

card" — i.e. de facto recognition of Israel for the first time ever — "in return for very little."

With the 242 maneuver of Vance shelved, the PLO will now seek an official United Nations Security Council *amendment* of 242 to have it recognize Palestinian national rights. According to *Time* magazine, Arafat will come to the United Nations next month to offer official recognition of Israel in return for an amended 242. *Time* claims that the Soviets have thrown their weight behind this initiative by armtwisting the hardline "rejection front" — which publicly opposes any recognition of Israel under any terms — into backing up Arafat's chosen future diplomatic initiatives.

A correlated PLO move, undoubtedly with Saudi backing, will be to seek European support for a change in 242 as well as official European recognition of the PLO as

a "statal" body. Reliable sources report that the French are now organizing within European Economic Community circles to bring about an alteration of 242 within the next days.

Simultaneously, according to the Aug. 25 Italian daily *Corriere della Sera*, the PLO has mounted a "political-diplomatic offensive" in Rome to end the "unjustified delay" in Italian recognition of the PLO. *Corriere* reports that the cross-party Italian-Arab Friendship League is asking for an "urgent" meeting with Italian Foreign Minister Forlani at the beginning of September to push for PLO recognition.

In a related development, a British government official, Ambassador Craig in Damascus, for the first time ever held a meeting this week with a top-level PLO official. Craig met with Fahoum, and will reportedly soon meet with Arafat.

## Kissinger And Dayan Raise Spectre Of New Lebanon Civil War

During the last week Lebanon has experienced the worst violence in the ten months since the official ceasefire halting the civil war.

Syrian Foreign Minister Abdul Khalim Khaddam and his Lebanese counterpart Fuad Butros met this week in Chtaura, Lebanon to work out a new ceasefire. The meeting was preceded by the sudden eruption of fighting between the Falange and leftists in the Chouf region, southwest of Beirut, the first serious violence there in

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months. At the same time, Falangist forces, backed by Israeli heavy artillery and air support, launched the strongest assault to date against several Palestinian positions along the Israeli-Lebanese border. *Radio Israel* reported that the Palestine Liberation Organization (PLO) has massed 6,000 troops in southern Lebanon, and quoted southern Lebanese villagers that the Palestinian guerrillas are "digging in." Troops from Iraq and Somalia have entered the area to support the PLO. A "preemptive" Israeli invasion and a Syrian-Israeli showdown are not unlikely.

The outbreak of fighting occurred just as a carefully worked out agreement between Syria, Lebanon, and the PLO — known as the Chtaura Accords — was about to be used to ease the unresolved tensions in southern Lebanon. The deterioration of the Lebanese truce has all the markings of the mastermind of the Lebanon civil war, former U.S. Secretary of State Henry Kissinger, and his networks in Lebanon.

The French daily *L'Aurore* questioned the timing of the new round of fighting as an agreement was nearing completion between Lebanese Muslim leader Saeb Salem and hardline Maronite warlord Camille Chamoun to back up the Chtaura Accords. Such an agreement would have deactivated Chamoun's ties to Israeli military intelligence, a key controlling factor in the volatile southern Lebanon situation. As the Conference of

the Lebanese of the Maronite Front was to convene to consider acceptance of the Chtaura Accords, the battles in Chouf and southern Lebanon broke out.

The acceptance of the accords by Chamoun, and his National Liberal Party, would have guaranteed their implementation.

#### *Bait for Israeli Preemptive Strike*

The fighting in the Chouf has, for the time being, stopped, following the deployment of Syrian peacekeeping troops into the region. But following its outbreak both Falangist leader Pierre Gemayel and Chamoun hardened their positions. According to *Agence France Presse* today, Chamoun has given the Lebanese government a "24 hour ultimatum" to crack down on both the Palestinians and the Lebanese left. "Otherwise, we will launch our militias," said Chamoun in a warning to Lebanese President Sarkis. The leader of the Falange militia, Bashir Gemayel, endorsed the Chamoun threat.

The warfare on the border and the threat of renewed bloodshed in the tense Chouf sets a dangerous trap for Syria. Any direct intervention by the Syrian troops would pit them against the Israeli-allied Falange, risking a retaliatory preemptive strike by Israel. Syndicated columnists Evans and Novak warned Aug. 22 of a probable 24 to 48 hour Israeli lightning attack into Lebanon "to protect the Christians." According to French press sources a major topic on the agenda at the Aug. 21 Israeli cabinet meeting was the military situation in Lebanon.

Both *Radio Moscow* and the Cuban press have noted the increasing military role that Israel is playing in supporting the outnumbered Maronites in southern Lebanon. For six straight days, the town of Nabatiye, on the Israeli border, has been shelled by Falange and Israeli artillery. According to the Cuban wire service, *Prensa Latina*, the border town of Marjayoun has also been the center of intense fighting. Israeli fighter jets have provided air cover for stepped up shelling from Israel.

# IMF Sets September Deadline For Turks

The International Monetary Fund (IMF) has issued an ultimatum to the Turkish government to impose austerity by Sept. 24 or face a total cutoff of credit from the West. "Bankers have realised that Turkey is in a major economic crisis," wrote *The Economist*. "Worries over Zaire and Peru, where bankers have \$800 million and \$3.5 billion at stake respectively, are almost beginning to look pale by comparison."

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Panic over Turkey is not limited to the unpaid debt. Since the 1974 Cyprus affair, NATO has been steadily losing influence in the eastern Mediterranean, and anti-American sentiment is widespread. *New York Times* columnist C.L. Sulzberger sounded the alarm this week by raving about the growth of pro-socialist, pro-Soviet sympathies among young officers in the Turkish military. A Turkish government spokesman confirmed that Turkey is indeed "seriously considering" the Soviet option. "Nobody in Turkey is in love with the Soviets," state the official. "But the Soviets are offering us solid deals. The U.S. is offering nothing but pressure."

### Capitulation

Capitulating to the IMF's ultimatum, Turkish Prime Minister Suleyman Demirel has launched his "new economic policy," officially christened "Belt Tightening." The centerpiece of the policy is austerity, and involves drastic cutbacks in all commodity imports, a 50-60 percent currency devaluation, massive taxation leading to a forced shutdown of the "uneconomical" state sector enterprises, cutbacks in all public services by 75-100 percent, and price hikes for oil and oil products by 75-200 percent. Already, Turkey's growth rate — the highest in Europe just last year — has plunged from 8 percent to 5.5 percent. Massive electricity shortages have crippled industry, reducing output by more than 50 percent. And exports of wheat and other foodstuffs vital for domestic consumption have resulted in widespread food shortages.

A World Bank spokesman has confirmed that the IMF is behind the austerity package and that the Fund "requested" that Demirel implement it at this time.

The IMF ultimatum follows months of pressure on the Turkish government to impose austerity. Prior to the June 5 Turkish general elections, the right-wing coalition government of Demirel was too weak to follow through on the IMF's demands, and the IMF was forced to buy time until the elections in the hope that a more stable, majority regime would come into power and carry out the unpopular austerity measures. After more than two months of political stalemate, Demirel was finally reinstalled as Prime Minister, leading a coalition as weak as the one before and more vulnerable than ever to IMF demands.

According to a leading New York banker, "Demirel has set the stage for military intervention. He has proposed the IMF's package, but he is too weak to carry it out himself. It seems the military might have to carry it

out for him." The banker confirmed that a major faction fight currently raging in the general staff of the Turkish army "is definitely linked to the economic crisis and the IMF's demands." Pro-IMF generals linked to Demirel's neo-Nazi coalition partner, Col. Alpaslan Turkes, and backed by Demirel himself are making a major power play against the dominant traditionalist command to seize control of the military and clear the way for an IMF-backed coup d'etat. When it was tried on June 2, this method flopped.

## The Economist: Bankers' Cold Turkey

*The following are excerpts from the Aug. 20 issue of the British weekly The Economist. The article is entitled "Bankers' Problems: Cold Turkey."*

International bankers have been caught napping in Turkey... Now, rather too late, bankers have realised that Turkey is in a major economic crisis which the new-old coalition government probably cannot handle without extensive default....

Turkey has a mere \$500 million of reserves left. It already owes banks and traders around \$1.5 billion for imports received but not paid for. The central bank is now refusing to make the necessary foreign exchange available. Bankers are claiming \$500 million due on letters of credit alone. Some commercial payments are already five months in arrears.

The coldest shock to bankers is that Turkey is now failing to make payments guaranteed by the government. Some \$500 million of convertible lira deposits are falling due right now, another \$500 million before the end of the year. The money is coming through spottily or not at all. Some payments are already several weeks late.

An attempt has been made to launch a little lifeboat to preserve banking confidence. The Bank for International Settlements, which acts as central bank for the top 10 industrial nations, has made a secret loan of \$100 million to Turkey to help it pay out to private bankers under the convertible lira scheme. That won't go far....

Smaller banks suspect that the Turkish central bank may be giving preferential treatment to favoured foreign banks, and trying to penalise those who until now have been making a mint under the convertible lira scheme. They resent the way a few big private commercial banks such as Citibank and Chase Manhattan (the hardest hit by the Turkish economic crisis — ed.), have been effectively delegated the task of operating a queue system on payment arrears. A major international banking row is brewing.

In spite of official aid flows and remittances from overseas workers, Turkey will be at least \$2 billion in deficit this year. Its oil bill alone will top \$1 billion. It has approached international banks for a jumbo loan to get it out of trouble. They have refused. They say that the country must show willing (sic) by going to the IMF and accepting whatever austerity measures it recommends. So far, Mr. Demirel's right-wing coalition government has been too weak to take their advice.