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Business Ethics

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Assignment 2 (SIB) Chapter 1

Regarding whether problem of production has been solved, Schumacher directly states that it has not been solved. The problem of production, “one of the most fateful errors of our age is the belief that 'the problem of production' has been solved (13).” Schumacher doesn’t believe in the illusion that industrialized “rich countries” produce mass quantities of goods and services available for everyone, so “to get off the collision course on which are moving with ever-increasing speed-we happily talk of unlimited progress (17)” where all our focus on education for the rich and the transfer technology to poor countries. Schumacher shows that in reality problems still do exist. The only reason that this ideal isn’t challenges is that developed countries such as the United States are prideful of this illusion.

Schumacher attempts to prove that no matter what we do there will be a problem of production as long as hubris is involved. Due to this pride developed countries believe that they can control nature, and make it do our bidding to solve all our problems regarding production, as a result they have unfortunately confused income with capital. To continually show that we have not solved the problem of production he present the issue of oil. Oil is a non-renewable fixed capital stock resource, but it is steadily being used as if it is income. When oil finally runs out, rich countries will finally full see that it is actually capital, thus using it sparingly or for emergencies. Schumacher stats that just as we are closing to the limit of oil, we are even closer to the limits of nature itself with global warming being a major example of it. Finally schumacher wants us to ask ourselves whether our economic way of life is permanent? If our production still has issues then many other things in our system, such as the economy, is bound to have problems.