

PROUT - AN OVERVIEW

Prout (an acronym for **P**rogressive **U**tutilisation **T**heory) is a social and economic treatise first proposed by the eminent Indian philosopher, Shrii Prabhat Ranjan Sarkar (1921-1990). It is arguably the only socio-economic theory to emerge out of the 'third world' that has direct applicability to the 'developed world'.

1. Prout draws on ecological, social and spiritual wisdom accumulated as a result of thousands of years of human struggle and experimentation.
2. A Proutist economy is based on the *cooperative system*. It is community based, decentralised and promotes an economic voice for all. Prout espouses meeting human needs by promoting the maximum utilisation and rational distribution of all resources: physical, mental and spiritual.
3. Prout also promotes a global society based on the concept of *political centralisation* (legislature, executive, judiciary) followed by levels of government down to local government, and *economic decentralisation* built predominately on cooperatives (no centralisation of economic enterprise in private hands or nationalisation of enterprises).
4. Prout has a theory of psycho-social class (not based solely on economic relations) and a historical analysis based on the concept of *collective psychology*.

BUILDING COMMUNITIES

The primary social goal of Prout is to build healthy communities which, like living systems, need to be nurtured and cultivated. An economic system cannot be divorced from the people, the community and the bio-region in which it is embedded. Therefore, Prout opposes the neo-liberal agenda of deregulation because common community standards in respect of enterprise, transactions and resource use are necessary in the production and distribution of goods and services. Concentration of wealth in the hands of a few and the centralised economic power they obtain bleeds wealth from local communities and the already impoverished 'third world' into a comparatively few centres of global economic dominance.

Prout advocates a constitutional guarantee that:

- all persons have the right to obtain their minimum requirements of life, in particular food, education, health care, clothing and housing.

After that, the economic principle is that surplus wealth be distributed as determined by the community values of the day, in 2 streams:

- to meet common amenities that everyone requires above their minimum necessities (e.g. essential goods like refrigerators) or to meet universal service obligations such as electricity, communications, transport; and
- to provide special amenities or incentives on a merit basis to enable persons to render service to society or apply their skills and knowledge for social good or that are necessary for research and development or innovation.

Prout also promotes a system of cooperative finances and budgets to determine the distribution of profits from cooperative enterprises on a rational basis so that workers and/or shareholders and other stakeholders all receive a fair distribution. Similarly, annual aggregate incomes going to households, businesses and governments require rational distribution so as to ensure, and increase, overall social welfare.

NEW DEFINITIONS OF ECONOMIC PROGRESS

Per capita Gross Domestic Product (GDP) is a defective measure of economic progress. It counts every new nuclear missile, tourist casino and cigarette sale as positive growth – as contributing to prosperity. It ignores tremendous disparities in wealth between rich and poor.

Prout recognises that human beings are not just *homo economicus*. We have intellectual, emotional, cultural, social and spiritual needs in addition to the economically obvious physical/material needs. To satisfy these needs requires the management of many kinds of 'subtle' capital in addition to physical and financial capital. Satisfying these diverse needs underlies our productive activity and our community life.

A healthy community with a healthy economy requires:

- **An expanded definition of economic resources:** Future economic theory and practice will have to come to terms with a much broader definition of economic resources to satisfy the spectrum of human needs.
- **Multi-bottom line accounting:** Prout supports the introduction of triple- and multi- bottom-line accounting (financial, social, environmental, etc) to ensure efficient management of the full spectrum of resources.
- **New economic indicators:** To measure social and economic progress, Prout embraces alternative economic indicators such as those developed by the Calvert-Henderson group (quality of life indicators) and others.
- **Production taxation:** Prout supports shifting the tax base by gradually replacing personal income tax with a rational system of taxes levied from the starting point of production (with no tax on essential commodities) and in respect of the value added and wealth generated subsequently.

ECONOMIC DEMOCRACY

Economic democracy is achieved through:

1. economic decentralisation;
2. a cooperative based economy; and
3. a significant voice for all women and men in economic planning and decision making.

Local communities can solve local economic issues more easily because they are closer to the source of the problem and by definition the problems are on a smaller scale. Economic decentralisation also decentralises population and so contributes to sustainable population centres and the easier implementation of economic measures.

There are 5 principles for achieving economic decentralisation:

1. Local people should have control of local resources.
2. Production should be guided by local consumption needs and not profit motive.
3. Production and distribution should be organised through the cooperative system.
4. Local people should have employment priority in local industry.
5. A community should not import what can be produced locally.

THREE TIERS OF ENTERPRISE

Prout divides the industrial system into three sectors:

1. Most businesses, especially those producing the essential requirements of life, are best operated as cooperatives. For example, the agricultural and housing sectors fall into this category.
2. Businesses too small for cooperative management or producing non-essential goods can operate as private enterprises.
3. Very large-scale industries and key/strategic industries are public utilities. Key industries operate on a no-profit, no-loss basis.

Prout advocates a monetary system managed by a central bank run as a public utility with numerous cooperative banks providing ordinary people with their banking needs.

Prout supports the development of a *balanced economy*, in which the agricultural sector (agro- and agrico- industries)*, manufacturing and service sectors all develop in balanced proportion.

* Here 'agro' refer to pre-harvesting industries, and 'agrico' refers to post-harvesting industries.

A cooperative economy will also encourage a large not-for-profit sector which contributes to the accumulation of social capital. It would also recognise the productive role played by mothers and carers not employed within the formal economy.

GLOBALISATION AND GOVERNMENT

In the long term, Prout envisages the establishment of a system of tiered communities governed from the local to the global level.

The lowest level would be the *block*, a bioregion having about 100,000 inhabitants.

At the global level, a world government is essential to solve pressing problems such as global warming and human rights abuses on a national and international scale. However a world government cannot be imposed from the top. When local communities around the world have economic security, they will naturally see the advantages of a standard set of laws for all global citizens and a governmental structure for assisting the world's citizens.

Prout promotes the concept of *political centralisation* and *economic decentralisation*. This approach can make 'globalisation' work for all.

To ensure community input into government, social boards should be formed parallel to different levels and departments of the governmental structure, such as organised labour movements, professional bodies, environment advocacy, intellectual and welfare associations and movements that hold representative government to account. Social boards should also oversee the functioning of cultural, scientific, educational and other institutions that serve the public good.

The guiding principles and policies of the mass media should be framed by the community, with community representation in media enterprises, and support of media diversity, local content and meeting of special needs.

HOW WILL IT HAPPEN ?

The contemporary world is threatened by three main sources of instability.

First, *economic instability* arises from gross concentration of wealth in a few hands, leading to misutilization and irrational distribution of resources, and which generates speculative bubbles, most obvious today in the equities, futures and foreign exchange markets. All speculative bubbles inevitably burst.

Second, the flip side of wealth concentration is *institutionalised poverty* encouraged by the absence of economic democracy. So the second source of instability is *social instability*, which in the worst case is expressed as violence and war.

Third, another source of instability comes from *environmental degradation* and *climate change*.

Given these sources of instability, each of them potentially catastrophic, it is hard to imagine how 'business as usual' can continue much longer. The rise of disgruntled intellectuals, activists and others fighting for social equality and inclusion continues its pace raising people's consciousness and inspiration for ensuring social change.

According to Prout, societies transform themselves through dialectical struggle. The existing order (*thesis*) in decay is gradually or rapidly replaced by progressive ideas (*antithesis*). The antithesis to capitalism is already emerging. After that comes a synthesis, or new thesis, and so on. Civil society including community, women's, workers, indigenous, artists, green and other activist organisations all over the world are setting the agenda where large business corporations and governments have failed.

PERSONAL CHANGE

An important lesson learned by political and social activists in recent decades is that social change requires personal change. Outer change must be accompanied by inner change. Keeping this in mind, three kinds of personal transformation are essential:

- **Universal outlook:** the struggle to accept all women and men (and children), regardless of social status, economic class, cultural or ethnic background, as equal members of one universal family. Prout is the application of family spirit in the social and economic arena.
- **Ethical lifestyle:** Personal ethics underpin all political and economic practices. A limited vision of ethics is contributing to the disintegration of contemporary society. To build a healthy society, Prout promotes the acceptance of *cardinal human values*.
- **Spirituality:** This is the constant endeavour to maintain one's connection with a feeling of Oneness with the universe and all its expressions, the well-spring of hope and the source of all that is sweet and subtle in human life. Many people consider the regular practice of meditation or contemplation to be helpful in this regard.

Cardinal human values are those which reflect the spirit of continuing efforts towards welfare of the entire humanity and promotion of universal well-being. They elevate humanity and include love for all, benevolence and responsibility to ensure the welfare of all entities in the universe.