

U.S. is based on a 40 percent component which is sheer monetary valuation (defense and services). While accounting for socially necessary activities, this 40 percent functions "as a tax burden" on the industrial and agricultural output that is the base of real economic activity.

More problematic, he pointed out, is that any "linear" (or accountant-method) view of the economy over time cannot account for crucial phenomena which have the effect of creating major social and economic problems. The two chief phenomena he addressed were (1) the increasing cost of producing the same raw materials over time, and (2) the related burden of indebtedness accruing to an economy when investment is stubbornly poured into the same levels of technology, based on the same raw materials.

The solution he proposed was that the extent to which we are capable of planning "scientific breakthroughs and to realizing those breakthroughs in the advancement of labor" be pinpointed as "the principal determining feature" in elaborating a method for measuring economic growth. He used an engineering problem in agriculture to show how simple increase in the amount of fertilizer on a farm shows "diminishing returns" in growth of agricultural output.

Behind the surprising Iraq-Syria unification

Suddenly, Syria and Iraq are uniting formally into a single state. The two countries — and a bitterly divided Ba'ath Party that rules in each — have been at each others' throats for years. Pushed by Franco-Soviets efforts to stabilize the Mideast since the Camp David "separate peace" fiasco, the Syrians are also hosting a conference of the Palestinian National Council to discuss setting up a Palestine government-in-exile, effectively run by the PLO (Palestine Liberation Organization).

The unification will have historic significance whatever happens. The Franco-Soviet faction is pushing a Geneva Conference overall settlement in the Mideast, but a faction underwritten by London policymakers is hyping the unification instead to run a holy war against Israel and push the Mideast back into the cauldron from which it is trying to climb.

As the Arab world reaches a new level of organization and integration based upon the French-Soviet concepts of mutual economic development, Israel has not surprisingly launched a series of provocations within Lebanon in order to attempt to factionalize the Arab world into warring hardline and moderate

groupings. Last week, heavy fighting took place in southern Lebanon between Israeli-supported Christian militias and UN peacekeeping forces. In addition, Israeli gunboats violated Lebanese territory by shelling southern Lebanese coastline positions, spuriously designated as "Palestinian bases."

Syria-Iraq rapprochement

"Syria and Iraq have reached agreement on all issues concerning the projected union between the two countries," said an official source in Damascus on Monday, Jan. 15.

According to Agence France Presse, "the two Iraqi ministers will focus on the finalization of various accords dealing with the unification of both the Syrian and Iraqi armies and the Ba'ath Party of each country." The meeting will also prepare for the Jan. 26 Damascus summit to be attended by Syrian President Hafez Assad and Hassan al Bakr. The Assad-al Bakr summit was preceded by an important visit of Syrian Defense Minister Mustapha Tlas to Moscow to discuss the integration of the two countries. In addition, a Soviet Communist Party delegation has arrived in Damascus to attend the talks.

Economic breakthrough

According to the Jan. 16 Toronto *Globe and Mail*, the key issue at hand during the talks was the question of mutual economic development. Already on the drawing board is a plan to pump Iraqi oil directly to the Mediterranean via Syria. In addition, Iraq will now provide Syria with oil for its own internal consumption.

One Lebanese daily last week quoted a Syrian official as saying that both countries would soon have "one flag, one president, and one national anthem." But a high-level Syrian diplomat stressed in response that unification can work only if it is approached with a careful strategy of economic development. He said that the union must not focus too heavily on the military question as this will tend to envenom the already dangerous Mideast situation.

The importance of the economic discussions even drew Jordan's King Hussein to Damascus for a surprise visit. According to informed sources, Hussein wanted to discuss the integration of his country into the economic deals.

On Jan. 15, the 14th Palestinian National Council (PNC) meeting met in Damascus as well. Composed of 293 members, it is believed that the main question on the agenda will be the question of a Palestinian government in exile. Although there is an increasing show of unity within the movement, problems still remain within the hardline faction led by George Habash's supporters.

The Palestinian question remains one of the key elements of the Syria-Iraq unification as well. Both PLO head Arafat and Jordan's Hussein have been brought into the high-level talks to share common strategy.

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