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## **1 9 7 9      -A YEAR OF SETTING THE COURSE**

In 1979, 45 years ago, committed young people founded "International - the magazine for international politics".

Reason enough to consider what other events characterised world politics in this year. It can be said that 1979 set the course for a new globalisation, religious movements led to new alliances and the oil shock brought about a new perspective on energy and consumption.

The following section takes a closer look at seven events this year.

### **1. China opens up under Deng Xiaoping**

When Mao Zedong proclaimed the People's Republic of China in 1949, after the victory of the communists in the civil war, he announced a radical break with the past, "greater and harsher than that of the time of the First Emperor". The latter ruled from 221-210 BC and unified China with a heavy hand: Currency and laws, weights and measures, writing and thinking were standardised. The new, communist China was also to be created in this spirit. The West, in particular the USA, was declared the enemy. After a brief period of "friendship and co-operation" with the Soviet Union, these relations were also broken off. A new Chinese wall was erected between Marxist-Maoist China and the outside world. Internally, too, the People's Republic largely endeavoured to be self-sufficient. After the humiliations of the past 100 years, it wanted to go its own way.

In February 1972, US President Richard Nixon visited China, probably also to win the country over in the Cold War against the Soviet Union. But it was not until 1 January 1979 that diplomatic relations were established with the USA, which at the same time broke off all official ties with Taiwan.

1979 was the decisive year in which China pushed ahead with its economic reforms and opened up strongly to the outside world. In January of that year, the great reformer Deng Xiaoping travelled to the USA. It was the first state visit by a leading politician of the People's Republic, the significance of which can be seen from the fact that "Time" put him on the front page. China underwent a dramatic turnaround both internally and externally. Externally, isolation was abandoned; internally, new guidelines for the

economy was introduced: More wages were to be paid for more output, social inequalities were permitted, foreign corporations were to be given the opportunity to invest and produce in special economic zones. The result was "Chinese-style capitalism". Pictures from Beijing now showed private small traders, Coca-Cola and Western clothing.

Gerd Kaminski made it possible for Austrians to follow this development from the very beginning. With this opening, China opened up a new sales market for Western companies, while at the same time utilising the opportunities of a global market to export its products all over the world. The gradual authorisation of private ownership, recognition of performance and the curbing of the planned economy in China changed the global economy: in 1979, China's GDP accounted for only 8% of America's, whereas in 2015 it was 61%. China became the workshop of the world. With the "New Silk Road", the infrastructure was expanded to all continents.

## **2. Margaret Thatcher and neoliberalism**

Margaret Thatcher became Prime Minister of Great Britain in May 1979. She played a decisive role in making neoliberalism a major force in shaping economic policy in her country and in international economic relations. The social scientist David Harvey calls this new policy "a revolutionary turning-point in the world's social and economic history". In any case, it can be said that Thatcher symbolised a political turning point: The theory of John Maynard Keynes and his doctrine of deficit spending, which had dominated since the Second World War and focussed on expanding the welfare state, was to be pushed back by the new policy.

Where are the origins of neoliberalism? In Austria! As Quinn Slobodian explains in detail in his book "Globalists-The End of Empire and the Birth of Neoliberalism", it was three Austrians who first worked out the main features of the new economic theory. Ludwig von Mises, Gottfried Habeler and Friedrich Hayek worked for the Chamber of Commerce on Vienna's Stubenring in the 1920s and, influenced by the conditions in Vienna and Austria, worked out their ideas on the economy and society. Others, such as Fritz Machlup, joined this circle again and again.

Their main demands: Lower taxes for business and industry, a hard currency, no state intervention except when it comes to rolling back the influence of the trade unions. It is important that the domestic economy is competitive in the international arena. Even back then, critics of this concept called it a

"Class struggle from above". Mises has written articles such as "The real depoliticisation of economics" and "The repercussions of the development of the global economy on the shaping of social policy".

Ludwig von Mises was then appointed professor at the University of Geneva, Friedrich Hayek at the London School of Economics.

The UK was hit earlier and harder by the economic crisis of the 1970s than other Western European countries. Inflation reached 25%, exports collapsed and GDP fell. The Labour government tried to solve the problems with

This led to further difficulties in the health sector, energy supply and waste collection. Even the Times was not published for a whole year after conflicts with the printers. Thatcher, supported by the media, managed to portray the situation in such a way that the problems could be solved by a "Conservative turnaround". The Prime Minister was not only concerned with economic reforms, but with a fundamental change of attitude along the lines of "the state is not the solution, it is the problem".

With more economic freedom, according to the official narrative, would also come more political freedom. Together with the election of Ronald Reagan in the USA and the opening up of China, this led to a "monetarist turn" with new socio-political goals and a new impetus in worldwide globalisation. The welfare of citizens was no longer to be promoted through more social spending, but by supporting individual interests.

### **3. The second oil crisis and its consequences**

In a solemn speech to the entire nation on 15 July 1979, then US President Jimmy Carter invoked the self-confidence of his countrymen and declared: "The confidence that we as a people have always had is not a romantic dream or wishful thinking. It is the idea upon which our nation is built and which has always guided the development of our people. Confidence in the future must guide our actions, both in public institutions and private companies. This speech was not about a new declaration of war, nor was it an election campaign kick-off. It was about Americans being ready to deal with the second shock.

The first oil shock in 1973 already shook the economies of industrialised nations to the core. The second shock, which was triggered by the Islamic revolution in Iran, has once again severely impacted the global economy. Whereas a barrel (159 litres) of Saudi crude oil cost \$1.30 in 1971, the price rose from \$2.70 to \$9.76 between 1973 and 1974.

then a price increase from initially \$ 16.97 to \$ 28.67 just one year later. However, this drastic rise in the price of oil also led to a decisive political reorientation. While the Europeans initially sourced their oil primarily from the Middle East, the Soviet Union now increasingly became the most important energy supplier. They wanted to put their energy supply on a reliable footing and had more confidence in Moscow than in political developments in the Middle East.

Germany, Austria and other countries greatly expanded their gas imports from the East. This led to the "natural gas pipe deals". Western companies supplied pipes to the Soviet Union, which were paid for with natural gas.

The USA was against these business relations from the outset, with the Soviet invasion of Afghanistan also being used as a strong argument. However, personalities such as the then German Chancellor Helmut Schmidt spoke out against the economic boycott demanded by the USA. Schmidt openly argued that energy supplies from the East were needed and that Germany's own exports to the Soviet Union were too important to do without this partner. As the Soviet Union was also accused of expansionist tendencies, Chancellor Schmidt countered with the argument:

"The Soviet Union must be helped to develop energy sources on its own territory in order to curb its appetite for foreign sources". In any case, the Soviet Union seemed more predictable to the Western Europeans than the previous oil suppliers.

The oil shock of 1979 therefore had long-term consequences in various areas. "Saving energy" became a political category. Thermal insulation was greatly improved and more and more cycle paths were built. Environmental protection became an issue, combined with the development of new energy sources such as wind and solar energy. Environmental protection became a new topic of political discussion.

#### **4. Khomeini and the Islamic revolution**

On 1 February 1979, after a long exile in Iraq and a short one in France, Ayatollah Khomeini landed in Tehran, where the cleric was greeted enthusiastically by millions of followers like a prophet. The discontent of the masses was obvious and had a long history. In 1953, the popular Prime Minister Mohammed Mossadegh was overthrown in a CIA-backed coup, having previously nationalised the Anglo-Iranian Oil Company. This consolidated the power of Shah Mohammad Reza Pahlavi, who, supported by the USA, promoted a policy of modernisation along Western lines. Although

Although this led to considerable economic growth, his policies met with strong opposition at home and among Iranian students abroad. This opposition included left-wing groups as well as Islamists and democrats. When American President Jimmy Carter began to include respect for human rights in his foreign policy programme, the Shah lost support in the West.

In particular, his secret police were accused of using torture methods against government opponents. Two weeks before Khomeini's arrival, the Shah was forced to flee the country.

Just how popular Khomeini already was in the West can be seen from the fact that journalists paid for the special flight from Paris with their tickets and at the same time served as a human shield. Khomeini then demanded the immediate resignation of the government still appointed by the Shah and the expulsion of all foreign advisors. The military, which the Shah had heavily rearmed, initially held back. After a few days, popular militias occupied the barracks and the old government was deposed. But it was not only the old government that was overthrown. The entire political, social and cultural order was shaken and the revolution's claim went far beyond its own country. In the Iranian revolution, initially still supported by a broad spectrum of political groups, those who represented radical political Islam prevailed. For the new rulers, religion also played a decisive role in people's political and social lives. This meant a fundamental challenge to Western values and Western influence wherever it had previously been exercised.

Obviously, the radical nature of the "new theocracy" was initially not fully recognised in the West. Some believed that the ayatollahs would not be able to rule the country in the long term, others were glad that it was not the communists who succeeded in seizing power.

We were in the middle of the Cold War. Even the very intellectual French President Giscard d'Estaing hoped that Khomeini would win, as oil supplies would have been jeopardised if the left had won. But very soon radical popular militias took over the police and military in the "Islamic Republic".

Just how radical the Islamists were became clear when the American embassy was stormed in autumn 1979 and 66 employees were held hostage. This led to a break with the West, but at the same time it became clear that radical Islamic fundamentalists were dominating the street protests and politics. When the US attempt to free the hostages failed in April 1980, it became clear that it would not be easy to counter the new Islamist challenge.

This was mainly because another event also took place at the end of 1979, namely the occupation of the Grand Mosque in Mecca by an Islamist commando. This occupation was brutally suppressed, whereupon the Saudi monarchy decided on the following political line: its own policies should be characterised by Islamic principles. The education of the youth was entrusted to the Wahabi clergy; fanatical young people were to be sent to Afghanistan to fight against the Soviets. This meant that the Islamist tendencies of the Shiites were in competition with those of the Sunnis. Both sides were endeavouring to export their religion. The extent to which Tehran succeeded in strengthening its own power base in the Middle East can still be seen today in Lebanon, Gaza and Yemen.

## **5. The Soviet invasion of Afghanistan**

Just how paradoxical the international situation had become as a result of the Islamic renaissance became clear after the Soviet Union invaded Afghanistan with 85,000 soldiers in December 1979, in order to support the pro-Moscow government in Kabul against attempts by the opposition to overthrow it. But who was this opposition? The following can be read in a communiqué issued by the Afghan resistance movement: 'We demand the immediate withdrawal of Soviet troops. After the liberation of our country, we want to establish an Islamic order. After the fall of the current puppet regime, the mujahedin (holy warriors) should take power in Afghanistan. After victory, elections are to be held and an Islamic government formed. Sharia law is to be the basis of jurisdiction. Ultimately, Afghanistan is to become an Islamic state with Islamic institutions.

The situation was paradoxical because the same USA that was practically at war with the Islamists in Iran was at the same time supporting the holy warriors in Afghanistan who were fighting against the Soviets. This support was not illogical. The Cold War was still the defining feature of international relations and Moscow was consolidating its influence in various parts of the Third World, in Southeast Asia as well as in Africa. There were also fears that the Soviet Union might seek control of oil regions via Afghanistan, which posed a real threat in view of the current oil crisis. It was also threatening that there was talk of modernising nuclear weapons at this time. The West feared the new SS 20 missiles, while the NATO Double-Track Decision envisaged the deployment of new nuclear weapons in Western Europe.

Before 1979, Afghanistan was a rather insignificant country. It had no harbours, hardly any factories and raw materials, 85% of the population were

Illiterate, the majority of people lived modestly from agriculture. Now the war divided the states, both in terms of the sanctions demanded by the USA and the boycott of the 1980 Olympic Games in Moscow. The war was cruel. Of the approximately 15 million inhabitants of Afghanistan, 10% died in the fighting. Millions of people fled, especially to Pakistan. The number of Soviet soldiers killed in action is estimated at 30,000, the number of wounded at The Afghanistan memorial in Kiev lists the number of fallen Ukrainian soldiers at 3,000. Overall, a visit to this memorial gives the impression that the non-Russian population groups in particular were heavily deployed in Afghanistan.

The invasion of Afghanistan was a fiasco for the Soviet Union. The implosion of the country ten years later undoubtedly also had many internal causes, such as the contradiction of communism between aspiration and reality or the failed economic reforms under Gorbachev. But the war in Afghanistan was soon regarded as the "Soviet Vietnam" and contributed to the dissolution of the Soviet Union.

But the consequences for the West were also dramatic. Despite the victory of the opposition in Afghanistan, or perhaps precisely because of it, radical Islamists were significantly strengthened. While the training and deployment of Islamic fighters was initially promoted and financially supported by both the USA and Saudi Arabia, it soon became clear that they could no longer be controlled. Osama bin Laden, initially still supported by the Americans, very soon deployed his fighters against the USA.

Iran and Afghanistan symbolise geopolitical upheavals that have shifted the international fields of conflict far beyond the Cold War and created different alliances. While radical fundamentalists in Iran opposed the USA, they fought the Soviet Union in Afghanistan and then turned against the West. The wars in Afghanistan have shown very clearly that even a conflict "far back in the Hindu Kush" can have global repercussions at any time.

## **6. Pope John Paul II in Poland**

Pope John Paul II's trip to his home country was an event that made a decisive contribution to strengthening the opposition in Poland and ultimately to overcoming communism. It did not trigger a revolution, but it strengthened the self-confidence of millions of people who welcomed him enthusiastically. The Pope's visit can be seen as a turning point in the Cold War because the mass events gave people courage and hope. From now on, the state rulers had to deal with

They could no longer simply dictate their policies. The Pope showed that a different society was possible. Shortly afterwards, the trade union Solidarnosc was founded, which then spread to other communist countries. It was important that the Pope not only addressed Catholics, but also other groups. Left-wing intellectuals, for example, who had come together in the KOR association, sent a message of greeting to the Pope.

John Paul II did not express himself directly politically in his speeches, but addressed fundamental issues: The right to truth in the face of lies, respect for religious freedom, the right of the Church to its place in society.

The question arises as to why the Pope's visit was so successful. Firstly, it can be said that the Catholic Church in Poland derives its legitimacy from the fact that it formed the backbone of the Polish nation for centuries, especially in those years when there was no Polish state. The Catholic Church was a defence for the Poles against the Protestant Prussians on the one hand and the Orthodox Russians on the other. Catholicism thus became part of the Polish national identity. In addition, there was a piety supported by large sections of the population.

It was probably also important that the Pope's career as Karol Wojtyła was closely linked to the Catholic centres of Poland. He grew up near Krakow and studied there until the German occupiers conscripted him into forced labour. He worked in Krakow as a professor, auxiliary bishop and, from 1964, as archbishop. He was regarded as a rather pragmatic and intellectual clergyman. It was probably these qualities that prompted Cardinal König, Archbishop of Vienna, to strongly support his election as Pope in October 1978. It was the first time since 1522 that a non-Italian had held the highest church office, and one from the other side of the Iron Curtain at that.

In addition, the majority of people were very dissatisfied with the political and social conditions. In the 1970s, Poles lived in a social order that they did not want and for which they did not want to work. This was bound to lead to supply shortages. However, the Soviets were blamed for this, accused of appropriating everything that was good and expensive in Poland and then lacking in their own country.

Thus, in 1979, two religious movements appeared on the world stage at the same time: Khomeini gave the protests against the USA and the West a religious



Foundation. John Paul II was immediately seen as the antithesis to the secular rulers in Poland.

## **7. The victory of the Sandinistas in Nicaragua**

In 1979, the dictator Anastasio Somoza Debayle was overthrown by the Sandinistas and had to leave Nicaragua for the USA. Somoza was at the head of a family clan that had ruled and exploited the country for 40 years. Similar to the Shah, his power was based on the material and political support of the USA, which found an anti-communist ally in the Cold War. Jimmy Carter's human rights rhetoric initially weakened the image of the tyrant, and ultimately also his position of power. Just a few weeks before his escape, Somoza was asked whether he would like to leave the country, like the Shah. His answer: "The American president also has low poll ratings and won't resign".

The Sandinistas, named after the guerrilla leader Augusto Sandino who was shot dead in 1934, founded the Marxist Frente Sandinista de Liberacion Nacional (FSLN) in 1962 and were a liberation movement modelled on the Cuban revolution. They succeeded in creating a broad opposition base ranging from Marxists to liberal circles, which was joined by landless farmers and the middle class. The FSLN was also able to gain the support of parts of the church. Daniel Ortega Saavedra, who had returned from exile in Havana (and is now the country's president again), asserted himself as the leader of the movement. However, the bishops also justified the uprising of 2 June 1979 in the face of "clear and persistent tyranny".

At the time, Nicaragua was a country with only 2.3 million inhabitants. However, the 1979 revolution was echoed around the world and met with great interest. The Sandinistas came to symbolise the dawn of a better world. Solidarity groups were set up in numerous countries to collect donations and thousands of volunteers travelled around the country. This was also due to the fact that the USA mobilised and militarily supported the so-called "Contras" against the new rulers. The new government in Washington under Ronald Reagan wanted to do everything it could to prevent a to prevent a "new Cuba".

The Catholic Church's stance on the revolution was not entirely clear. Parts of the clergy had turned against Somoza in 1979. Three ministers in the new government were priests and supporters of "liberation theology". The new constitution guaranteed religious freedom and the church radio stations continued to exist. However, the official hierarchy of the church always spoke out against the "theology of liberation". The fight against

Exploitation and oppression should not be fought with weapons, but as peaceful resistance.

In any case, Pope John Paul II has called for members of the government to resign their priesthood. When the priest and culture minister Ernesto Cardenal knelt before the Pope during his visit to Managua, apparently in anticipation of a blessing, the Pope audibly asked him to clarify the situation in his church.

Overall, it can be said that the Sandinista revolution not only awakened dreams of a fairer society in Nicaragua, but also far beyond. The revolution symbolised the awakening of those countries in the Third World that were seeking their own path between the major powers. The revolutionary government initially endeavoured to find an economic system that could reconcile social justice with economic efficiency. But revolutions are always measured against the hopes they raised before the revolution.

So 1979 was a year in which a decisive course was set for the future development of the world. What forces brought about these changes?

In view of the importance of religious movements this year in particular, we can perhaps say the following: history is made by people and powers. There is also a force that the sceptic calls coincidence, but the believer probably calls providence.

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