

compounded by the internal political stalemate. Ominously, however, the most recent elections, which led to the fall of the Ecevit social democratic administration and the formation of Demirel's right-wing minority government, provide signs of a resurgence of the right-wing to which the left, seriously divided, is ill-poised to provide effective opposition.

The growing crisis of the Turkish economy can be dated from the sharp rise in commodity, particularly oil, prices in 1973 and the onset of world slump. The 1960s had seen rapid growth based on import substitution in consumer goods, which reduced imports of non-essentials to a minimum by the early 1970s. Little effort was made to expand and diversify exports, which remained traditional commodities accounting for only 4% of total output. The sharp rise in import prices in 1973/74, coupled with the loss of remittances from guest workers in Europe, opened a massive balance of payments deficit, which was initially financed by short term international borrowing. As sources of new credit dried up, the government was forced to curtail imports of essential raw materials, intermediate inputs and capital goods. This led to a sharp fall in output. With about 50% of industry state-run, the resulting deficits of the state economic enterprises caused a sharp rise in the total public sector deficit, which was financed mainly through the printing press. The inevitable outcome was a massive rise in inflation.

The solution favoured by international financial circles is the standard IMF package of cuts in government spending, increases in taxes and devaluation. The Ecevit government was forced into following this policy, largely in the hope of securing additional international credit. In the event, additional doses were demanded as the precondition of further credit (in any event, the new credit from private banks would only

have met interest payments so as to prevent a formal default); and the rising inflation rate led to internal disillusionment. This lack of success, which to a large extent was responsible for the election setbacks that led to Ecevit's resignation, is scarcely surprising. Turkey's traditional exports are unresponsive to devaluation, and while restrictive fiscal and monetary policy can be expected to reduce inflation, the impact on growth and living standards has, and will continue to be, disastrous. The alternative strategy of export diversification, which might have worked in the 1960s, is now blocked by lack of international credit, growing protection of the markets of the advanced capitalist countries, and intensifying competition from the newly industrialising countries, particularly of SE Asia.

This period of growing economic crisis has been accompanied by a political stalemate, eliminating any possibility of decisive government direction. The right wing Justice Party, which ruled in the late 1960s and early 1970s, was forced in the 1974-77 period to retain power by means of a coalition, under Demirel's leadership, with the small pro-Islamic National Salvation Party and the nationalist neo-fascist National Action Party. Defections to Ecevit's Republican People's Party brought Ecevit to power in 1977, though to achieve this he was forced to fill his cabinet with independent deputies. In this period, the neo-fascist movement, represented by the National Action Party, grew in strength, both electorally and in terms of organisation. This racist, anti-western and anti-communist movement lies behind the high level of political assassinations which has been a continuing and menacing feature of Turkish political life over the past few years; and the fascists have been able to exploit for their own purposes the latent tensions against the Kurdish and Shi-ite minorities in the south-eastern part of the country. The

TURKEY - WHICH DIRECTION?

Recent economic and political events suggest that Turkey is set to reassume its old mantle of 'the sick man of Europe'. With the rapid growth of the sixties and early seventies giving way to stagnant, near zero, growth over the past two years, with inflation running at around 70-80%, and with the international credit-worthiness of the Turkish state in serious question (raising echoes of the Ottoman bankruptcy of 1876), the economic problems are pressing enough. These are



Prime Minister, Suleyman Demirel



Bulent Ecevit

inability of Ecevit's administration to deal firmly with this violence, despite the imposition of martial law in many areas, together with the economic failures, led to a gradual defection of deputies from his party; and the severe electoral setback in the by-elections in November forced his resignation. This gave Demirel his opportunity: lacking a majority in the assembly, yet confident of future electoral success, he formed a minority government. The effectiveness of this new administration remains to be demonstrated, the decisive issue being whether Demirel can contain the divisions between the pro-western orientation of large capital (reflected in Demirel's intention to apply for EEC membership) and the nationalist, anti-western attitudes of the new right. What is certain is that this government will fail to resolve the basic problems of the Turkish economy, and that the costs of the crisis will continue to be loaded onto the ordinary working people.

Through all this, the left has gained in support and increased its organisational capacity. Unionisation in the industrial sector has risen sharply to over 40%, and in this the left wing trade union confederation (DISK) has assumed the major role. Despite this, the left has been severely weakened by sectarianism. Divided over whether or not to support Ecevit, and split into many

groupings (including the illegal Turkish Communist Party), the left has been unable either to mobilise adequately against the rising tide of neo-facism or to build an effective alternative to right-wing policies. Unless these divisions can be resolved, the prospect is of a shift to the right and of increasing conflict in Turkish society.