

## Some Features of the Prout Economic System

The Progressive Utilization Theory (PROUT) is the basis for an economic system which is an alternative to both capitalism and communism. PROUT was conceived by P.R. Sarkar in 1959 who in the article below outlines some of the basic features of a decentralised, cooperative economic system built upon the principles of PROUT.

by P.R. Sarkar  
**Guaranteed Minimum Requirements and Purchasing Power**  
 PROUT stands to guarantee the minimum requirements of life, that is, food, clothing, accommodation, medical treatment and education, to each and every person. After the minimum requirements have been guaranteed, the surplus wealth is to be distributed amongst people with special qualities and skills, such as physicians, engineers, scientists, etc., because these people play a crucial role in the collective development of society. The quantum of these minimum requirements should be progressively increased so that the standard of living of ordinary people is ever increasing. The concept of equal distribution is a utopian idea, a clever slogan to deceive simple, unwary people. PROUT rejects this concept and advocates the rational distribution of economic wealth. Such a system will provide incentives to increase production. To effectively implement such an approach, PROUT advocates progressively increasing the purchasing power of each individual. In fact, the increase in the purchasing power of each individual is the controlling factor in a Proutistic economy. Because the purchasing capacity of the people has been ignored in many undeveloped, developing and developed countries of the world, economic systems are breaking down and heading towards a crisis. To increase the purchasing power, the production of essential commodities--not the production of luxury goods--for consumption by the ordinary people must first be maximized. This will restore parity between production and consumption and will ensure that the economic needs of the people are met.

### The Co-operative System

According to PROUT the co-operative system is the best system as far as the production and distribution of commodities are concerned. Co-operatives, run by moralists, are the only safeguard against capitalistic and other types of exploitation. Agents or intermediaries will have no scope to interfere in the economy in the co-operative system. The main reason for the failure of the co-operative system in different countries of the world is rampant immorality which has been perpetrated by capitalist exploiters so that they can maintain their economic exploitation.

A co-operative usually develops out of the collective labour and intellect of a community who live within the same economic structure, who have the same common needs and who have a ready market for the goods produced on a co-operative basis. If these three factors are not present, a co-operative cannot be developed. Properly managed, the co-operative system will be free from the defects of individual ownership, and through scientific methods it will be possible to increase the quantum of production. The success of co-operative enterprises depends on three factors - morality, strong administration and the whole-hearted acceptance of the co-operative system by the people. Co-operative enterprises become successful in proportion to the degree that co-ordination between these three factors is achieved. To encourage people to form co-operatives successful co-operative models should be established and people should be educated about the benefits of the co-operative system. The latest technology should be used in the co-operative system, both in production and distribution. Appropriate modernization will lead to increased production. In the co-operative system, managers should be elected from amongst those who have shares in the co-operative. The members of a co-operative can get dividends from the co-operative in two ways--according to the amount of land they have donated to the co-op, and according to the amount of their productive, manual or intellectual labour. To pay this dividend, the total production should be divided on a 50-50 basis--that is, 50% of the produce should be spent on wages and 50% as a return on the donated land. Developmental plans should be adopted to bring about equal development in all regions instead of just a particular region, and local wealth and other resources and potentialities should be utilized in this developmental plan. Thus, local people should get first preference in participating in the development of cooperative enterprises. PROUT has given an ideal solution to the controversial problem of the ownership of land by advocating the phase-wise socialization of land through agricultural co-operatives. This socialization program should be implemented step by step in adjustment with the economic circumstances of the local area. During this process, the ownership of land should not be in the hands of any particular individual or group.

### Industrial Development

PROUT has divided the industrial system of production into three categories--key industries, managed by the immediate or regional government, co-operatively managed medium scale industries, and small scale privately owned industries. This system will not create any confusion or duplication between the government and private enterprise. An important aim of PROUT is to reduce the excessive pressure on agriculture presently occurring in many undeveloped and developing countries of the world. Not more than 40% of the people should be employed in agriculture under any circumstances. In villages and small towns a large number of agro- and agrico-industries should be established. In addition, agriculture should be given the same status as industry so that agricultural workers can realise the real value of their labour. PROUT's wages policy advocates that wages need not only be received in the form of money. Wages may also be received in the form of essential goods and services. This component of wages should be gradually increased in relation to that portion of wages received as money. PROUT also supports maximum modernization in industry and agriculture. This can be achieved by introducing the most appropriate and scientific technology. Yet modernization and rationalization should not lead to increased unemployment. While there should always be an effort to maintain 100% employment, this is not

possible in the capitalist systems. However, in PROUT's collective economic system full employment will be maintained by progressively reducing working hours as the introduction of appropriate technology increases production.

### Decentralisation

In order to implement the economic ideas outlined above, PROUT advocates a new and unique approach to decentralisation. It recommends the formation of socioeconomic groups or units throughout the world. These socio-economic groups should be formed on the basis of factors like common economic problems, uniform economic resources and potentialities, ethnic similarities, common geographical features, and the sentimental legacy of the people, which arises out of common socio-cultural ties, like language, cultural traits, etc. Each socio-economic group should be free to chalk out its own economic plan and the methods of its implementation. Within each socio-economic there should also be decentralised planning which PROUT calls block-level planning. A block is the lowest level planning authority in PROUT's socioeconomic system. In PROUT's system one political unit, like a state or a province, will normally contain a number of socio-economic regions. For instance, the state of Bihar in India may have five socioeconomic regions, such as Angika, Magahii, Maethilii, Bhojpuri and Nagpuria. Based on the aforesaid factors, the whole of India may today be divided into approximately forty-four socio-economic units. These units should be guaranteed the full freedom to achieve economic self-sufficiency through the implementation of their own economic planning and policies. If these socio-economic groups start a full scale program to achieve all-round socio-cultural and economic emancipation, there will be a widespread socio-economic awakening in the whole of India. All people--regardless of whether they are rich or poor, old or young, educated or illiterate, inspired by a common anti-exploitation sentiment, will start a powerful movement for socioeconomic liberation.

If those living within one socio-economic unit merge their individual socio-economic interests into the collective socio-economic interests, the outflow of economic wealth from any region will be stopped and exploitation will be completely rooted out. In PROUT's system the right of employment for the local people will be fully guaranteed, and the employment of local people will take precedence over non-local people. Where there are no opportunities for proper economic development, surplus labour develops. In fact, in all undeveloped economic regions surplus labour occurs, and when this surplus labour migrates to other regions, the surplus labour area remains undeveloped forever. Wherever there are surplus labour areas, provision should be made to employ the local labour immediately. While providing employment to local people, the local sentiment should also be taken into consideration. Maximum agro and agrico-industries should be established on the basis of the socio-economic potential of the region. Also, various other types of industries should be established on the basis of the collective needs of the region. This approach will create enormous opportunities for new employment. Through such an employment policy, increasing the standard of living of the local people will be possible. The modernization of industry and agriculture can be readily introduced in a decentralised socio-economic system and the goods that are produced can be easily marketed. If a socio-economic unit develops its economic potential, per capita income disparities in different regions will be reduced and the economic position of undeveloped regions will be raised to that of developed regions. Economic prosperity can be enjoyed by each and every person. When every region becomes economically self-sufficient, the whole country will rapidly achieve economic self-sufficiency. Another unique feature of PROUT's decentralised economic system is its guiding principles of planning. According to PROUT, effective economic planning should be based on four fundamental factors--productivity, cost of production, purchasing power and collective necessities. Other related factors are natural resources, geographical features, climate, river systems, transportation, industrial potentialities, cultural heritage and social conditions.

### Trade and Commerce

PROUT also has its own unique features in trade, commerce, taxation and banking. The distribution of essential commodities should be done entirely through consumer co-operatives, not through the government, businessmen or different levels of "middle men", thus leaving no scope for manipulation by profiteers. As far as possible, barter should be the basis for trade between self-sufficient socio-economic regions. Essential commodities should be entirely tax free except for some special circumstances. Income tax should be abolished, and instead taxes should be levied at the starting point of production. The banking system should also be managed by co-operatives, and the central or federal government bank should be controlled by the immediate government or the local government. In the productive economy of PROUT, which aims above all else to increase the purchasing power of the people, it will be easy to control price levels through the co-operative system and decentralisation at all levels. 1981, Calcutta.

P.R. Sarkar (1921-1990) founded Renaissance Universal in 1958. This article is an excerpt from his book PROUT in a Nutshell.

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