



*Small Is Still Beautiful*  
Economics  
as if Families Mattered

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*Speak through the earthquake, wind, and fire,  
O still, small voice of calm!*

—John Greenleaf Whittier (1807–82)







## INTRODUCTION

### *A Still, Small Voice*

A third of a century ago, E. F. Schumacher rang out a timely warning to the modern world in his book *Small Is Beautiful*. Since then, millions of copies have been sold in many different languages. Few books before or since have had such a profound influence on the way the world perceives itself. Schumacher, a highly respected economist and adviser to third world governments, broke ranks with the accepted wisdom of his peers to warn of impending calamity if rampant consumerism and economic expansionism were not checked by human and environmental considerations. Like a latter-day prophet, he asserted that humanity was lurching blindly in the wrong direction, that the pursuit of wealth could not ultimately lead to happiness or fulfillment, that the pillaging of finite resources and the pollution of the planet were threatening global ecological collapse, and that a renewal of moral and spiritual perception was essential if disaster was to be avoided.

Schumacher's greatest achievement was the fusion of ancient wisdom and modern economics in a language that en-





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capsulated contemporary doubts and fears about the industrialized world. His words resonated with echoes of Christ's Sermon on the Mount or the teachings of Buddha but always in terms that emphasized their enduring relevance. The wisdom of the ages, the perennial truth that has guided humanity throughout its history, serves as a constant reminder to each new generation of the dangers of self-gratification. The lessons of the past, if heeded, should always empower the present. But if wisdom was a warning, it was also a battle cry and a call to action. It pointed to the problem and pinpointed the solution.

As both philosopher and economist Schumacher was uniquely placed to bring the two disciplines into harmonious unity. The wide range of professional experience he had gained in the world of economics and industry was combined with his studies in philosophy so that spiritual truths and practical facts were welded into a more critical economic vision. This led him to question many of the conventions of modern economics. For example, was big always best? Most economists, shackled to the dogmatic idolization of economies of scale, believed that the question was already answered. Even if big wasn't always best it was usually so. Mergers were considered good until or unless they led to monopoly.

Schumacher counteracted the idolatry of giantism with the beauty of smallness. People, he argued, could only feel at home in human-scale environments. If structures—economic, political or social—became too large they became impersonal



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and unresponsive to human needs and aspirations. Under these conditions individuals felt functionally futile, dispossessed, voiceless, powerless, excluded, alienated. Structures that have a genuinely human scale reveal a healthy culture, to use Wendell Berry's language, that is part of an order of "memory, insight, value, work, conviviality, reverence, aspiration. It reveals the human necessities and the human limits. It clarifies our inescapable bonds to the earth and to each other."<sup>1</sup> Appropriately, Schumacher's book was subtitled *A Study of Economics as if People Mattered*.

### Economics as if Families Mattered

This new appraisal of Schumacher's vision has the slightly altered subtitle, *Economics as if Families Mattered*. There is a very good reason for this. Schumacher believed in the sanctity of the family and its central place in all healthy human societies. This can be gauged readily by the fact that he was received into the Catholic Church on September 29, 1971, while he was in the midst of writing *Small Is Beautiful*, and also by the fact that he was deeply impressed by Pope Paul VI's encyclical *Humanae Vitae*, in which the Pope reaffirmed in unequivocal terms the Church's belief in the sanctity of marriage and marital love.

Schumacher championed the idea of self-limitation, and he knew that this necessary virtue is enshrined in the everyday realities of family life. Families teach us to be self-





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less and to sacrifice ourselves for others. It is these very virtues that are necessary for the practice of the economic and political virtues advocated in his work.

Since Schumacher's time we have seen the increasing atomization of society in the direction of self-centered individualism. The so-called "rights" of the individual have trampled on the rights of the weak and defenseless. In the past thirty years we have also seen a concerted attack on the family itself and on the traditional understanding of marriage. Schumacher would have been horrified by these developments. He understood that families form the smallest and most beautiful part of any healthy society—that they are, in fact, the building blocks upon which all healthy societies are erected. Take away the family from the heart of society and you are left with a heartless hedonism.<sup>2</sup> And since hedonism is selfishness without limits, it is the very antithesis of the self-limitation necessary for the restoration of economic and political sanity.<sup>3</sup> In short, small is still beautiful because families still matter!

### Real and Sub-real

Schumacher applied similar criteria with regard to technolatriy, the worship of technology as being intrinsically good. Modern technology, he felt, was pursuing size, speed and violence in defiance of all laws of natural harmony. The machine was becoming the master and not the servant of man, condemn-





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ing humanity to an increasingly artificial existence divorced from its natural environment. Since Schumacher's timely warning, the process has accelerated considerably. Reality is being replaced by virtual reality. The real is being sacrificed to the sub-real. How can humanity address the urgent problems confronting the real world when it is being simultaneously stimulated and stupefied by electronic fantasies?

One such urgent problem is technology's enormous impact on the environment. Schumacher warned that humanity could not continue to consume the planet's limited resources at the rate to which it had become accustomed, let alone increase that rate. Failure to conserve finite resources would have ultimately catastrophic effects. In this, as in so much else, Schumacher blazed a trail which others would follow. He was one of the earliest conservative eco-warriors, and certainly one of the most influential.

In purely practical terms, Schumacher's radical ideas on the value of intermediate technology, particularly with regard to the developing countries, have also been influential. As founder of the Intermediate Technology Development Group and adviser to many governments his work in this field has had continuing results. His concept of intermediate technology constituted a viable alternative to the conventional teaching of *laissez-faire* economists. The latter spoke in euphoric terms about "stages of growth" that would lead the developing world, in the wake of Western prosperity, to the







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same levels of high technology and high consumption. This was, in Schumacher's view, an ill-conceived and illusory vision of the future. How could countries that were desperately short of capital but endowed with an abundant and expanding labor force be expected to adopt high-cost technology, largely replacing manpower, without widespread economic and social disruption?

Instead of this approach, Schumacher was the first Western expert to argue that in areas such as India or China the prime needs, especially in rural areas where most people lived, were low-cost workplaces where capital investment was kept to a minimum so that the manpower and human skills locally available could be used to the full. This intermediate, or "appropriate," technology would conform to local requirements and facilitate socially acceptable forms of economic development.

Schumacher foresaw that the capital-intensive approach would have disastrous consequences. The investment of millions of pounds in high-tech plants would provide very few jobs but would leave the countries which were the recipients of such investment indebted to international financial institutions. The rise of third-world debt, chronic underemployment, the increasing maldistribution of income, and the flight of impoverished rural populations to lives of destitution in sprawling urban shanty-towns partly the result of inappropriate technology and investment.



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Paying tribute to Schumacher shortly after his death in 1977, Barbara Ward mourned the loss of a friend “who combined a remarkable innovating intelligence with the greatest gentleness and humour.” Significantly, she added that what the world had lost was of far greater importance. “To very few people, it is given to begin to change, drastically and creatively, the direction of human thought. Dr Schumacher belongs to this intensely creative minority and his death is an incalculable loss to the whole international ‘community.’”<sup>4</sup>

The loss, however, is not total. The remarkable innovative intelligence lingers on in his books and in the legacy of his thought. Almost thirty years after his death, Schumacher’s still, small voice speaks with greater urgency than ever to a world in need of his wisdom.

The modern world enters its third millennium placing a greater burden than ever on the planet that sustains it. Will it sacrifice well-being for the sake of what Wendell Berry identifies as “that ever-receding horizon” of progress and efficiency? Will humanity continue on its present path, its foot on the accelerator, in pursuit of the bigger and faster—and ultimate disaster? Or might the scale and cultural prerogatives of the family instead shape the economic and sociopolitical future of our communities? There is a better and safer way forward. Bigger is not always best, and small is still beautiful.