

## NATO Prepares Turkey Coup To Quash Moratorium Option

### TURKEY

A Greek diplomat predicted last week that "in the not too distant future" the military will seize power in Turkey and proceed to enforce an International Monetary Fund austerity package that Prime Minister Suleyman Demirel has been unwilling to carry out. The diplomat noted: "The scenario is really very similar to the 1967 NATO-planned military takeover in Greece."

A NATO-backed military regime in Ankara would send political tremors throughout the eastern Mediterranean region, in particular Greece and Cyprus, whose leaders have been taking decisive steps over the past several weeks to distance themselves from the Carter Administration. One worried Greek newspaper reporter expressed fear that a military government in Turkey would not be cautious and ignite "a flash war in the Aegean" between Greece and Turkey. "Greece," he added, "is in serious trouble if there is a military coup in Turkey."

#### *Turks Consider Debt Moratorium*

For the IMF, a military solution for Turkey has some urgency. According to the Turkish daily *Cumhuriyet*, rumors are circulating in London financial circles that Turkey is considering declaring a debt moratorium rather than accept IMF loan conditions. In July, the bulk of Turkey's \$2.3 billion in short-term debt — in foreign-held currency deposits — falls due. With less than \$500 million in foreign reserves, Turkey faces almost certain default unless the foreign banks that have extended the loans to Ankara agree to roll over the debt. One Chicago banker reports that most banks demand that the Turks accede to IMF recommendations as the condition for re-scheduling. Those recommendations include a major tax increase, a slowdown of Turkey's national growth rate from 8 percent to 5 percent, a devaluation of the Turkish lira by 75 percent, and an across-the-board slashing of imports which would paralyze Turkey's public and private industrial sectors. Already, as a result of the reserves crisis, imports have been sharply curtailed.

A panicked Citibank is monitoring Turkey's reserve situation on an hourly basis, *Cumhuriyet* reports, and both the New York Federal Reserve and the Central Intelligence Agency have prepared confidential internal reports on Turkey's political situation.

There is precedent in Turkey for the declaration of debt moratoria just as there is precedent for the IMF's efforts to prevent it. In 1958, Prime Minister Adnan Menderes, burdened by a large debt and trade deficit and

on the brink of default, looked toward a debt moratorium and closer economic ties with the Soviet Union as a possible solution to Turkey's economic crisis. In 1960, Menderes was overthrown in a military takeover, tried, and hanged.

Again, in 1965, Prime Minister Ismet Inonu, a founder of the Turkish Republic in the 1920s, announced his intentions to the OECD to declare a moratorium on Turkey's debt. Within three weeks, he was removed from power. Two years later, Demirel became Prime Minister as the IMF's hand-picked candidate for carrying out its policies.

Despite long-time functioning on behalf of Rockefeller financial interests, Demirel is under intense pressure from pro-development business and industrial forces not to capitulate to the IMF demands which would mean the destruction of the Turkish economy. After a meeting last week with Demirel in London, President Carter admitted that the talks did not go well and that "we have a long way to go." Some analysts feel that Demirel's bucking of the IMF is due to his reluctance to embrace austerity measures so close to the June elections. Most observers, however, concur that Demirel's resistance will likely continue after the elections largely because he will once again be forced to form a coalition government that will not have the strength or mandate to carry out the IMF's recommendations.

While a victory by opposition leader Bulent Ecevit

"NATO has more than one Operation Prometheus plan in its arsenal. Turkey is next in line."

—Greek Diplomat, May 9, 1977

may lead to the formation of a more stable government, the pro-socialist base of his Republican Peoples Party will likewise prevent Ecevit from implementing austerity. Last week, Ecevit warned the Carter Administration against involving itself, either directly or indirectly, in the internal affairs of Turkey, specifically in inciting the unrest and violence breaking out throughout the country.

#### *Interpol's May Day Massacre*

The worst outbreak of violence occurred May 1 in Istanbul. Hundreds of thousands of members and sup-

porters of the pro-socialist trade union confederation DISK were fired upon by extremists linked to the neo-fascist paramilitary forces of Deputy Prime Minister Alparslan Turkes. Thirty-nine people were killed, and hundreds wounded or arrested. The operation was an invitation to the military to intervene and "restore order."

Interpol, Rockefeller's international policy apparatus, coordinated the massacre through the Interpol-controlled Turkish police. Oktay Engin, chief of the security department of the national police department in Turkey, was responsible for providing security during the May Day celebrations. In 1955, Engin, then a security officer, threw a bomb into the birthplace of Kemal Ataturk, founder of the Turkish Republic. The incident was blamed on the left, and several leftists were accused and tried. In addition, Mehmet Akzambak, former deputy director of the police force and current security chief at Istanbul's Intercontinental Hotel, is also implicated in the May 1 massacre. Several gunmen who fired on the crowd that day were stationed in the Intercontinental Hotel.

—Nancy Parsons

## A Chicago Banker On Turkish Crisis:

The Turks will simply have to bite the bullet. The problem with the Turks is that they are too nationalistic, too oriented to growth and that ideology of Ataturk that calls for development. If Demirel comes out and says forget about growth, he will lose the elections. We are keeping our fingers crossed that after the elections there will be a strong enough government to enforce the IMF reforms. If not, a military takeover is highly possible. The atmosphere in Ankara is highly charged these days...The worst scenario possible would be if the Turks requested a rollover without agreeing to impose the IMF reforms. This would be unacceptable.