

## Abstract

*Title: Why Small is Still Beautiful? E.F.Schumacher and His Economics in Dangerous Times\**

E.F. Schumacher published his little masterpiece *Small is Beautiful* in 1973, nearly forty years ago, at a different time and age when it was still possible to think about an alternative to the dominant capitalist system in the form of Soviet communism, and when the only serious shocks to the world economic system could occur in the form of rise and fall in the price of oil (1970s and 1980s). Almost forty years after the publication of the book, the world is confronted by an acute financial crisis, stemming from the Wall Street Crash of 2008-2010, followed by a worldwide recession that has affected some of the most robust economies in a profound way. As such, the once invincible paradigm of neoliberal capitalist globalization enacted through the Washington Consensus can no longer be taken for granted and even mainstream economists are now admitting that serious questions have to be asked about the vitality and usefulness of such a paradigm as well as possible alternatives. Apart from the usual references to Karl Marx and John Maynard Keynes, a number of long-neglected, heterodox economists have now made a comeback into mainstream discussion of how to deal with this crisis in the West. In the centenary year of Schumacher's birth (2011), the paper argues that there is an urgent need to revisit the core arguments he made in *Small is Beautiful* as well as *A Guide for the Perplexed* regarding economics and its purpose. The paper revisits the main arguments Schumacher made in these two works regarding the problem of production, Buddhist Economics, the question of size (of a firm, company or organization), the proper use of land, technology with a human face, the development of intermediate technology in the developing countries, the possibility of moving towards a theory of large-scale organization and the new patterns of ownership. The paper aims not only to critically reappraise and engage with Schumacher's important arguments but hopefully also reintroduce them to a younger generation of economists and management and financial experts and executives here in Pakistan; and to analyze Schumacher's arguments in the context of Pakistan's development strategy especially the New Growth Framework recently issued by the Planning Commission of Pakistan. It is hoped that this paper would contribute to serious discussion at the highest policy levels, especially in Pakistan, of the value of moving away from conventional thinking that has historically shaped economic policy in the country and towards more diverse, if unconventional alternative ways of economic thought (as per Schumacher's arguments) living as we are in dangerous times, both in Pakistan and the industrialized West, both economically and politically.

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