

US History

The Nixon, Ford, & Carter Years

Learning Target:

I can define malaise and examine how this accurately describes the mood of the country and the economy in the 1970s.

3. Economic Woes

Malaise – 1. An indefinite feeling of debility or lack of health.
2. A vague sense of mental or moral ill-being.

-People, nations, and economies can all feel malaise - 1970s led to a collective malaise for America

The Sickened Economy

-US had been accustomed to steady economic growth since WWII
-Recessions had been short and always followed by strong economic growth
-Americans now facing an economy where their children might do worse than their parents

Inflation & Unemployment

-Inflation increased from 1-3% to 20%
-Unemployment ballooned to 10% had been under 5% since 1945
-Economists usually see either high inflation or high unemployment separately but not together
-Stagflation – High unemployment and high inflation Why?

Stagflation & Oil

-Price of oil skyrocketed due to the OPEC embargo on the US
-Price of oil is independent of other economic factors and caused the price of all goods to go up
-Any good shipped by truck or plane saw its prices increase drastically
-OPEC's embargo was eventually lifted but the price of gas tripled from 1970-1980

Nixon, Ford, & Carter

-All three were unable to fix the economy

-Nixon tried to reverse deficit spending
-Attempted to raise taxes and cut the budget to reverse deficit spending
-Congress refused to cooperate with his plan

-Ford started his economic program W.I.N. (Whip Inflation Now)
-Americans asked to conserve fuel and energy
-No real incentive for Americans to change their behavior, few did - not very successful

-Carter tried tax and spending cuts but still saw inflation top 18%
-Spending cuts fell mostly on social programs which angered liberal democrats
-Slowing economy also led to high unemployment & business failures angering Republicans
-Economic woes eventually led to the election of Reagan over Carter