The IMF is particularly angered by the Turks' insistence on maintaining a high growth rate, and has called upon the Turkish government to slash its ambitious economic growth projections in the still unpublished Fourth Five-Year Plan. Both the IMF and the World Bank have demanded to review the plan before it is published, to ensure that it conforms to their requirements.

Closely coordinating its activities with the IMF, the World Bank issued a report last month on the Turkish economy which demands that the Turks abandon their industrialization drive. The report was described by one West German source as a "lead-in" for the recently formed Brandt Commission, headed by former West German Chancellor Willy Brandt and advised by Henry Kissinger. The Brandt Commission is actively working to subvert the Bonn-Bremen arrangements for economic reorganization and prevent the industrialization of the Third World. The Brandt Commission was especially active in trying to sabotage a Turkish government-sponsored conference on the new world economic order held early last month in Istanbul.

The World Bank report states:

> Under today's circumstances Turkey must change its industrialization strategy. It is impossible to achieve industrialization while having such a large trade deficit. Therefore, it is not realistic to expect development in heavy industry sectors such as chemicals, heavy machinery, manufacturing, and mining. Instead, Turkey must shift toward export-oriented light industry. . . .

A battle of wills

Ecevit and his allies inside the government, realizing that implementation of further austerity measures in Turkey will only exacerbate the widespread unrest and weaken the Ecevit regime, are taking a hard line against the IMF. According to an article titled "Bülent Ecevit talks Turkey to the IMF," printed in the Sept. 5 British daily *The Guardian:*

> The crux of the matter is that for political reasons Ankara is extremely unwilling to impose further austerity measures just now. The people are already groaning under the austerity measures of last winter and officials fear that a further tightening of belts could lead to sharp reaction. They are probably thinking of the example of Peru where martial law was declared in the major cities recently to quell public disorder in the wake of the latest austerity standby agreement with the IMF....
>
> Mr. Ecevit's dilemma is: if he breaks with the IMF, he may be ostracized by the international financial community whose cooperation is vital for Turkey; if he gives in and takes the austerity measures with the Fund's recommendation, he may face serious trouble. Turkey

Economist urges pastoral Turkey

The British weekly *The Economist* has been the most blatant in delineating the kind of role envisioned for Turkey by the World Bank and IMF. Turkey, said *The Economist*, must become not the industrial bridgehead between Europe and the Middle East, but the "granary, dairy and butcher for the region"! *The Economist* complains that Turkish Prime Minister Ecevit is going too fast in pushing economic development, and derides Turkey's efforts to industrialize and export industrial goods to Eastern Europe, the Soviet Union, North Africa, and the Middle East:

> The Turkish planners' dream of exporting cars and refrigerators is unrealistic. The north African consumer market is small; many of the Middle Eastern countries can afford Cadillacs and Mercedes; and Eastern Europe and Russia have their own industries. But if Turkey could become granary, dairy and butcher for the region, its exports would greatly benefit.

Enraged Turks reply

In angry response, the Turkish press has denounced the demands of the IMF et al., as extensions of the same colonial policies imposed by Great Britain on her subjects for centuries.

An editorial in the Aug. 27 Turkish daily *Cumhuriyet* responded indignantly to *The Economist* call for deindustrialization, and scored the British magazine as a mouthpiece for the IMF and World Bank. The editorial also attacked Britain and other EEC members for imposing a virtual embargo on Turkish textile exports, Turkey's primary foreign exchange earner.

> *The Economist* has summed up how the West views Turkey's economic situation in a language not so in line with typical British subtlety . . . *The Economist* has verbalized without any qualms what lies behind the World Bank's proposal for "continuous devaluation," behind its advice to shift resources to agriculture and light industry from heavy industry, behind the IMF's classic prescriptions of "drop your growth rate," "cut your import volume," and "implement a realistic currency rate."
>
> For more than a quarter of a century, Turkey has been given advice "not to undertake jobs bigger than you can do" and shift weight to light industry and agriculture. Turkey's economic policy is being pressed to reorient itself in this direction. The EEC's view of Turkey is not any different from this point of view.
>
> After Italy, EEC members

already suffers from political violence, with nearly 400 people killed in clashes so far this year.

Like a growing number of other Third World leaders, Mr. Ecevit believes that the IMF's conventional stabilization formulae are recessionist and not compatible with the realities of underdeveloped states. They lead to stagnation.

"Stagnation," said Mr. Ecevit recently, "results in grave social and political crises and eventually in upheavals due to the slow-down of development or rising unemployment. In turn, such crises or upheavals increase the tendencies to establish authoritarian regimes." It was not coincidence, added Ecevit, that authoritarian regimes were gaining ground in developing countries.

Turkey's current clash with the IMF, therefore, goes beyond the second tranche or austerity measures and is a matter of general principle. It centers upon the formulation of a different set of principles more in line with the realities in the Third World.

In addition to Ecevit, another top level government proponent of economic development is Defense Minister Hasan Esat Isik. In a recent interview with the Turkish daily *Cumhuriyet*, Isik stressed that the basis for national security is economic development and detente. "Our conception of national security," said Isik in a swipe at the IMF, "is not to obstruct our economic development, but to facilitate it."

Turkish Finance Minister Ziya Müezzinoglu has also taken a tough stand against the IMF, leading to a run-in with Central Bank governor Tayyar Sadiklar, who has pledged to carry out the IMF proposals "to the letter." Last month the government tried unsuccessfully to have Sadiklar expelled from his post. Sadiklar, an appointee from the previous government, managed to obstruct these efforts.

In an op-ed on Aug. 25, prominent *Cumhuriyet* columnist Ilhan Selçuk attacked the IMF for forcing devaluations on Turkey, devaluations which, in the past year, amount to 85 percent against some major currencies. Selçuk singled out Keynesian economic theory for criticism, for promoting devaluations as helpful in solving economic crises. And he scored Britain's handling of its 1929-31 economic crisis, when the British adopted a course similar to that urged on Turkey today, noting that the sterling devaluation of 1931 helped catapult Hitler to power by depressing German exports. Selçuk also criticized the weakness of the Turkish government toward the British and the IMF.

The problem: Despite the widespread outrage that the IMF's demands have engendered, the Turkish government has yet to put forth a strong policy alternative. This failure could play right into the IMF's hands, increasing the Fund's leverage against the Ecevit regime, already badly weakened by the spiraling violence between left- and right-wing political factions triggered by the neo-Nazi commandoes of Col. Alparslan Türkes.

Britain and France have implemented a virtual embargo against Turkish textile products. They have, in particular, halted imports of cotton thread from Turkey. This is not the first embargo imposed on textiles. This situation also was faced at the beginning of last year. In addition, at the initiative of the EEC, the tax return ratio given to Turkish exporters of cotton has been reduced, therefore increasing the export price.

Ironically, textiles are one of the branches of light industry that the West has been encouraging underdeveloped countries such as Turkey to adopt.

On Aug. 23, a *Cumhuriyet* editorial attacked the World Bank for trying to reorient Turkey away from heavy industry, comparing the Bank's efforts to those of the British in the 1800s:

What kind of industrialization strategy should Turkey follow in the next five years? While the Fourth Five-Year Plan is being prepared, this question has become the front issue. One's attention is attracted to the fact that not only the responsible nations institutions but also the foreign financial centers are interested in the issue. Those Western centers that hold the sources of credit in their hands seem to have become involved in an effort to give direction to Ankara's industrialization policy for 1979-1983. . . .

In a report, prepared by the World Bank, the road of development that Turkey has to follow is being laid out. . . .

Needless to say, this is not the first report by the World Bank on this issue. In 1974, the following suggestions were made in another World Bank report:

1) Turkey's agricultural sector should be emphasized.

2) Turkey should reduce the share of industrial investments in total investments.

3) Turkey should give priority to expanding production of consumer-oriented goods and services.

As can be seen, the same viewpoint is predominant in both reports. The road that is being suggested to Turkey is that she abandon those sectors of industry that are the heart of development. In other words, Turkey is being asked to adopt the kind of industries that do not produce technology, and be satisfied with being a backward extension of the West.

In reality, it could be said that this approach . . . has a past of 150 years. In the 1800s, when Britain had captured the lead in industrialization, British economists developed the following "Holy Thesis": Britain should specialize in machinery, America in corn, and Portugal in wine. Today, this "Holy Thesis" has been given more subtle dimensions, but its core has not been changed.

The present economic crisis which Turkey is going through is a product of vicious cycles created by the West's classic prescriptions. If Turkey does not want to fall into this trap again in the future, she should break out of this vicious cycle during the period of the next Five-Year Plan.