

E.F. Schumacher
Small is
Beautiful
Economics as if
People Mattered

Chapter 5

A Question of Size

A Lonergan Institute Seminar

St Anselm's Abbey

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I. Process of Balkanization

- “I was brought up on an interpretation of history which suggested that in the beginning was the family; then families got together and formed tribes; then a number of tribes formed a nation; then a number of nations formed a 'Union' or 'United States' of this or that; and that finally, we could look forward to a single World Government.”
- “Ever since I heard this plausible story I have taken a special interest in the process, but could not help noticing that the opposite seemed to be happening: a proliferation of nation states, The United Nations Organization started some twenty-five years ago with some sixty members; now there are more than twice as many, and the number is still growing.”



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II. The Bigger The Better and Richer Too

- "Second, I was brought up on the theory that in order to be prosperous a country had to be big - the bigger the better."
- "Look at what Churchill called 'the pumpernickel principalities' of Germany before Bismarck; and then look at the Bismarckian Reich. Is it not true that the great prosperity of Germany became possible only through this unification? All the same, the German-speaking Swiss and the German speaking Austrians, who did not join, did just as well economically, and if we make a list of all the most prosperous countries in the world, we find that most of them are very small: whereas a list of all the biggest countries in the world shows most of them to be very poor indeed."

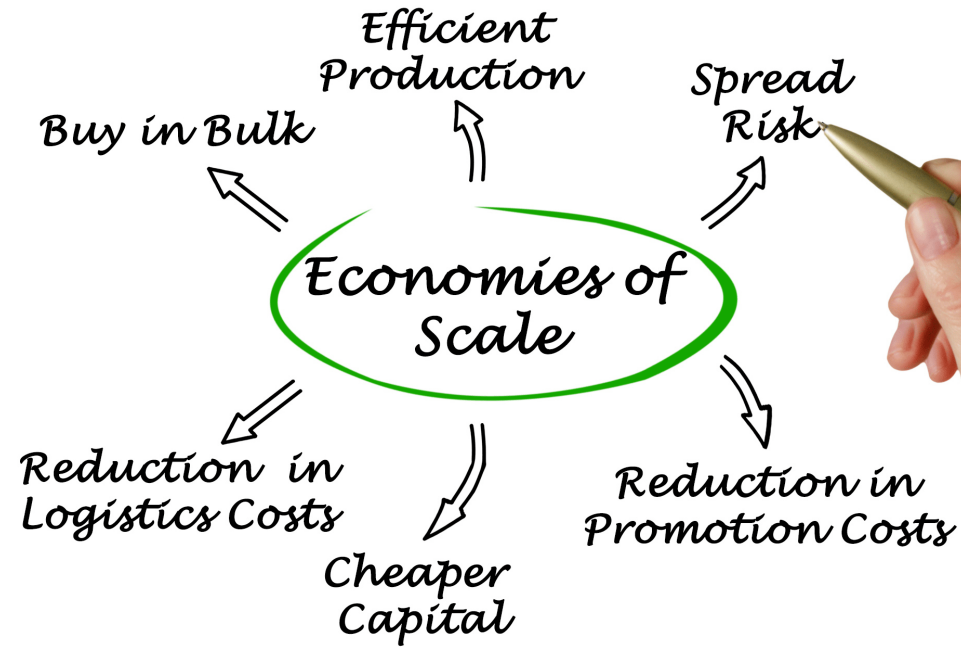
The art is from the [Nathaniel Hawthorne](#) version of the Midas myth, Midas' daughter turns to a golden statue when he touches her (illustration by [Walter Crane](#) for the 1893 edition)



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III. The Drive to be Bigger and Better

- "I was brought up on the theory of the 'economies of scale' - that with industries and firms, just as with nations, there is an irresistible trend, dictated by modern technology, for units to become ever bigger."
- "Now, it is quite true that today there are more large organizations and probably also bigger organizations than ever before in history; but the number of small units is also growing and certainly not declining in countries like Britain and the United States, and many of these small units are highly prosperous and provide society with most of the really fruitful new developments."



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Discussion:

What are your thoughts on the incompatibility of freedom and order within the context of our interconnected Global Order?

- “Let us now approach our subject from another angle and ask what is actually needed. In the affairs of men, there always appears to be a need for at least two things simultaneously, which, on the face of it, seem to be incompatible and to exclude one another. We always need both freedom and order.”
- “We need the freedom of lots and lots of small, autonomous units, and, at the same time, the orderliness of large-scale, possibly global, unity and co-ordination.”
- *“Now a State chiefly prospers and thrives through moral rule, well-regulated family life, respect for religion and justice, the moderation and fair imposing of public taxes, the progress of the arts and of trade, the abundant yield of the land-through everything, in fact, which makes the citizens better and happier. Hereby, then, it lies in the power of a ruler to benefit every class in the State, and amongst the rest to promote to the utmost the interests of the poor; and this in virtue of his office, and without being open to suspicion of undue interference - since it is the province of the commonwealth to serve the common good.” - Rerum Novarum (“On the Condition of Labor and the Working Classes”), Pope Leo XIII, 1891 #32*

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Installation Art

- “Today, we suffer from an almost universal idolatry of gigantism. It is therefore necessary to insist on the virtues of smallness - where this applies.”
- “For every activity there is a certain appropriate scale, and the more active and intimate the activity, the smaller the number of People that can take part, the greater is the number of such relationship arrangements that need to be established.”
- “What scale is appropriate? It depends on what we are trying to do.”

The Megalopolis

"A great city is not to be confounded with a populous one." - Aristotle

- Over 50 years ago, French geographer Jean Gottmann first used the term *Megalopolis* to refer to the heavily populated northeastern coast of the United States, stretching from Northern Virginia to southern New Hampshire
- In a 2005 study, two Virginia Tech professors described a megalopolitan area:
 - Combines at least two, but may include dozens of existing metropolitan areas;
 - Totals more than 10,000,000 projected residents by 2040;
 - Derives from contiguous metropolitan and micropolitan areas;
 - Constitutes an "organic" cultural region with a distinct history and identity;
 - Occupies a roughly similar physical environment;
 - Links large centers through major transportation infrastructure;
 - Forms a functional urban network via goods and service flows; and
 - Creates a usable geography that is suitable for large-scale regional planning.



The Problem of Alienation

- “Sociologists are studying the problem of 'megalopolis’.”
- “But now everything and everybody has become mobile. All structures are threatened, and all structures are vulnerable to an extent that they have never been before.”
- “The factor of foot looseness is, therefore, the more serious, the bigger the country. Its destructive effects can be traced both in the rich and in the poor countries. In the rich countries such as the United States of America, it produces, as already mentioned, 'megalopolis'. It also produces a rapidly increasing and ever more intractable problem of 'drop-outs', of people, who, having become footloose, cannot find a place anywhere in society. Directly connected with this, it produces an appalling problem of crime, alienation, stress, social breakdown, right down to the level of the family.”



The Scream by Edvard Munch



Edward Hopper

Catholic Popes on Alienation

- “When money, instead of man, is at the center of the system, when money becomes an idol, men and women are reduced to simple instruments of a social and economic system, which is characterized, better yet dominated, by profound inequalities. So we discard whatever is not useful to this logic; it is this attitude that discards children and older people and is now affecting the young.” - Pope Francis
- “Humanity is experiencing a new loneliness; it is not in the face of a hostile nature which it has taken centuries to subdue, but in an anonymous crowd which surrounds men and women and in which they feel themselves to be strangers. Urbanization, undoubtedly an irreversible stage in the development of human societies, confronts humanity with difficult problems. How are men and women to master its growth, regulate its organization, and successfully accomplish its animation for the good of all?” - [Octogesima Adveniens \(“A Call to Action”\)](#), Pope Paul VI, 1971, #10.
- “Man is alienated when he is alone, when he is detached from reality, when he stops thinking and believing in a foundation. All of humanity is alienated when too much trust is placed in merely human projects, ideologies and false utopias. Today humanity appears much more interactive than in the past: this shared sense of being close to one another must be transformed into true communion. The development of peoples depends, above all, on a recognition that the human race is a single family working together in true communion, not simply a group of subjects who happen to live side by side.” - [Caritas in Veritate \(“In Charity and Truth”\)](#), Pope Benedict XVI, 2009, #53.

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- “Therefore we must learn to think in terms of an articulated structure that can cope with a multiplicity of small-scale units, If economic thinking cannot grasp this it is useless.”
- “If it cannot get beyond its vast abstractions, the national income, the rate of growth, capital/output ratio, input-output analysis, labor mobility, capital accumulation; if it cannot get beyond all this and make contact with the human realities of poverty, frustration, alienation, despair, breakdown, crime, escapism, stress, congestion, ugliness. and spiritual death, then let us scrap economics and start afresh.”

Discussion:

“What is the meaning of democracy, freedom, human dignity, standard of living, self-realization, fulfilment? Is it a matter of goods, or of people?”





THE END



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