

Small is Beautiful: A Study of Economics as if People Mattered

Author: E.F. Schumacher

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It is widely agreed that the ultimate goal of economic development is to improve standard of living of people. If one looks around the World in which we live, one would notice that development policies governments in developing countries have adopted during the past several decades do help improve standard of living of people in those countries. However, one cannot deny that, although the standard of living has been improved, problems of poverty, income distribution, pollution, environment, as well as mass migration into big cities cannot be eradicated. On the contrary, these problems seem to escalate at exponential rates and still challenge policy makers in both developed and developing countries all over the World to come up with solutions in order to solve and/or mitigate them. Are there any good-in-theory-and-good-in-practice solutions for such problems?

The answer is “yes”. Those good-in-theory-and-good-in-practice solutions can be found in *Small is Beautiful: A Study of Economics as if People Mattered* by E.F. Schumacher. Schumacher vividly describes a situation in a developing country as dual economy with mutual poisoning where eighty-five percent of people living in the rural area face problems of poverty and mass migration into big cities while the other fifteen percent living in the big cities face problems of unemployment, traffic congestion, crime, and pollution. Schumacher suggests that development policy should by pass big cities and put emphasis on rural area directly. For development to be successful, it requires education, discipline, and organization. In addition, technology employed in production should be what Schumacher calls “Technology with a Human Face.” Schumacher believes that the new direction of technological development should lead back to “...the actual size of man. Man is small, and, therefore, small is beautiful. To go for giantism is to go for self-destruction.” (p. 131). According to Schumacher, human is the most important factor in development process, not gross domestic product as most people tend to focus on. Instead of using advanced machine to produce in mass, Schumacher supports production of goods and services that requires human’s brain and both hands to make. No wonder all handmade products are relatively more valuable and expensive than similar ones made by machine. Schumacher also hypothesizes that if a community can create jobs and workplaces that workers cannot distinguish whether they are working or having leisure, imagine how happy and productive workers will be. In addition to issues of economic development which is the central theme of this book, Schumacher also discusses other interesting and intellectual issues such as Buddhist economics, problems with economic forecast, and large-scale organization management.

It should be noted that after reading the entire book, one would think that the majority of issues discussed in this book may not be new to most people. But if one looks at the year when it first came out, one would be surprised that this book was first published in 1973. Those issues, however, are still pretty much relevant and applicable as of today. It is probably not too much to say that *Small is Beautiful: A Study of Economics as if People Mattered* should educate, entertain, and inspire amateurs, professionals, practitioners, and policy makers who are interested in issues of economic and sustainable development. That’s this book is all about.

