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Economic theory

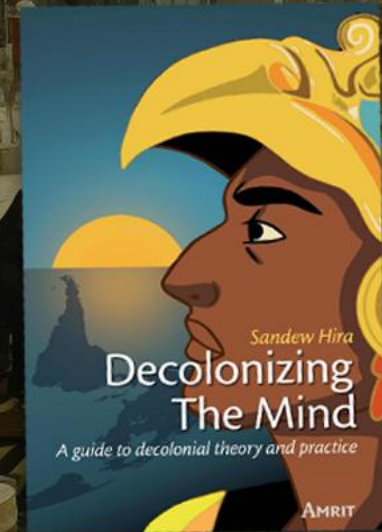
Theories and practices about the production, distribution and financing of goods and services



Decolonial economic theory: basic concepts



Decolonizing The Mind,
the final frontier of colonialism
with Sandew Hira



#039

22-04-2024

Iranian attack of Israel: Sources

- ❑ Mohammad Marandi
- ❑ Scott Ritter
- ❑ Col. McGregor
- ❑ Col . Jacques Baud

What happened?

- ❑ 1 April 2024: Israeli airstrike on Iranian consulate/embassy in Damascus, Syria, killing 16 people, including a senior Quds Force commander Brigadier General Mohammad Reza Zahedi, and seven other IRGC officers.
- ❑ April 13: Iran attacks Israel with 300 drones, cruise missiles and ballistic missiles
- ❑ Zionist view: we shot 99% down
- ❑ Iran's view: we hit military installations: Nevatim and Ramon airbases in the Negev desert and an intel center in the occupied Golan heights

What is the significance?

- ❑ Zionists:
 - ❑ Insignificant: we shot 99% down
 - ❑ Very significant: first massive attack on the state of Israel: we should attack Iran
- ❑ Military analysts
 - ❑ It was not only an Iranian attack. It was an exercise in synchronization of the whole axis of resistance: Iraq, Yemen, Lebanon, Palestine, Iran.
 - ❑ USA army was leaving West Asia to focus on Europe and Asia. Now it is forced to make big investment to return
 - ❑ The cost of Iran's offensive: a few million dollars. The cost of Israel's defensive: 1-2 billion dollars. That is unsustainable.

Military analysts - 1

- ❑ The attack was meant to collect data on the whole air defence system: radar, the different military installation, the functioning of the system (technical, organizationally)
- ❑ The core element of the attack was successful: two airfields and intelligence infrastructure and Israel could do nothing against it.
- ❑ The US/Israeli deterrence strategy is over. The deterrence now comes from Iran. Directly attacking the state of Israel with the risk of a wider war is now on the table.
- ❑ Iran used Chinese Beidou satellite navigation and Russian Glonass system

Military analysts - 2

- ❑ Israel and the USA got ample warning days before the attack to prepare themselves
- ❑ The deterrence is not only against Israel, but also against US and its Arab allies. There are US 35 military bases around Iran
- ❑ US/Israel will have to think twice if they stage another attack against Iranian assets.
- ❑ The rules of the games have changed.
- ❑ The threat of the US (DON'T!) does not work anymore
- ❑ The new strategy of Iran emboldens the Arab street and Arab regimes: the fear for the US is gone

The response of Israel

- ❑ Chicken response: toys were send to the air from within Iran
- ❑ The fear of escalation is over for now

What is decolonial economic theory?

- ❑ A critique of Eurocentric theories
- ❑ An alternative based on contributions from other civilizations
- ❑ A practical tool for developing economic policies

Key features of Eurocentric economic theories

- ❑ The concept of economic laws: discover the law of economics
 - ❑ Liberalism: scientific laws of the free markets
 - ❑ Marxism: scientific laws of capitalist economies
- ❑ Correct economic policies follow these laws
 - ❑ Liberalism: free markets and private ownership of means of production are the best way to organize an economy
 - ❑ Marxism: capitalism has periodic crises which will lead to socialist revolutions. A socialist society is based on collective ownership of the means of production and a planned economy

A decolonial critique of Liberal economics

- ❑ Economic theory is not about science, but about ethics.
- ❑ A standard liberal textbook by Samuelson and Nordhaus defines economics as *“the study of how societies use scarce resources to produce valuable goods and services and distribute them among different individuals. If we think about the definitions, we find two key ideas that run through all of economics: that goods are scarce and that society must use its resources efficiently.”*
- ❑ DTM definition: economics is the study of the production, financing, distribution and consumption of goods and services and the objective and subjective factors that drive them. The objective factors can be things like natural environment and technology, but also subjective factors such as culture and ethics.

Liberal economic theory and the colonization of the mind

How to remove theft and exploitation of economic reality". Vaggi G. and Groenewegen, P.: *"The discovery of the 'new world' of America and the establishment of colonies there by some European States in the fifteenth century resulted in a large flow of gold and silver into Europe from Mexico and Peru."*

A critique of Marxist economic theory

- ❑ Friedrich Engels: *"These two great discoveries, the materialistic conception of history and the revelation of the secret of capitalistic production through surplus-value, we owe to Marx. With these discoveries, Socialism became a science."*
- ❑ DTM critique. The concept of surplus value is an ethical concept, not a scientific one.

Non Western economic theories

- ❑ Hinduism
- ❑ Buddhism
- ❑ Confucianism
- ❑ Islam
- ❑ Other civilizations: deduced from practice

DTM sources for the creation of value

- ❑ Earth: land, water, air
- ❑ Labor: dead and living
- ❑ Entrepreneurship: creativity and managerial capabilities

The role of the state: Liberalism and Marxism

- ❑ Liberalism: Ludwig Von Mises: *“As the liberal sees it, the task of the state consists solely and exclusively in guaranteeing the protection of life, health, liberty, and private property against violent attacks. Everything that goes beyond this, is an evil.”*
- ❑ Marxism: the state is the driving force in the economy through central planning and state ownership of the means of production

The role of the state: DTM

- ❑ Lead the development of the economy for the benefit of the masses of the people
- ❑ Get everybody involved: workers and capitalists/entrepreneurs
- ❑ Concrete policies depend on the practical circumstances of a country.

DTM understanding of the world economy

- ❑ Labor: demography
- ❑ Land and natural resources
- ❑ Technology
- ❑ Entrepreneurial tradition
- ❑ Functioning of markets

Labor: demography

Countries with huge population will play a major role in the future if they are free

Country Name	1960	2022	Growth 1960-2022
India	446	1.417	218%
China	667	1.412	112%
United States	181	333	84%
Indonesia	88	276	212%
Pakistan	46	236	413%
Nigeria	45	219	386%
Brazil	73	215	195%

BRICS+ demography

Country Name	1960	2022	Growth 1960-2022
India	446	1.417	218%
China	667	1.412	112%
South Africa	17	60	263%
Brazil	73	215	195%
Russian Federation	120	144	20%
Iran, Islamic Rep.	21	89	314%
Venezuela, RB	8	28	247%
Bolivia	4	12	230%
Cuba	7	11	54%
United States	181	333	84%

Land area (sq. km)

Million sq. km

Country Name	2021
Russian Federation	16,4
China	9,4
United States	9,1
Canada	8,8
Brazil	8,4
Australia	7,7
India	3,0
Argentina	2,7
Kazakhstan	2,7

Sq. km

Country Name	2021
India	2.973.190
China	9.388.210
South Africa	1.213.090
Brazil	8.358.140
Russian Federation	16.376.870
Iran, Islamic Rep.	1.622.500
Venezuela, RB	882.050
Bolivia	1.083.300
Cuba	103.800
United States	9.147.420

GDP/PPP

- ❑ GDP - Gross Domestic Product: value of all the final goods and services produced in a specific time period by a country
- ❑ GDP per capita: GDP divided by the total population
- ❑ PPP - Purchasing Power Parity: a measurement of the price of a basket of specific goods in different countries. It is a ratio measurement.
- ❑ Int\$ - international dollar: a hypothetical unit of currency that has the same purchasing power parity that the U.S. dollar had in the United States at a given point in time
- ❑ Gini coefficient (index, ratio): measurement of inequality; 0=perfect equality and 1= perfect inequality

GDP/PPP trillion Int\$

Country Name	1990	2022	Growth 1990-2022
China	1,11	30,34	2623%
United States	5,96	25,44	327%
India	1,05	11,90	1036%
Japan	2,46	5,86	138%
Germany	1,54	5,58	261%
Russian Federation	1,19	5,08	328%
Indonesia	0,56	4,04	622%

BRICS+: GDP/PPP billion Int\$

Country Name	1990	2022	Growth 1990-2022
India	1.048	11.905	1036%
China	1.114	30.337	2623%
South Africa	260	954	267%
Brazil	997	3.839	285%
Russian Federation	1.188	5.082	328%
Iran, Islamic Rep.	424	1.617	282%
Bolivia	16	119	631%
United States	5.963	25.440	327%

G-7 seven of the world's advanced economies

Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States

Country Name	1990	2022	Growth 1990-2022
United States	5.963	25.440	327%
Japan	2.459	5.862	138%
Germany	1.545	5.582	261%
France	1.027	3.915	281%
United Kingdom	976	3.848	294%
Italy	1.056	3.268	209%
Canada	560	2.390	327%

What does the total GDP/PPP tells us?

- ❑ The capacity to invest in large infrastructure projects
- ❑ The capacity to invest in education and technological basis
- ❑ The capacity to lead the world economically and technologically
- ❑ This is not dependent on the per capita income

GDP/PPP per capita: 11 richest countries

Country Name	2022
Luxembourg	146.457
Ireland	133.823
Singapore	127.607
Norway	121.259
Qatar	114.049
Bermuda	95.869
Switzerland	90.746
United Arab Emirates	88.489
Cayman Islands	84.280
Denmark	77.954
United States	76.330

BRICS+: GDP/PPP per capita (Int\$)

Country Name	1990	2022	Growth 1990-2022
India	1.204	8.400	598%
China	981	21.483	2089%
South Africa	6.520	15.920	144%
Brazil	6.618	17.828	169%
Russian Federation	8.028	34.638	331%
Iran, Islamic Rep.	7.592	18.262	141%
Bolivia	2.295	9.738	324%
United States	23.889	76.330	220%

Gini coefficient: 2 lowest and 2 highest

Country Name	2021
Slovak Republic	24,1
Slovenia	24,3
Panama	50,9
Colombia	55,1

BRICS+: gini coefficient

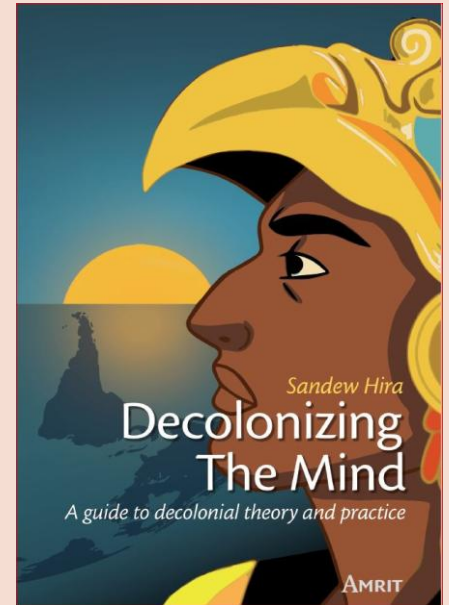
Country Name	1970	1980	1990	2000	2010	2020	2021
India						33,8	32,8
China			32,2		43,7	37,1	
South Africa				57,8	63,4		
Brazil			60,5			48,9	52,9
Russian Federation				37,1	39,5	36	
Iran, Islamic Rep.			43,6			35,8	35,5
Venezuela, RB							
Bolivia			42	61,6		43,6	40,9
Cuba							
United States	36,6	34,7	38,3	40,1	40	39,7	39,8

Next episode

The economic transformation of China

Source in the DTM book

- Chapter 9: decolonizing economic theory
- Download the PDF of the PowerPoint on www.sandewhira.com



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SANDEW HIRA
Author. Activist. Decolonial Thinker.

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