**Leadership III Team 3 Text Review**

**Limits to Size and Production with a Human Face**

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**Profile of the Author**

“How can we disarm greed and envy? Perhaps by being much less greedy and envious ourselves; perhaps by resisting the temptation of letting our luxuries become needs; and perhaps by even scrutinizing our needs to see if they cannot be simplified and reduced”

is a quote that summarises the ideals of Schumacher and is found in his book, *Small is Beautiful* (1973, p. 22). Elvis Freitz Schumacher was born on August 16th of the year 1911. He was a German-born economic thinker, statistician, and economist though he did not agree with some modern economics fundamentals. From his teens, he was sufficiently outspoken and opinionated to have been invited to elite seminars such as Cambridge to share his uncompromising ideologies (Ehrenfield,1986). He was then Anti-English and morally relativistic, meaning, he believed that morality could be adjusted depending on the circumstance and that man should not be held responsible for one’s actions. At this age too, he completely supported mass production and large-scale systems. The younger Schumacher studied in Bonn and Berlin from 1930 in England as a Rhodes Scholar at New College Oxford and later at Columbia Universityin New York City, earning a diploma in economics (Britannica, 2020).

By his middle age, and after a visit to Burma in 1955, most of these early opinions were disregarded. He then reshaped his thinking and started teaching about the dangers of gigantism and standardization, the necessity of an empirical approach to economics and the significance of the human being in production. All of this inspired him to write *Small is Beautiful: Economics as if People Mattered* and *A Guide for the Perplexed.* He developed the concepts of “small is beautiful” and “intermediate technology.” In his lifetime, many described Schumacher as an internationally influential thinker who saw the world from a systems perspective, one who explored a socially and environmentally just way of living (The Schumacher Institute, n.d.). He later died on September 4,1977 in Switzerland at the age of 66 (Britannica, 2020).

His collection of essays in *Small is Beautiful*, published in response to the 1973 energy crisis and increasing globalization predates today’s environmental destruction and economic collapse by four decades and yet the solutions he offered are still practical (Nickel-Kailing, 2012).

**Main Message of the Author**

In chapter 4 of *Small is Beautiful,* Schumacher contrasts modern economics with what he terms Buddhist economics. He criticizes the inhumane nature of modern economics which sees human beings only as a factor of production needed to produce more goods. To the Buddhist, shifting the focus from the beauty of work to the end product is a “little short of criminal” (Schumacher, 1973, p.58). In the same vein, replacing humans with machines is seen as “destroying culture” (Schumacher, 1973, p. 59). The aim of engaging in economic activity is not just to produce goods and services for consumption but to provide nourishment to the soul of the worker as well. This nourishment can only be achieved if work is done under the right conditions of human dignity and freedom. Buddhist economics aims to satisfy the needs of the people with minimum means and frowns on amassing wealth at the expense of the environment and human liberty. Contrary to modern economics, Buddhist economics preaches self-sufficiency, human dignity, and conserving the environment.

In chapter 5, “A Question of Size”, Schumacher challenges the current “idolatry of gigantism” and stresses on the “virtues of smallness” (Schumacher, 1973, p. 70). He observes that in a bid to glorify big organizations, cities and countries, everyone seems to have neglected the single units and individuals that make up these larger bodies. He notes that developments in communication and transportation which were meant to create a global village and enhance trade have made “everyone footloose” and “everything vulnerable and insecure” (Schumacher, 1973, p. 72). Although he states that there is no standard size for countries and cities, the underdevelopment of smaller regions, fuelled by the free mobility of people, has led to mass migration of rural dwellers to already crowded and over-populated capital cities. As firms aim to get larger and countries to increase their output, producers are compelled to eliminate the so-called less efficient human factor and worsen the plight of the poor who “have nothing but their labour to sell” (Schumacher, 1973, p. 79). He condemns the human degradation of economic thinking that focuses only on improving faceless figures and advocates for a new mindset where smaller groups are the focus: “a fight in intimate contact with actual people” (Schumacher, 1973, p. 79).

The main message of Schumacher in both chapters was not to condemn modern economics or large-scale production, but to draw the attention of modern economic thinkers to what matters more: the wellbeing of actual human beings. He preached “production for the masses and not mass production” (Schumacher, 1973, p. 79) which basically means that humans should be the focus of production and not vice versa.

**Contribution to the Good Society Debate**

The four dreamers of a good society are the libertarians, egalitarians, corporatists, and communitarians. Of these, it was evident that Schumacher was a communitarian and firmly against the ideal society of corporatists and libertarians. His stance on egalitarian beliefs were not entirely clear.

Schumacher, a communitarian, saw human beings as the measure of all things. For him, modern economic methods (division of labour, invisible hand etc.) will all lead to a less than ideal society. He advocated for policies that fought for creating work for individuals, reducing pollution, and protecting the environment. Schumacher completely disagreed with the view that humans are only a means to an end. He was of the view that a higher quality of life was much more important than the economic definition of a high standard of living.

In opposition to the efficiency pole, Schumacher believed in minimalism and simplicity as preached by the teachings of Buddhism. He stated that due to scarcity, physical resources should be used modestly with humans consuming the bare minimum to maximize their satisfaction. For corporatists, humans need much more than their basic needs being satisfied and deserve to enjoy all the things life has to offer, as propagated by Glaucon (O’Toole,1993, p.64). Also, to them, efficiency is achieved when there is division of labour, economies of scale due to large scale production, wealth creation, and continuous advancement of technology to make work faster and easier. Schumacher however disagreed with most of these ideologies to a large extent.

He was also against economic liberty but as a firm believer in Buddhism, he supported his own form of human liberty. For him, liberty was not just limited to the physical well-being but every aspect of a person. Being truly liberated was to reduce the cravings one had for pleasurable things and to free oneself from the unhealthy attachment to wealth (Schumacher, 1973, p.61).

Although he was in favour of full employment, it cannot be established that he was egalitarian. As per Buddhist economics, Schumacher did not believe that women needed “outside” jobs and that them being present in offices or factories is a sign of the economic failure in a country.

**A Critique of the Works**

A very crucial point Schumacher raised concerns the use of non-renewable resources only when it is necessary to do so (Schumacher, 1973, p. 63). Dependency on resources with depleting quantities, besides price spikes, may lead to conflict when scarce products become necessities. In an extreme scenario, we may witness events likely to happen in the state of nature that Thomas Hobbes vividly described as “poor, nasty, brutish and short” (O'Toole, 1993, p. 36)

Furthermore, we concur with Schumacher’s view that countries should aim to produce their necessities and import “only in exceptional cases and on a small scale” (Schumacher, 1973, p. 62). For him and Buddhist economists, relying on external sources to meet local needs is an indication of a failed economy. But in addition to that, the threats of globalization make Schumacher’s point even more convincing.

As the rate and intensity of globalization increases, countries are becoming increasingly dependent on each other for commodities (Begg, Vernasca, Fischer & Dornbusch, 2014, p. 684). However, relying on other countries for your necessities could be risky, especially during conflict or other adverse situations in the exporting country. If a nation only imports on a small scale, it could significantly mitigate the effects of such a situation.

Additionally, while Schumacher discussed the role that smaller units or companies play in providing society with “the really fruitful new developments” (Schumacher, 1973, p. 68), it is admirable that he did not entirely demonize the larger units. He instead attempted to demonstrate that smaller companies, though they are not always as valued as larger ones, sometimes contribute more significantly to society's advancements. This is highly commendable because in doing so, he did not diminish the role of larger units.

On the other hand, it is crucial to note the time period in which he posited his claims because that would have influenced the ideas he put forth. *Small is Beautiful* was published in the late 20th century, where the focus may not have been on sustainability but only on mass production. However, in the 21st century, there is a heavy emphasis on sustainable development, and several companies are beginning to incorporate sustainable practices into their operations (Van Horne & Wachowicz, 2008).

Buddhist economics for an audience in our era may be viewed as discriminatory. Schumacher states that Buddhist economists believe that women did not need jobs outside the home. Once again, the era in which he lived is quite different from ours, and women are presently taking on roles in various sectors rather than remaining housewives.

He further makes the contention that economics takes “precedence over all other human considerations” (Schumacher, 1973, p.74), which may be an overstatement. The economic implications of any policy simply cannot be ignored because of the intricate link between human life and economics. So, economics is not necessarily of greater importance, but it holds an equally important place in leaders' policymaking. Additionally, Schumacher mentioned that mobility of labour is what economists “treasure above all else” (Schumacher, 1973, p. 73). This is another exaggeration because different economists have different priorities, some focusing on inflationary pressure, others on trade-related issues, etc. So, to generally say that economists value labour mobility above everything is highly inaccurate.

**Implications for Contemporary Leaders & Impact of Text on Group's Leadership Thinking and Development**

From the readings, our group has formed a considered opinion of what should constitute a good society.

First, while we do not undermine the need for efficiency in a society, we believe that efficiency can be achieved without depleting resources and without causing harm to society, and by extension, individuals. Leaders must look at what is available to them and use the less costly resources to society, not necessarily in financial terms but in terms of matters that are not easily quantifiable, like the level of pollution or people’s happiness.

In line with this, leaders must also remember that they are dealing with “actual people” and not numbers, "states and other anonymous abstractions” (Schumacher, 1973, p. 79). Being cognizant of this may help them make decisions that are more human-centred and less focused on how pleasant the numbers from their projections and calculations look.

Additionally, though free markets can be encouraged in areas where the markets would be more efficient than the government, there should also be an emphasis on equality and community to level the playing field. As stated earlier, people are endowed differently, so the opportunities free markets present may not be equally accessible to all. To give everyone in society a better chance of succeeding, it is essential to provide avenues that engender greater equality.

It is also vital to use GDP figures in conjunction with other indicators of economic prosperity like the Gross National Happiness Index of Bhutan, which provides a more comprehensive view of well-being. This index concentrates on sustainable and equitable socio-economic development, environmental conservation, preservation and promotion of culture, and good governance ("Tenth Five-Year Plan: 2008–2013", 2009). The logic behind this is simple. If the purely economic indicators return good results, yet you have gloomy citizens, are you really well off as a nation? For us, the answer is no.

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