Jimmy Carter at the National Press Club, October 14, 1980

Jimmy Carter with 1973 NPC President, Donald Larrabee. National Press Club Archives

Three weeks before Election Day, President Jimmy Carter (b. 1924) outlined a new "economic revitalization program" in a speech delivered at the National Press Club. Carter's bid for reelection was threatened by runaway inflation that had increased to double digits during his fourth year in office even as the nation's rate of unemployment also rose to high levels and the dollar deteriorated on the international market. In addition, Carter had been unsuccessful in his efforts to rescue or arrange for the release of American hostages held in Tehran since November 1979 by the revolutionary government of Iran. Carter faced a strong challenge from the Republican nominee, the ex-Governor of California, Ronald Reagan, who had been the front runner in the polls for some time. John B. Anderson, a moderate Republican congressman running as an independent, was challenging Carter in traditional Democratic strongholds. On the day of Carter's Press Club talk, newspapers reported that a number of celebrities who had backed Carter's opponent in the Democratic primaries, Senator Edward M. Kennedy, announced their support for Anderson.

In recent weeks, Carter had criticized Reagan more harshly than in the past. At his Press Club appearance, Carter not only attacked Reagan's "tax and spending proposals" as unworkable, but during the question-and-answer session, called attention to a pattern in Reagan's past and recent statements on domestic and military issues that Carter characterized as "extremely dangerous." Minutes after the Press Club talk, members of a self-described Republican "truth squad" held a press conference to dispute Carter's allegations. That evening, the Reagan campaign received national polling information indicating that Carter had pulled ahead by two points, his first lead in months.

Three days later on October 17, the Reagan campaign for the first time agreed to a debate against Carter alone. Previously they had insisted on Anderson's participation, a condition Carter had refused. The debate was held October 28, one week before the election. In his concluding remarks, Reagan posed a series of piercing questions that many in the viewing public took to heart: "Are you better off than you were four years ago? Is it easier for you to go and buy things in the stores than it was four years ago? Is there more or less unemployment in the country than there was four years ago? Is America as respected throughout the world as it was? Do you feel that our security is safe? That we're as strong as we were four years ago?" It was widely believed that Reagan's performance in the debate secured his victory on Election Day.

Historians and economists place the Carter presidency within a decade-long period of economic misery marked by persistently stagnant economic growth and inflation—a condition dubbed "stagflation"—that engulfed the nation following the OPEC oil embargo of 1973-74. U.S. fiscal policy changed radically during this time in an effort to remedy the crisis. During the Kennedy and Johnson administrations, fiscal policy had been based on theories advanced by the British economist John Maynard Keynes that had first begun to influence U.S. policy at the end of the New Deal. Keynesian economics, which proved especially effective during World War II, stipulated that long-term high levels of unemployment and the devastating business cycles of boom and bust that had plagued advanced economies over the past century could be eradicated through government spending at deficit levels. Spending would lead to increased consumption and greater demand for new product. Increased production on a national level would insure full employment, according to the theory. The economic expansion and productivity increases resulting from Keynesian theory lasted for two decades following the end of World War II and insured a continuing rise in the average American's standard of living.

Beginning in the late 1960s, however, both unemployment and inflation started on an upward trend. Large U.S. conglomerates faced stiff competition from revived German and Japanese firms that operated more efficiently and produced superior products at lower prices. After the price of oil doubled due to the OPEC embargo, the U.S. suffered through a deep recession lasting into 1975, the nation's worst economic crisis since the 1930s. Unemployment, which averaged 4.6 percent from 1950-1970, rose to more than 8 percent. The foreign trade deficit increased as U.S. productivity slumped. The cumulative effect of the recession depressed real wages for workers and buying power for consumers. Uncertain business conditions inhibited capital investment. Despite a variety of remedies attempted by the Nixon, Ford, and Carter administrations, the stagnant economy endured. Herbert Stein, the chairman of the president's Council of Economic Advisers during the Nixon presidency, expressed the frustration of the era's policymakers by noting, "The years 1974 to 1981 were a period of extreme, even frantic, fine-tuning, of a ceaseless attempt to keep up with economic conditions that were churning and whose meaning was never completely understood or agreed upon."

Carter won the presidency in 1976 running as an outsider who planned to bring integrity and competency to Washington after Watergate. During his tenure as governor of Georgia, he had become a symbol of a socially progressive and fiscally conservative New South by desegregating the state government, reorganizing and streamlining it, and making department heads justify budgetary outlays annually. A born-again Baptist, Carter gained a reputation for bringing a moral motivation to politics, though some criticized him as self-righteous. In his inauguration speech as governor, Carter pledged, “No poor, rural, weak, or black person should ever have to bear the additional burden of being deprived of the opportunity of an education, a job, or simple justice.” Carter’s term as governor was marked by successes in the areas of judicial reform, “sunshine” laws promoting open government, and strong environmental legislation.

As president, Carter and his economic advisers, many of whom had served in the Kennedy and Johnson administrations, put together a fiscal stimulus package of tax cuts and spending programs to reduce unemployment. Carter scaled back a number of these initiatives, however, when he feared they might increase inflation. Many in the liberal wing of the Democratic Party felt he was deserting the tradition that had guided the party since Roosevelt. Carter tried to compromise with the left, while also adjusting his policies in response to changing economic data. By 1979, control of inflation, which had risen to 11.3 percent, became Carter’s main priority. In that year, the price of oil rose from $14 to $34 a barrel due to the Iranian revolution.

Carter went on a retreat to Camp David for eight days in July 1979 and consulted with nearly 150 leaders of business, government, labor, and academia. He also met with groups of citizens to listen to their advice and criticism. At the conclusion, he delivered a speech lamenting the “crisis in confidence” that had afflicted the nation. Carter warned, “The erosion of our confidence in the future is threatening to destroy the social and the political fabric of America.” He set out a six-point energy program and asked for resignations of his cabinet and staff. When the chairman of the Federal Reserve Board, William Miller, became Carter’s new Treasury secretary, Carter appointed Paul Volcker as Miller’s replacement and agreed that Volcker would act with total independence.

The measures Volcker imposed to turn the economy around—restricting the money supply so that interest rates rose to an unprecedented level—were extreme, and the country went through a sharp recession in 1980 as a result. Unemployment figures soared as economic growth slowed. Skyrocketing interest rates kept many Americans from buying homes. Historians have judged that Volcker’s draconian measures, based on “monetarist” theory at odds with Keynesian economics, harmed Carter’s chances for reelection, but in the long run worked successfully to tame inflation. Volcker continued his tight money strategy during the first years of the Reagan administration, leading to a severe recession in 1981-82 and record levels of unemployment. Yet after prices stabilized, low levels of inflation have persisted into the twenty-first century, and unemployment rates have remained relatively low as well, with the exception of the period of the Great Recession and its immediate aftermath.

-- Alan Gevinson, Special Assistant to the Chief,
National Audio-Visual Conservation Center, Library of Congress

Bibliography

Bivan, W. Carl. *Jimmy Carter's Economy: Policy in an Age of Limits*. Chapel Hill: University of North Carolina Press, 2002.

Bourne, Peter G. *Jimmy Carter: A Comprehensive Biography from Plains to Postpresidency*. New York: Scribner, 1997.

Brinkley, Douglas. "The Rising Stock of Jimmy Carter: The 'Hands on' Legacy of Our Thirty-ninth President." *Diplomatic History* 20 (Fall 1996): 505-29.

Carter, Jimmy. *A Full Life: Reflections at Ninety*. New York: Simon & Schuster, 2015.

________. *Keeping Faith: Memoirs of a President*. New York: Bantam Books, 1982.

Drew, Elizabeth. *Portrait of an Election: The 1980 Presidential Campaign*. New York: Simon and Schuster, 1981.

Germond, Jack W., and Jules Witcover. *Blue Smoke and Mirrors: How Reagan Won and Why Carter Lost the Election of 1980*. New York: Viking Press, 1981.

Hargrove, Erwin C. *Jimmy Carter as President: Leadership and the Politics of the Public Good*. Baton Rouge: Louisiana State University Press, 1988.

Lemann, Nicholas. "How the Seventies Changed America." *American Heritage* 42, no. 4 (July/August 1991), 39.

Kaufman, Burton I., and Scott Kaufman. *The Presidency of James Earl Carter, Jr.* 2nd ed., rev. Lawrence, KS: University Press of Kansas, 2006.

Schulman, Bruce J. "Slouching toward the Supply Side: Jimmy Carter and the New American Political Economy." In *The Carter Presidency: Policy Choices in the Post-New Deal Era*, ed. Gary M. Fink and Hugh Davis Graham, 51-71. Lawrence, KS: University Press of Kansas, 1998.

Stein, Herbert. "The Fiscal Revolution in America, Part II: 1964-1994." In *Funding the Modern American State, 1941-1995: The Rise and Fall of the Era of Easy Finance*, ed. W. Elliot Brownlee, 194-286. Cambridge: Woodrow Wilson Center Press and Cambridge University Press, 1996.

Zelizer, Julian E. *Jimmy Carter*. New York: Times Books/Henry Holt, 2010.