

The problems are more complex and more serious than are generally understood

Economic Self-Help: How and Why

BY SUDHIR SEN

In recent years much has been said and written about the economics of small units and the virtues of individual or cooperative self-help. This trend has been spurred by several factors. The soaring cost of oil underscored the need to conserve energy and eliminate waste by every conceivable means. The spiraling cost of food, even in America, has made kitchen gardening more rewarding. The outbreak of double-digit inflation has forced many families to undertake more do-it-yourself jobs. The persistence of economic stagnation in industrial societies with stubbornly high rates of unemployment has impelled more people to create work for themselves. And there is the appalling case of poor nations, burdened with burgeoning populations, where the search for food and jobs has become a matter of life and death.

Social scientists are increasingly concerned with another malaise of modern industrialism: an accelerated momentum toward the creation of giant undertakings that lead, more than ever before, to repetitive mechanical work, drooping morale, and loss of productivity. Of course these problems are not new. For quite some time the march of industrial civilization has been accompanied by nostalgia for a vanishing past and the attempts of brave reformers to halt the trend or, at a minimum, salvage the unhappy souls who fall by the wayside. The most remarkable example of this has been Mahatma Gandhi. Turning his back on modern factory industries, Gandhi struggled to revitalize India's traditional handicrafts, above all its cotton textiles.

The new breed of reformers is different in one important respect: They are less romantic in their approach, even though they too are prone to letting their hearts rule their thoughts. A classic example of this new blend of economics and humanism is E. F. Schumacher's *Small Is Beautiful* with its telling subtitle, "Economics as if People Mattered" (Harper & Row, 1973). Schumacher's last and posthumously published book, *Good Work* (Harper & Row, 1979), remains a moving testament of his faith. In his view, good work produces necessary and useful goods and services, enables an individual to use and perfect his or her skills, and

induces one to serve and collaborate with others so as to avoid being unduly self-centered. Such good work, Schumacher insisted, is indispensable for giving meaning to life (*Worldview*, August, 1980).

Schumacher's ideas are now propagated by several organizations. The Intermediate Technology Group, which he himself set up in London in the early '60s, has counterparts in several countries. Another organization, The Society for the Human Economy, was established in the U.S. with its headquarters in Amherst, Massachusetts; it already has a network of a dozen chapters in the U.S. and Canada. Explaining why such an esoteric label was chosen for the society, its director, John Applegath, said inter alia: "Its interest lies in the implications of economic activity for human life. It will therefore focus attention on those aspects of human life which are directly affected by economic processes and decisions, but which are inadequately considered by most traditional economists. Furthermore, just as the phrase 'political economy' fairly accurately describes much of the work that professional economists do, 'human economy' describes something that very much needs doing. And it suggests something 'warmer' than 'economics.'"

Bruce Stokes's new treatise on economic self-help and small enterprises is a welcome addition to the fast-growing literature in this field. In *Helping Ourselves* (W. W. Norton; 160 pp.; \$4.95 [paper]) one comes across distinct echoes of Schumacher's ideas, e.g., "human problems require solutions on a human scale," the case for worker participation in industry management, small is beautiful in gardening-type agriculture. But one misses Schumacher's name in the two hundred references it contains.

The chief merit of *Helping Ourselves* lies in the interesting examples Stokes has woven together to illustrate what is being done and could be done through the self-help method in such critical areas as energy, food, housing, health, family planning, and productivity. Barbara Ward, in her *Progress for a Small Planet* (W. W. Norton, 1979) generously treated us to many of these topics with a profusion of examples drawn from both the developed and the underdeveloped world.

These are all encouraging trends as far as they go, but unfortunately they do not go far enough. The long list of examples served by Mr. Stokes and others may, *prima facie*, look impressive in their totality, but they are mostly ad hoc in nature, hard to replicate on a large

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scale, and will remain mere palliatives in the absence of more fundamental, structural changes. This is particularly true of developing countries. In the absence of such changes, the gospel of self-help, however fervently preached, will remain largely irrelevant, while the basic problems of hunger, poverty, and population will grow steadily in gravity.

"We are struggling with problems that seem beyond our control," says Stokes, referring to inflation, tightening energy supplies, a soaring population, and a deteriorating environment. "Conservatives argue that mastering these complex issues requires cutting back on big government, while liberals favor curtailing big business." This, he says, is a "simplistic debate" because it ignores "the third force in society—the vital role individuals and communities can play in problem solving." Elsewhere he repeats the same thesis with a more vivid analogy: "Just like a stream that carves a new channel if the old one is blocked, societies need to circumvent existing institutions that have proved ineffective."

This is a dubious proposition, which bespeaks a failure of representative government. If government of the people and by the people ceases to be a government for the people, it is clearly the task of the people to change its composition, character, and policies and to put it back on the right track. In fact, toward the end of his book Stokes, in effect, veers round to this position when he recognizes that "public policies in support of self-help efforts are often necessary to overcome the obstacles that stand in the path of people helping themselves."

Consumers in the U.S., as Stokes points out, are doing a good deal to save energy. This is not only true of individuals, however, but also of industries. Conservation, it is now abundantly clear, is above all a function of price. Earlier decontrol of oil and gas in the U.S. would have accelerated energy saving at all levels and might well have spared its economy some of the worst jolts.

FOOD AND FUEL

In the last generation much of humanity has "broken its link with the soil," Stokes reminds us. This trend has been particularly conspicuous in the U.S., where farm households have shrunk rapidly in number. As a partial offset of this phenomenon, Stokes advocates home gardening. He cites a 1979 Gallup Poll, according to which 42 per cent of all households—33 million families—raise vegetables. The percentage looks too high: Together they account for 13 per cent of the vegetables grown in the country. Anyhow, the problems here are more complex, also more serious, than is implied.

America, it has been said, has solved its rural problem by creating an urban one. What is not yet fully recognized is that in the process it has also created an enormous *agricultural* problem. Far-reaching changes—in farm size, mechanization, fertilizer-pesticide use, long-distance transportation of truck crops, population movement, pellmell urbanization, and ever-expanding urban sprawl—can all be traced back to a single cause: bone-cheap Mideast oil at \$2. a barrel. As a result, family farms, long the pride of America and the strongest

underpinning of its prosperity, have become an endangered species. To an alarming extent they are being elbowed out by agribusiness, a synonym for plantation industry, which from its very nature must operate entirely with hired labor, maintain high-salaried executives, earn a net profit in the strictly commercial sense, and pay a decent dividend to its shareholders. Worst of all, it is less interested in long-run conservation of soil than in its short-run exploitation to fatten profits.

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The same Mideast oil now costs \$32. a barrel, and the trend is definitely upward. America's food system, always the most energy-intensive, has also become the most expensive. A Cornell ecologist has calculated that the input of one calorie of fossil fuel energy yields only one food calorie, which reconfirms the view of other scientists. To this should be added the vast quantities of energy consumed in shipment and processing of farm products. A CIA calculation made a few years ago concluded that the average molecule of food in the United States travels 1,300 miles before it is consumed.

Food is still abundant in the U.S., but it is no longer cheap. As a result, what used to be a major contributor to price stability has turned into a powerful spur to inflation. How long can the United States afford such a high-cost food system? And will there be enough energy available at an affordable price to sustain it, say, a decade or two from now? Would it be wiser to revert to the earlier system, protecting and rebuilding the family farm, reintroducing the rotational system with leguminous crops, and putting back to work the "soil microbes," the free gift of nature that were driven out by "Arab oil"? These are vital questions the U.S. must address outright before long.

For the developing countries the most important task has long been to grow their own food to the utmost extent possible. Their potential is enormous. But to tap it they must satisfy two inescapable prerequisites: Turn the great majority of tenants-at-will and sharecroppers-at-will into owner-farmers cultivating family holdings; and link farms and villages by all-weather roads to readily accessible market centers, starting with the most densely populated areas, of course, to ensure quick pay-off.

Briefly, once agriculture is freed from feudal-spatial shackles, productivity will take off. True, holdings will

be very small, especially in heavily populated Asia; but acre output can be extremely high, as shown by Japan, South Korea, and Taiwan, and by the so-called "private plots" of Soviet Russia and China. In the USSR in 1978, Mr. Stokes points out, as much as 61 per cent of the potatoes and 29 per cent of the other vegetables were produced on private plots, about 5 per cent of the nation's farmland. In the last two years Chinese farmers have been allowed to sell the crops grown on private plots on the open market at whatever price they can obtain. The result has been a tremendous surge in output from these plots, even though they often consist of poor or marginal land. In short, small can be beautiful and also extraordinarily bountiful. And it opens up a broad roadway by which the masses may escape from their poverty trap.

Pond fishery has fascinating prospects, though this is overlooked by most writers on food production. Thanks to the recent breakthroughs in induced breeding of carp via pituitary injection, pond fishery can turn out very large tonnages. This, together with small-scale poultry development, which, again, is of vast scope, can rapidly fill the critical protein gap in developing nations.

Rising farm production will stimulate the growth of a wide range of processing and other agri-industries. Road-building and transportation will spawn and support a host of new industries and services. Once ownership of land is conferred on the tillers, homesteading will come into play. One of the first things owners will do is build homes for themselves, using family labor and local materials as far as possible. Do-it-yourself home-building in the U.S., Mr. Stokes reminds us, is now a \$24 billion industry.

All this will rapidly multiply job opportunities, spur GNP growth, boost rural incomes, and raise the living standard of the masses. And it will yield yet another precious byproduct. Over half a century ago Harold

Laski, deploring the excessive concentration of activities in a capital city like London, spoke of "plethora at the centre and anaemia at the circumference." This is what has been happening in the developing nations on a staggering scale. The influx of people from rural areas is strangling the cities. Once the agricentered market towns are well established, they will, we may assume, blossom into expanding urban centers with a social and cultural life of their own. They will then provide a powerful antidote to the rural "push factors." Moreover, the exchange of goods, services, and ideas they stimulate will greatly facilitate progress on all other fronts, including agricultural extension work, literacy campaigns, health services, and family planning.

The most rational approach to development is to put the physical resources—land, water, forests, minerals, sunshine, and manpower—systematically to work in every region, country, even locality to produce, with the help of modern science and technology, optimum wealth for the benefit of the people. Meanwhile, there are two overarching problems of truly global dimension that call for an aggressive global attack. The first, overpopulation, can be solved only by a contraceptive that is cheap, reliable, easy to use, harmless, and humane and is acceptable in virtually all cultural milieux. The second, energy cost and scarcity, requires a photovoltaic cell so cheap that even the masses in the rural areas can afford it, allowing them to turn solar energy directly into electricity. Much progress has been made on both fronts, and breakthroughs seem tantalizingly close. At a time when nations are pouring vast resources into the arsenal of apocalyptic weapons, can they not divert a tiny fraction of their funds and scientific talents to meet head-on these two historic challenges? This action could usher in an era of lasting global prosperity. A stricken humanity mutely awaits the dawn of such sanity. **WV**

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