Market (cont.)

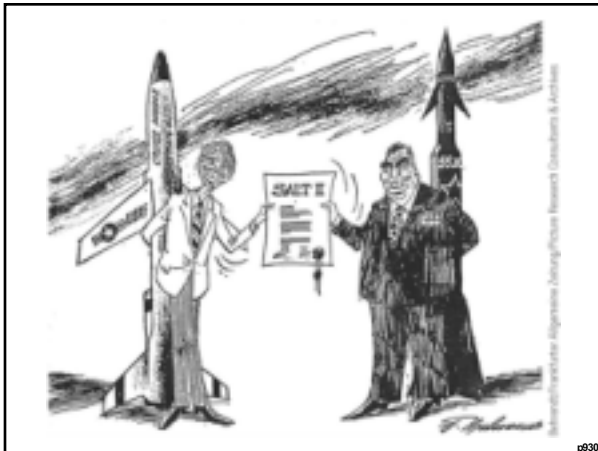
- Conservatives and corporations blamed stagflation on onerous government regulations
 - Encouraged deregulation in transportation, communications, and banking
- Carter and younger Democrats also moved away from New Deal-style liberalism
 - By supporting free markets and deregulation
- In U.S.A. and abroad, move to embrace free markets a bipartisan development

X. The Turn toward the Market (cont.)

- “Tax revolts” part of new antigovernment politics
 - 1978 actions in California and other states snowballed into tax-cutting agenda for conservatives nationwide
 - Shaped politics of 1980s

XI. Foreign Affairs and the Iranian Imbroglio

- **SALT II** agreements
 - June 1979: Carter and Soviet leader Leonid Brezhnev met in Vienna to sign SALT II:
 - Limited levels of lethal strategic weapons in Soviet and American arsenals
 - Conservatives harshly criticized SALT II when it came to Senate for debate in summer of 1979
 - Political earthquakes in petroleum-rich Persian Gulf buried all hopes of ratifying SALT II



XI. Foreign Affairs and the Iranian Imbroglio (cont.)

- Nov. 4, 1979: anti-American Muslim militants stormed U.S. embassy in Tehran, Iran
 - Took all occupants hostage
 - Demanded United States return exiled shah to Iran
 - Americans agonized over fate of hostages and stability of Persian Gulf
- Dec. 27, 1979: Soviet army blitzed into Afghanistan and seemed poised for thrust at oil jugular of Gulf
- Carter reacted vigorously:
 - Slapped embargo on export of grain and high-technology machinery to USSR
 - Called for boycott of upcoming Olympic Games in Moscow



XI. Foreign Affairs and the Iranian Imbroglio (cont.)

- Proposed creation of “Rapid Deployment Force” to respond to sudden crises in faraway places
- Requested young people (including women) register for possible military draft
- Proclaimed U.S.A. would “use any means necessary, including force,” to protect Persian Gulf against Soviet incursions
- Conceded that he had misjudged Soviets, and SALT II treaty became dead letter in Senate

- Meanwhile, USSR bogged down in Afghanistan

XI. Foreign Affairs and the Iranian Imbroglio (cont.)

- **Iranian hostage crisis** hard on Carter and U.S.A.
 - Captured Americans languished in cruel captivity
 - Carter tried to apply economic sanctions
 - Political turmoil in Iran rumbled on endlessly
 - Carter at last ordered daring rescue mission:
 - Had to be scrapped when key equipment failed
 - During withdrawal, 2 aircraft collided (killing eight rescuers)
 - Rescue's failure anguishing for Americans
 - Seemed to underscore nation's helplessness

XI. Foreign Affairs and the Iranian Imbroglio (cont.)

- As 1970s closed, much had changed in U.S.A.
 - Postwar boom and broadly shared prosperity over
 - Replaced by more fitful and less equitable spurts of economic growth
 - Ascendant conservative movement popularized
 - Support for free markets and criticism of government
 - Economic inequality and political polarization grew
 - So did tolerance and inclusion on
 - Race, gender, ethnicity, and sexual orientation

CHRONOLOGY	
1970	Nixon debates McGovern for presidency Equal Rights Amendment passes Congress (not ratified by states) Title IX of Education Amendments passed
1975	Treaty of Paris ends conflict in Vietnam and U.S. withdraws Agnew resigns; Ford appointed vice president Breivick v. Richardson Bo v. Hall
1975-1976	Watergate hearings and investigations
1976	Nixon resigns; Ford assumes presidency Muller v. Bradley
1975	Minorski accords South Vietnam falls to communists
1976	Carter debates Ford for presidency
1978	Camp David accords between Egypt and Israel United States v. Hucker
1979	Iranian revolution and oil crisis SALT II agreements signed (never ratified by Senate) Soviet Union invades Afghanistan
1979-1980	Iranian hostage crisis
1980	U.S. boycotts Summer Olympics in Moscow

r031