

Germany, France aid Turkey against IMF

The Republic of Turkey has become the centerpiece of joint West German-French efforts at the recently concluded summit in Guadeloupe, which appear to be aimed at breaking the International Monetary Fund's control over Third World economies, and helping establish the European Monetary System's role as the new world monetary system.

West German Chancellor Schmidt, backed by French President Giscard d'Estaing, pushed for the creation of a special loan fund to enable Turkey to stabilize its beleaguered economy and extricate itself from the strait-jacket of an unworkable International Monetary Fund austerity program. The Turks have requested that this fund provide Turkey with approximately \$8 billion in fresh credits to be used not for debt repayment, but for the financing of the country's ambitious five-year development program. This program the Turkish government, despite tremendous IMF pressure, has refused to abandon. The Turks have stressed that without such a fund, the resulting economic instability will have severe political ramifications, possibly leading to an attempt at a

Chile-styled generals' coup. Fully aware of this danger, Schmidt and Giscard at Guadeloupe stressed to President Carter the urgent need for a loan mechanism for the Turks.

In an interview in the Jan. 9 West German daily *Sueddeutsche Zeitung*, Turkish Prime Minister Bulent Ecevit praised West Germany and France for supporting Turkey's fight against the IMF, and denounced the IMF for plunging his country "into an abyss." With the support of the Europeans, and hopefully the U.S., said Ecevit, Turkey can be the model for all Third World countries committed to development and at odds with the IMF.

Will the U.S. get on board?

It is clear that West Germany is using the Turkish situation as a "test case" for the European Monetary System... and for Carter.

Although Carter was reportedly "convinced" by Chancellor Schmidt of the need for aid to Turkey, the U.S. is still holding back from committing itself in joining with the Europeans to extend the kind of economic assistance that Turkey needs. The reason for the Administration's reluctance is the fear of bucking and bankrupting the IMF, and of undercutting the London financial and political circles behind it.

In a weak-kneed effort not to alienate the Turks, Deputy Secretary of State Warren Christopher was dispatched to Turkey on Jan. 10 to "inform" Ankara that \$300 million in

clusion of a SALT treaty with the Soviet Union, and this cannot but be considered positive — in view of the fact that France always opposed such negotiations as dangerous for European security. This seems to us the most important result of Guadeloupe. The creation of a "directorship of four" which now includes West Germany, is now a fact. There are those who see in this new development a counterweight to the classic, traditional Anglo-American entente.

Flora Lewis, New York Times, Jan. 5:

The four-power Western summit meeting starting here tonight reflects an evolution in America's relations with Europe, as well as something of a shift in the policy and style of President Valery Giscard d'Estaing, the host. Announced as an informal unstructured meeting in which the government chiefs can exchange their concerns about problems anywhere in

the world it is in effect a revival of Charles de Gaulle's idea of a Western "triumvirate" with the addition of West Germany...

The organizers of the Guadeloupe meeting have declared that no decisions and no declarations will emerge from the meeting. Nonetheless, it is bound to affect overall American-European relations, which had already been changing.

Perhaps the measure of the change can be seen in the subtle movement of French policy under Mr. Giscard d'Estaing, who a few years ago had a close relationship with Chancellor Helmut Schmidt of West Germany, then warmed French relations with the United States and now seems to be returning to a French-German foundation for his policy.

Mr. Giscard d'Estaing has come to share some of Mr. Schmidt's harsh judgment of President Carter, officials say privately, particularly in his feelings that the United States has

lacked firmness of direction and failed to face up to big power responsibility in Africa...

At the same time, Mr. Giscard d'Estaing has been fairly open in his assessment of British influence as drastically on the wane. He told the public with satisfaction not long ago that France had forged well ahead of Britain in economic strength and that his aim was to equal West Germany in the mid-1980s. The goal, he said in effect, was to create a kind of French-German centerpiece for Western Europe because it would be dangerous to leave West Germany alone as the dominant power of Western Europe and it would open Europe to American domination if the problem was to be solved through political integration of Common Market members.

It adds up to both a desire and a sense of opportunity for Western Europe to play a weightier part in the American-led Western coalition.

military and economic aid may be forthcoming in 1980. The amount is far below Turkey's needs and expectations, and, according to the *New York Times*, will most likely disappoint Ecevit, not to mention the Europeans. The *Times* goes on to note that the \$300 million will probably never even be disbursed, because of opposition by the Zionist-connected Greek lobby in the United States.

Several IMF sources expressed their worry over the "intensive discussions" going on in Europe regarding the establishment of the special fund for Turkey. Both the European Economic Community and the OECD are currently discussing the shape of such a fund. NATO is also considering setting up a fund for Turkey. This latter loan mechanism would undoubtedly be linked to certain, as-yet-unidentified "strings" to keep the Turks in line.

At the same time, however, the Turks are developing a hedge against IMF and NATO arm-twisting through greater economic ties with the Soviet Union. Soviet credits to Turkey have amounted to more than a billion dollars in recent years, and the Soviets are also building a steel complex at Iskenderun with a six million tons per year capacity. And the declaration on "friendly relations and cooperation" signed between the Soviets and the Turks last summer brought with it a Soviet pledge of three million tons of crude oil a year in exchange for Turkish products.

—Nancy Parsons

The future of the EMS is

Felix Goryunov, a leading Soviet economic commentator and proponent of a gold-backed monetary system, has written the first article in a major Soviet international publication to report that the new European Monetary System may succeed. Writing with Valery Lokhmachov in the weekly New Times at the end of December, Goryunov linked the EMS's chances of success to its ability to aid the modernization of industry and to its leaders' willingness to "appraise the realities . . . of the world economy," such as the importance of long-term East-West trade agreements.

The Goryunov-Lokhmachov article preserves elements from those Soviet commentaries that have denounced the EMS — such as the assumption that it will hurt the working population in Europe — which reflect the terms of debate over the EMS within the Soviet Union. In the context of increasing Soviet attention to the importance of continental Western Europe's international peace and development moves, however, it appears to be an opening of the door to eventual Soviet endorsement of the EMS.

In commentaries during the first days of 1979, the Soviet military paper Red Star and other press highlighted West German Chancellor Schmidt's attempt to

French assess their world role

Writing in Le Figaro on Jan. 8, commentator Paul Marie de la Gorce contributed a major review of France's growing role in world affairs. Excerpts from his article, titled "The Axes of French Foreign Policy," follow.

France's foreign policy remains different from its Atlantic partners on many issues. Four examples, in Africa, the Mideast, Iran and China, were provided by recent events:

. . . In the Western Sahara, France has chosen, contrary to its previous positions, a rigorous neutrality . . . In Chad a discreet agreement negotiated by the Libyan Prime Minister Jalloud has 'frozen' the situation. Paris has exerted considerable pressure on Zaire for the latter to come to terms with Angola and everything is done — and the same is

true for other Western countries — to help the Neto government go beyond an exclusive tete-a-tete with the Socialist camp. . . . Last, the President has for the first time used the name Zimbabwe when referring to Rhodesia . . . thereby following the black nationalist opposition's terminology.

. . . The idea that France could be the champion in the struggle of one camp against the other definitely has been dropped. . . .

Nothing has changed as far as France's approach to the Mideast question however. . . . recognition of all countries, withdrawal from occupied territories since the 1967 war, creation of a fatherland for the Palestinians. . . . No separate agreement but a global settlement, hence the French reservations about President Sadat's initiatives and skepticism on Camp David. The opposition is striking between the French and the U.S. views.

The same opposition of views is true for Iran. . . . that the highest circles in the French government have for months been passing strictures on the Shah. In any case those circles think that it is impossible to identify French interests — and possibly those of the West — with the continued presence of the current regime. And that it is dangerous to throw back the opposition toward other kinds of alliance. . . . Before his leaving for Guadeloupe, Mr. Giscard d'Estaing had sent a high level civil servant from the Quai d'Orsay (the French Foreign Ministry) to meet Khomeini and listen to his comments on the current situation in Iran. . . .

. . . Giscard thinks that of the two real dangers of war today, one stems from the Soviet-Chinese confrontation (the other stemming from the situation in the oil producing countries). But in no way does he draw the conclusion that one must play Peking