America In 1980: Oil Crisis And The Iran Hostage Crisis

With the constant economic and social downfalls that Americans were facing leading up to the 1980 Winter Olympics, America was dividing and the solution for building back that unity came from one victory; team USA's win over the USSR in hockey. This event single-handedly captures what it was like to truly be an American during this time.

In 1979, America experienced two major downfalls: the oil crisis and the Iran hostage crisis. Both of these events were surrounded by the Shah of Iran, Mohammad Reza Pahlavi who was the ruler from 1941-1980. After coming to power in 1941, Pahlavi was heavily supported by the US because of his pro-Western foreign policies and the encouragement for economic development in Iran. In 1951, conflict between Pahlavi and Iranian nationalist Mohammad Mosaddegh started to stir up. With the rapid support for Mosaddegh by Iranian citizens, Pahlavi was forced to select Mosaddegh for premier. Conflict then followed, as Pahlavi tried to discharge Mosaddegh from leadership riots ensued and with the secretive support from the United States and the United Kingdom, Pahlavi was reinstated to power. In the mid 1950's, with U.S. support, Pahlavi executed the White Revolution which was a national development program that involved construction projects for roads and railroads, irrigation projects, encouragement for industrial growth, and the decimation of popular diseases such as malaria. Pahlavi received heavy political criticism because improvement was not moving quick enough as well as religious criticism since Westernization opposed Islam. Widespread discontent started to pick up as it was showing that the distribution of these programs were not benefiting everyone. In 1978, the Iranian revolution started with heavy rioting to take down the Monarchy in Iran and eventually led to the oil crisis of 1979. As the rioting began taking down governments in Iran's major cities, Pahlavi left the country to seek medical treatment for the cancer that he had. He ended up in America causing Iranian militants to go into the U.S. embassy in Tehran, the capital of Iran, and take hostage of 60 Americans known as the Iranian hostage crisis.

Americans saw the Iranian hostage crisis as a major failure. David Farber, author of Taken Hostage, writes "The United States could not protect its own people; it could not get them out of harm's way; it could not bring them home safely."(Farber 2) This reflected a bad image of America to the rest of the world as it showed weakness. America was supposed to be unstoppable and strong but with the Iranian hostage crisis, it showed that America could crumble like anyone else and just like the hostages in Iran, Americans felt like they too were held hostage. The timeline of the hostage crisis is most interesting as it was occuring during the transition from president Jimmy Carter to president Ronald Reagan.By early 1980, Carter tried implementing different tactics to release these hostages such as breaking off diplomatic relations, sending intermediaries, and asking the United Nations to intervene but nothing was working. Due to the failures of these tactics Carter attempted a military rescue on April 24,1980. David Patrick Houghton, author of book US Foreign Policy and the Iran Hostage Crisis, calls the military rescue "the greatest disaster of Carter's presidency. Eight servicemen died in the rescue attempt, all as a result of a collision between aircraft which occurred following the cancellation of the operation midway through."(Houghton 2) Carter wanted to take care of this catastrophe before Reagan took over as president which led him to go to the lengths of the military rescue which was a complete disaster. The hostages were finally released on Reagan's inauguration day and it is believed that Iran released them because of Carter's open weakness

whereas Reagan was seen as stronger and more fearful. This event is similar to the Vietnam War as it was a large hit to U.S. morale and reputation internationally.

Iranian discontent led to a blow in their oil industry, causing a major loss in output as well as a rise in prices internationally. In a report written by James Phillips he says that the effects of the shutdown of oil exports threw “world oil markets into disarray and generating intense consternation among oil-importing states.”(Phillips) In America, the decrease was only by 4% but the panic was so great that states were forced to carry out gasoline rationing where gas can be purchased every other day correlating to the last digit of the license plate whether it was even or odd. Prior to the oil crisis, in 1978, the Federal Reserve was fighting the unemployment rate with monetary policies. These policies were not showing any signs of success but it is likely that it caused an environment for increasing oil prices. The Federal Open Market Committee(FOMC) took notice that inflation was growing and they believed that the monetary policy was suitable for what was going on they still decided to keep the policy rate unchanged. This is another example of America showing weakness against Iran as they were instilling fear into Americans with their decrease of oil output showing that they have power over them.

In December of 1979, the Soviet invasion of Afghanistan took place. This invasion was in response of the Afghan War which was caused by the little support Afghanistan had in their new Marxist-Lennist government. This new government was close with Soviet Union, initiated purges of internal criticism, and large land and social improvements.