



National Foreign Assessment Center

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Short-Term Prospects for Turkey

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An Intelligence Memorandum

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Summary

Turkey remains beset by political, economic, and internal security problems with which Prime Minister Demirel's minority government seems scarcely able to cope. Spiraling political violence is evolving into mass unrest. If unchecked, it could turn into open insurrection or civil war. Lack of foreign exchange has caused the economy to grind to a halt, further fueling the political violence.

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Together with continued jockeying and partisanship by Turkey's political leaders, these developments have impelled military leaders to become more involved in the political process. Their demand in early January that the squabbling politicians unite to solve Turkey's problems nudged the government into taking stronger action on both violence and the economy and has evoked some grudging cooperation from other political parties. But interparty feuding has continued, and the onrush of events leaves the impression of a government still lacking control. In a followup statement, Turkey's senior military leader warned that time is running out for a democratic solution to Turkey's problems, and there are other indications that the military's patience is wearing thin.

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About the only bright spots for Turkey and for Western interests in this bleak picture are the government's economic stabilization program, which contains the kind of medicine that the economy needs, and Demirel's pro-Western orientation, which has made Turkey more sensitive to the concerns of the West. Turkey's friends and allies have reacted favorably to the government's moves and are following up their 1979 rescue effort with an even bigger aid package this year.

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This memorandum was prepared by [Redacted] of the Western Europe Division, Office of Political Analysis. It has been coordinated with the Directorate of Operations, the Office of Economic Research, and the National Intelligence Officer for Western Europe. Information available through 9 March 1980 was used in the preparation of this memorandum. Comments and questions are welcome and may be addressed to Chief, Western Europe Division, OPA, [Redacted].

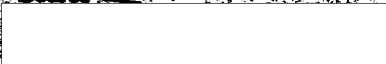
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Whether Turkey's continued slide can be arrested—or at least slowed—will depend on a number of factors. Though hard on the public, the stabilization measures will have to be implemented firmly and left in place long enough to be effective. Turkey will need to secure prompt and relatively easy access to foreign funds to buy oil and other necessities to get industry and agriculture moving again and to alleviate public hardship. Political violence and mass unrest will also have to be contained. These are demanding requirements for Turkey's leaders and allies, and the Turkish military is likely to deem it necessary to play a more forceful role in solving the country's mounting problems.



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An Activist Government

When conservative Prime Minister Suleyman Demirel returned to power a hundred days ago, he did so reluctantly. Faced with deepening economic and internal security crises and dependent for a working majority on the uncertain support of two extreme rightist parties, Demirel was not eager to risk more buffeting by the same problems that brought down his previous government in December 1977. [Redacted]

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Many of Demirel's worst fears have been realized. He has received only grudging and intermittent support from the government's informal partners; the economy's slide has continued unabated; political violence has moved toward civil strife; and the opposition has regularly attacked his administration. Moreover, Demirel has had to endure the humiliation of yet another military pronouncement, made more bearable only because it was directed as much at the opposition as at him. A similar intervention in 1971 led to the resignation of an earlier Demirel administration. [Redacted]

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The pronouncement and the continued behind-the-scenes political involvement of military leaders paradoxically have strengthened the feeble minority government. Demirel has secured parliamentary passage of a part of his internal security package and moved even more boldly on the economic front with his wide-ranging stabilization program. Moreover, Demirel has shown new flexibility in Turkey's relations with the United States, the EC, and the Greeks. [Redacted]

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All of this has earned Demirel a certain respect from segments of the Turkish elite and populace, but it has also fueled resentment and left the government open to criticism from the opposition and from one of its informal partners. The strengthened internal security measures have failed to reduce the growing political violence, and the stabilization program has led to a steep rise in prices for many goods. [Redacted]

Demirel survived his first formal parliamentary test—the budget vote late last month—and his opponents and informal supporters may refrain from pressing him hard in the coming months for fear of a military coup. Events outside parliament, however, could still force the military's hand. In that case, Demirel would have two options. He could remain in power and risk

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being compromised politically by presiding over military-inspired, draconian measures, or he could give way to what is likely to be a military-backed, above-parties government or—in the worst case—direct military rule [redacted]

Economy at a Standstill

At the end of Turkey's worst winter in 30 years, the Turkish economy is staggering. The annual rate of inflation is now over 100 percent—up by some 20 percent in just a few months—and still soaring. Unemployment has surpassed 20 percent and is rising despite substantial padding in the large and inefficient state economic sector. Most basic commodities are in short supply, and rationing, blackouts, and transportation bottlenecks are common. Industrial production has dropped to 25 to 50 percent of capacity for lack of raw materials. There is no foreign exchange to purchase them. This aggravates the foreign exchange shortage because it limits exports. [redacted]

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Political Violence Deepens

Turkey's worsening economic plight has contributed to the new and dangerous turn in political violence. Although there have been some 2,500 politically motivated killings over the past two years, most have been the result of hit-and-run attacks among rival urban gangs. Mass outbreaks of violence have been limited to the remote eastern provinces, which has lessened their impact. Leftist militants are now focusing their efforts in major urban areas like Izmir and Istanbul, and in contrast to their earlier hit-and-run approach, they seem prepared to strike, regroup, and confront security forces [redacted]

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More ominously, Turkey's difficulties are providing militants with a large base of converts and sympathizers among workers, salaried employees, and other hard-pressed groups. Security forces had great difficulty ending disorders in Izmir last month, including a two-week-long workers' occupation of factories. Leftist militants in Istanbul succeeded in bringing commerce temporarily to a halt by intimidating shopkeepers into closing down their stores. In Adana and some central Anatolian provinces, on the other hand, extreme rightists are trying to recapture jobs, administrative power, and neighborhoods lost under the left-of-center Ecevit administration. These problems are contributing to the escalating violence and, along with the worsening economic situation, are creating fear, privation, and loss of faith in Turkey's institutions among the heretofore stolid Turkish public. [redacted]

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The politics-as-usual approach that civilian leaders have taken toward the mounting political and economic turmoil has impelled the military to broaden its political role significantly. The Demirel government's extreme partisanship in making its initial appointments and the Ecevit-led opposition's obstructionist tactics on internal security legislation prompted military leaders—perhaps in collusion with an exasperated President Koruturk—to issue a stern warning to Demirel and Ecevit on 2 January. This demarche, reminiscent of the 1971 "coup by memorandum," urged the politicians to unite to solve the country's problems and implied that otherwise the military would intervene [redacted] (b)(3)

The demarche sent a shock wave through the Turkish political world. Grudgingly and haltingly, parliament enacted part of the government's internal security package, strengthening police authority and stiffening criminal statutes. It also approved the extension of martial law to violence-plagued Izmir province and to Hatay in the southeast, while lifting it in Sivas, leaving 20 of Turkey's 67 provinces under martial law. Demirel, moreover, has given the military a freer hand in administering and implementing martial law. Parliament has yet to enact a state-of-emergency statute, giving security forces wider powers to apprehend lawbreakers or reestablishing state security courts to aid in their prosecution. [redacted] (b)(3)

Paralleling these moves on internal security, Demirel announced a far-reaching economic reform package on 24 January. Described as courageous by Demirel's supporters, and even by some detractors, the measures represent a sharp break with past economic policy and are a major step toward returning Turkey to payments equilibrium. The centerpiece of the program is a 50-percent devaluation of the lira in the case of petroleum imports and agricultural exports, the main items in Turkey's foreign trade, and a 33-percent devaluation for most other goods and services. Other measures include a sharp cut in subsidies for state economic enterprises, removal of most private sector price controls, a reduction in import duties, and steps to boost exports. [redacted] (b)(3)

In foreign policy, the Demirel government has reemphasized Turkey's ties to the West while seeking to preserve the cordial relations its predecessor established with the Soviet Union and nonaligned—particularly Muslim—countries. It has avoided the frequent anti-Western rhetoric of Ecevit and his colleagues and instead has pointed out the common interests Turkey shares with its NATO Allies. In more concrete terms, the government has initialed a new defense cooperation agreement with the United States. It has revived the EC-Turkish Association Council forum and announced its intention to seek full membership in the European Community. Although

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Demirel has continued to oppose Greek reintegration into NATO on anything other than Turkish terms, the government has withdrawn, under military prodding, Turkey's five-year claim to control of the airspace over the eastern half of the Aegean. This could give new momentum to the Alliance effort to secure Greek reentry into its military wing and help solve remaining Greek-Turkish differences. Demirel also seems receptive to a resumption of the stalled intercommunal talks on a Cyprus settlement. On the other hand, the government's desire to retain good relations with nonaligned states and with the Soviet Union is evident in its circumspection toward the Iranian revolution and toward Moscow's invasion of Afghanistan.

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Few Early Results

So far the government's activism has done little to check political violence, and its economic program has not had time to work. Meanwhile, the political cooperation the military demanded is still lacking—a fact that prompted General Staff Chief Evren last month to issue a second warning that politicians should unite or face the prospect of military intervention. Though necessary for Turkey's longer term economic health, the government's economic reforms have been wrenching in the short term. Prices of basic commodities have been increased from 46 percent for gasoline to 350 percent for newsprint and unemployment has risen as the government has tried to reduce the size of the inefficient state sector. Shortages of basic goods are likely to continue and will not be alleviated until there is an influx of foreign aid on which the program has been predicated.

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The additional internal security measures have produced even fewer short-term gains, and both tension and violence have increased. Despite the roundup of large numbers of terrorists and the arrest of several key leaders, particularly on the left, political murders have climbed to record highs, and extremists are becoming bolder. This is especially true of the extreme left, which has reacted to the government and military clampdown by taking the offensive, as in its spearheading of the Izmir and Istanbul disturbances. In what seems to be a dangerous and inexorable pattern, moreover, extremists are beginning to target Turkish servicemen in addition to prominent Turkish civilians and US servicemen.

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Although sporadic cooperation between government and opposition has been fostered by the military's demarche, the informal coalition among Demirel's moderately conservative Justice Party and two extreme right minor parties continues to be shaky. Opposition leader Ecevit has attacked the government's efforts to cope with violence and the economy, likening them to a "South American dictatorship." Most recently, his party voted against the

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government's budget for 1980. On the government side, the neofascist Nationalist Action Party (NAP) has remained firm in its support of Demirel, but Necmettin Erbakan's Islamic-oriented and anti-Western National Salvation Party (NSP) has been reliable only on make-or-break issues, such as the budget vote. On other issues it has often combined with Ecevit's Republican People's Party to defeat the government. Moreover, Erbakan has continuously lambasted Demirel inside and outside parliament, and Demirel has responded in kind. [REDACTED]

Despite its few achievements, the Demirel government has nonetheless earned respect and moral support for its boldness. Demirel's economic reforms, his greater responsiveness to Western concerns, and Turkey's increased strategic importance in light of the Iranian revolution have prompted Turkey's friends and allies to speed up the delivery of aid already promised and to support another OECD-led rescue effort this year. Since the announcement of Demirel's stabilization program, Turkey has received a total of nearly \$300 million in loans from the United States, the International Monetary Fund, and private banks. The IMF is considering another drawing of \$79 million and intends to begin talks with the Turks this spring for a new two- or three-year standby loan agreement in excess of \$500 million. The United States and West Germany, meanwhile, hope that the OECD session on 26 March will pledge a figure at least equal to the 1979 total of \$900 million and that it will provide better terms. [REDACTED]

Outlook

The ability of the Demirel government to bring violence under control is questionable. In addition, the toughness of the recently implemented economic measures has provoked widespread unrest, which could grow. To be sure, Demirel's economic stabilization program contains appropriate prescriptions. But the adjustment period will be wrenching and the bureaucracy—reluctant to lose some of its prerogatives—could still place roadblocks in the path of the government. Anticipated foreign aid will mitigate the program's initial harsh impact. Specifically, foreign exchange will permit resumption of imports of oil and other materials needed to get idle factories back into operation. Even if the amount of assistance is more generous than that offered last year, however, it may not be sufficient to buy off unrest. [REDACTED]

The belt-tightening is particularly unpopular with labor, and problems seem likely to escalate as workers try to keep ahead of inflation. Strikes and lockouts are already in progress in several key economic sectors, and other areas could experience clashes between workers and security forces similar

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to those in Izmir. Political extremists are unlikely to be deterred from fomenting unrest by the growing government and military clampdown. Despite the imprisonment of many troublemakers, moreover, Turkey's stress-racked socioeconomic structure will continue to produce replacements who are equally committed to destroying existing institutions. [REDACTED]

Demirel's government could fall under the weight of such problems, but both his tacit partners and his opponents have some hesitancy about the wisdom of ousting him at this juncture. Demirel's alliance with the NAP and the NSP has endured despite his defiance of Erbakan on such key issues as relations with the West and reduction of the state economic sector. Part of the reason is Erbakan's calculation that Demirel, because he has presided over Turkey's crises, will suffer in the next general election scheduled for mid-1981. Erbakan probably also fears that the secular-minded military will step in if Demirel falls and proscribe his party as it did in 1971. Ecevit's Republican People's Party, which itself suffered during the 1971-73 period of indirect military rule, may also choose not to press Demirel so far as to topple the government. [REDACTED]

The next tests for the government and for interparty relations will be the parliamentary election of a new president beginning on 22 March and fate of Demirel's tax reform package shortly thereafter. If the government survives those events intact, it may be able to fend off parliamentary threats for the remainder of this spring and summer. [REDACTED]

The military, for its part, can be expected to grow increasingly frustrated by Turkey's economic and internal security problems. These threaten both military and national interests, and military leaders will be inclined to expand their political role to cope with the problems. So long as the Demirel government remains responsive to their "suggestions," military leaders will probably continue to operate behind the scenes because they are reluctant to become directly involved in governing and because they fear that Turkey's democratic image—and supply of foreign aid—will suffer. [REDACTED]

If Demirel begins to resist military demands or if violence and unrest threaten to get worse, the military would probably weigh in more forcefully, either by establishing a military-backed government that would be above parties or, in the extreme, by taking over directly. In any case, the military is unlikely to give political leaders merely another warning. In order to retain its credibility, the military leadership will feel obliged to take firmer action. In sum, the extraparliamentary threat to the Demirel government in the next few months may become even greater than the threat of losing parliamentary support. [REDACTED]

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