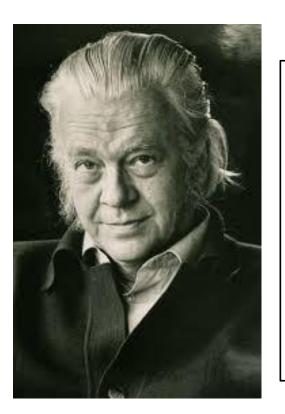
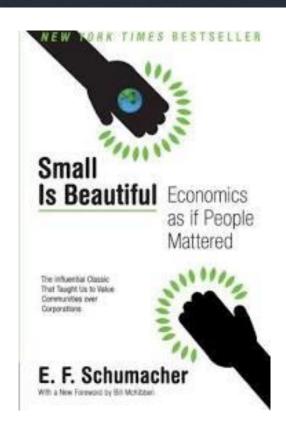


#### Who is E.F. Schumacher?

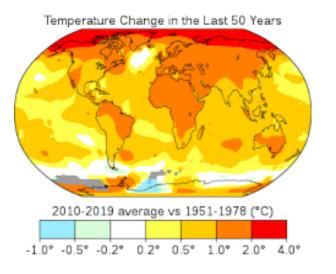


- German-British statistician and economist, best known for his proposals for human-scale, decentralized and appropriate technologies
- Served as Chief Economic Advisor to the British National Coal Board from 1950 to 1970
- Because of his opposition to Hitler, Schumacher left Germany before the Second World War and spent the rest of his life in England
- In 1955, traveled to Burma as an economic consultant. While there, developed principles of what he called "Buddhist economics, based on the belief that good work was essential for proper human development and that "production from local resources for local needs is the most rational way of economic life."



"Since there is now increasing evidence of environmental deterioration, particularly in living nature, the entire outlook and methodology of economics is being called into question. The study of economics is too narrow and too fragmentary to lead to valid insights, unless complemented and completed by a study of metaeconomics..."

- E. F. Schumacher, Small Is Beautiful: A Study of Economics As If People Mattered





Polar bear running out of a habitat



California fires this past summer



Trash washed up on a shore

Schumacher raises the issue of the "carrying capacity" of the environment and what that means for exponential economic growth into the future

### From Chapter 1 The Problem of Production

- "Modern man does not experience himself as a part of nature but as an outside force destined to dominate and conquer it."
- The illusion of unlimited powers, nourished by astonishing scientific and technological achievements, has produced the concurrent illusion of having solved the problem of production."
- ♦ "The latter illusion is based on the failure to distinguish between income and capital where this distinction matters most."

# Definition of terms and some questions to explore:

**Carrying Capacity** - of a biological <u>species</u> in a particular habitat refers to the maximum number of individuals (of that species) that the environment can carry and sustain, considering its geography or physical features.

Do you think the idea of "carrying capacity" applies to the human species?

**Income** - is money (or some equivalent value) that an individual or business receives, usually in exchange for providing a good or service or through investing capital.

If an oil company builds an oil well and sell it for a profit has that company created value, income, or has it instead withdrawn "natural capital" out of the bank?

**Capital** - is a term for <u>financial assets</u>, such as funds held in deposit accounts and/or funds obtained from special financing sources.: Capital can be held through financial assets or raised from debt or equity financing.

From a philosophical or "metaeconomic" perspective, what is the "nature" of capital?

Are fisheries "capital"? How about oil? Coal? DNA?

## Schumacher on "Natural Capital"

- \* "Fossil fuels are not made by men: they cannot be recycled."
- \* "We are maximizing, instead of minimizing, the current rates of use..."
- Fossil fuels are merely a part of the "natural capital" which we steadfastly insist on treating as expendable, as if it were income..."
- ♦ If we squander our fossil fuels, we threaten civilization; but if we squander the capital represented by living nature around us, we threaten life itself."

What happens if we continue to spend "natural capital" unwisely?

- Is it not evident that our current methods of production are already eating into the very substance of industrial man?"
- ♦ "Are we not better fed, better clothed, and better housed than ever before – and better educated?"
- The substance of man cannot be measured by Gross National Product."
- Consider the statistics of the "symptoms" our our current thinking: "crime, drug addiction, vandalism, mental breakdown, rebellion, and so forth."

A Catholic perspective from Pope Francis, Laudato Si: \* "The principle of the maximization of profits, frequently isolated from other considerations, reflects a misunderstanding of the very nature of the economy. As long as production is increased, little concern is shown about whether it is at the cost of future resources or the health of the environment; as long as the clearing of a forest increases production, no one calculates the losses entailed in the desertification of the land, the harm done to biodiversity or the increased pollution. In a word, businesses profit by calculating and paying only a fraction of the costs involved."

#### Defining the Problem:

- \* "To use the language of the economists, it (the problem of production) lives on irreplaceable capital which it cheerfully treats as income."
- ♦ "I specified three categories of such capital; fossil fuels, the tolerance margins of nature, and the human substance."
- We must thoroughly understand the problem and begin to see the possibility of evolving a new lifestyle, with new methods of production and new patterns of consumption: a lifestyle designed for permanence."

#### Offering a New Approach:

- In agriculture and horticulture, we can interest ourselves in the perfection of production methods which are biologically sound, build up soil fertility, and produce health, beauty, and permanence,"
- In industry, we can interest ourselves in the evolution of small scale technology with a human face, so that people have a chance to enjoy themselves while they are working, instead of working solely for their pay packet and hoping, usually forlornly, for enjoyment solely during their leisure time."
- In industry, again and surely, industry is the pace-setter of modern life we can interest ourselves in new forms of partnership between management and men, even some forms of common ownership."

#### Discussion on Good Stewardship:

- ♦ So if you have not been faithful with the unrighteous money, who will trust you with what is genuine? Luke 16:11
- Precious treasure and oil are in the dwelling of a wise person, but a foolish man consumes them. –
   Proverbs 21:20
- ♦ For to everyone who has, more will be given, and he will have more than enough. But from the one who does not have, even what he has will be taken away from him. Matthew 25:29
- ♦ Based on the gift each one has received, use it to serve others, as good managers of the varied grace of God. 1 Peter 4:10

#### Contact the Facilitators:

- **♦ Brother Dunstan Robidoux**
- ♦ Email at djr@lonergan.org

- **♦ Richard Kral**
- ♦ Email at kral.rich@gmail.com