



# Progressive Utilization Theory (Prout)

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**Humanity** is at the threshold of change. The old social and economic order is collapsing, and the need to replace it with new structures is more apparent now than ever. Crises created by wars, wealth disparities, global pandemics, and climate change have brought the world to a critical juncture, where we are forced to think about systemic changes.

A socio-economic system guided by intelligence, wisdom, love, and inclusivity is the need of the hour. However, the predominant economic system we have today, capitalism, and its associated political structures, are processes designed primarily to maximize short-term profits. The well-being of humans and the planet has little role to play in their decisions or activities.

What is the way out of this crisis? Can we reimagine a system to replace capitalism? Can we create a world in which all humans (not just a few) get to live with dignity, have their basic requirements fulfilled, and reach their highest human potential? Karl Marx proposed an alternative to capitalism, however those who adopted his ideas in the 20th century were unable to establish a viable economic system. His efforts and that of his followers created more strife and struggle rather than solving the problems of capitalism.

P.R. Sarkar, an Indian philosopher, developed an alternative social and economic theory between 1955 and 1990, which he called the Progressive Utilization Theory (known by its acronym Prout). He envisioned that the practical implementation of Prout would help us overcome the problems of both capitalism and communism.

The goal of Prout is to bring economic prosperity to all regions of the world by means of regional self-reliance, sustainable growth, and social justice.

Prout's socio-economic approach to development is inspired by Neohumanism, which is an all-inclusive worldview characterized by love, care, and compassion for all beings of the universe. Neohumanism rejects the superficial barriers created by prejudices against other races, genders, nationalities, faiths, and less-evolved living beings. The translation of Neohumanist ideas into practical life is the mission of Prout.

The following sections outline some salient features of Prout - Economic Democracy, Decentralized Economy, Three-Tiered Economy, Balanced Economies and Regional Self-sufficiency, Moral and Wise Leadership, World Government and Coordinated Cooperation.

## Economic Democracy

Prout strongly advocates for economic democracy for all, not mere political democracy. Common people are unable to make proper decisions about their socio-economic circumstances in political democracies due to the lack of education, socio-economic consciousness, and morality among the electorate. In the absence of any of these aforementioned factors, political democracy becomes a farce. Such a system is a tool in the hands of a few politicians with vested interests who form a nexus with capitalists and make false promises of ending economic exploitation to win elections.

Economic Democracy, on the other hand, requires that ordinary people be made guardians of their own economic destiny. In an economic democracy, there is a bifurcation of political and economic power. Ordinary people are empowered to make their own economic decisions and draw up economic plans to meet local needs. Political leaders, as administrators, legislate policies to remove obstacles in the way of implementing economic democracy. The primary goal of economic democracy is to build and grow strong self-reliant local communities.

When local people assume control of managing their economic needs, they are guided by an intimate knowledge of local natural resources available to them. They are better judges of the economic potentialities of their region. Also, they are very likely to plan economic activities to use these resources in a sustainable and responsible manner, due to a sentimental bond they have with the natural ecosystem of the region, such as the rivers, mountains, and forests. Thus, economic democracy ensures economic activities of a region cause minimal impact on natural ecosystems. This will provide the flora and fauna a greater opportunity to thrive and offer a

solution to many man-made crises like deforestation, depletion of natural resources, climate change, and extinction of species.

**Prout's economic democracy is based on the fulfillment of the following requirements:**

**1. Minimum requirements of a particular age, including food, clothing, housing, education, and medical care, must be guaranteed to all.** This socio-economic security will help people by satisfying their physical needs, and enable them to develop their intellectual, artistic, and other subtler potentials in order to advance the development of society. People will be able to obtain these basic necessities through employment or other support in cases of special needs.

**2. Increasing purchasing capacity must be guaranteed to every individual, so that they are able to purchase their minimum requirements.** Adequate and increasing purchasing capacity is ensured through easy availability of minimum requirements, stable prices, employment of local people in local industries, progressive and periodic increase in wages, and by planning the economy efficiently to increase collective wealth.

**3. Power to make all economic decisions is in the hands of the local people.** Local people decide, based on their collective necessities, what kind of agricultural and industrial commodities to produce, how much to produce, and how these commodities are equitably distributed. According to Prout, 'local people' are those individuals whose own socio-economic interests align with the socio-economic interests of the region in which they reside.

**4. Outflow of capital and raw materials from a region must be curbed.** Outsiders or a "floating population" should not be allowed to participate in economic decisions of the region and should be prevented from profiting from local economic activities.

Prout recognizes economic liberation as the birthright of every individual, and it must be guaranteed to everyone irrespective of their gender, race, religion, political beliefs, ethnicity, or nationality. Economic liberation is achieved through economic democracy. Economic liberation, consequently, leads to the utilization of human potentialities in other areas of human existence – intellectual and spiritual pursuits, art, science, social service, etc. People who are liberated from the shackles of economic exploitation are free to use their physical, mental, and spiritual energies to contribute to the welfare of all living beings. Therefore, economic democracy is not only essential for the economic liberation of human beings, but also for universal well-being.

## Decentralized Economy

Prout's vision of 'economic democracy for economic liberation' is fulfilled by a system of economic decentralization. A decentralized economy materializes Prout's core tenets of maximum utilization and rational distribution of resources. For economic democracy to become a reality, economic policies adhering to these principles of a decentralized economy must be implemented.

**1. Resources of a socio-economic region must be controlled and managed by local people.** These resources must be utilized not only to meet the minimum requirements of local people but also to achieve the economic prosperity of that region. Outsiders should not be allowed to interfere in the production and distribution of commodities.

**2. Production must be for consumption, not for profit.** When commodities are produced for consumption of a socio-economic region, goods produced locally are sold and consumed locally. This keeps money circulating in the local economy and instills dynamicity in economic life.

**3. Production and distribution should be organized through cooperatives.** In a decentralized economy, most industrial and agricultural production and distribution will happen through worker-owned cooperatives embedded within the community. This form of local ownership helps maintain employment and democratizes the workplace. When economic activities of a local region are entrusted with cooperatives, cooperatives flourish without fear of big corporations monopolizing their markets. Local people begin to wholeheartedly accept the idea of an economy run by cooperatives.



**4. Local people must be given first preference for employment in local economic enterprises.** One of the basic requirements for economic democracy is guaranteed minimum requirements of life. Prout suggests this requirement be satisfied by employing everyone who is able to work. Employment must be the means of providing a sufficient and ever-increasing purchasing capacity. Decentralizing the economy will increase local hires by local cooperatives and businesses, and thereby achieve the goal of 100% employment of the local region.

**5. Commodities that are not produced locally should be gradually removed from local markets.** The aim of a decentralized economy is to develop local industries, create local employment and produce goods based on the collective necessity of the region. Commodities that are not locally produced do not contribute toward achieving this goal. There are many benefits to not allowing outside goods in local markets: Local economic enterprises grow, transportation and distribution of produced goods consume fewer resources, and outside forces will be thwarted from manipulating local markets.

In a centralized economy, profits take precedence over people and the environment, and wealth is concentrated in the hands of a few individuals and institutions. Furthermore, capitalists rarely reinvest their profits for the development of those very regions, in which they are taking advantage of cheap resources – cheap labor, cheap energy, cheap raw materials, cheap transportation. Their motive is to always produce commodities at minimum costs of production and extract maximum profits.

Profit-oriented systems of organizing economic activities have exacerbated the problems of economic exploitation and ecological degradation. They have brought our planet to the brink of destruction. A decentralized economy, as proposed by Prout, pays close attention to managing resources progressively for all-round welfare and sustainable growth.

## **Three - Tiered Economy - Small Businesses, Cooperatives, Key Industries**

One way to move toward the goals of economic democracy is optimal utilization of resources and organization of economic activities in three tiers. Demarcation of economic enterprises into these three tiers leaves no scope for confusion about their management and prevents duplication of labor.

### **1. The Private Sector**

Small privately-owned businesses and economic enterprises that deal with non-essential commodities and services constitute this sector of the economy. Restaurants, small repair shops, businesses that sell luxury items, dealers of antique arts and crafts, salons and other similar activities are examples of enterprises in this sector. These businesses are efficiently run on a small scale, privately by individuals, partnerships, or families. By limiting the private sector to non-essential goods and services, lives of common people are not adversely affected when any of these businesses go down. Private industries must be limited in size and scope to prevent monopolies from being formed, resulting in private ownership of excessive wealth.

### **2. The Cooperative Sector**

Economic enterprises that deal with the necessities of life such as food, shelter, clothing, education, and medicine form the cooperative sector of the economy. Production and distribution of reading and writing material, construction material, and essential fuel should also be managed by cooperatives. Small businesses that grow too complex to be managed privately and employ a large labor force should be run cooperatively because they begin to impact the wider community with an increase in size and scope.

A few individuals or business families owning these enterprises may be problematic as they cannot be trusted to run these enterprises without a profit motive.

Exclusive private ownership of enterprises that produce and distribute vital necessities can lead to outcomes that are detrimental to society. As an example, in the USA, privately owned pharmaceutical companies manufacture and sell life-saving medicines at such exorbitant prices that, for most families, make it hard to afford good medical care without going into debt.

To overcome such problems, it is necessary to encourage cooperative management of the economy. Cooperatives are worker-owned. Workers are shareholders and they elect a managing board. Each worker has some say in determining the direction of the co-op, but the managing board handles operational decisions. When a large section of the economy is run by cooperatives, with the people making economic decisions, it becomes easy to establish economic democracy.

In a capitalist system, multinational corporations have a global presence. Often, they expand into countries where they can avail themselves of cheap labor and raw materials. This expansion comes at a human and environmental cost. Firstly, the countries in which they build their manufacturing units are offering up cheap resources without assessing the impact on the lives of local people and natural resources. Secondly, since all the manufacturing happens in that one place, in a centralized manner, energy is expended to transport those manufactured goods to global markets.

In addition to this, in an economic downturn, global corporations may decide to downsize and dispose of some uneconomic holdings in foreign countries. The local economy suffers, workers lose their jobs, and rarely have a say in these matters. Cooperatives offer a solution to this problem. Worker-owned cooperatives embedded within local com-

munities solve this problem, as they empower workers with decision-making power to manage cooperatives democratically. Cooperatives exist to serve local needs. In a cooperative system, production is for consumption and distribution happens within local markets. So, there is neither exploitation nor wastage of human potential and natural resources, only optimal utilization.

Surviving competition in a capitalist economy will be a huge challenge to cooperatives. Availability of capital to large-scale capitalist enterprises, along with the advantage of scale due to their global presence enables them to offer their goods at lower prices and monopolize global markets. To tackle this problem and establish a three-tiered economic system, Sarkar suggests that governments should provide a “protective armor” to co-ops in the form of “exemption from sales tax, duties, etc. This protection should be withdrawn slowly. Protective armor should be limited to essential commodities only.”<sup>1</sup> This enables cooperatives to get a foothold and grow.

### **3. Key Industries (The Public Sector)**

Economic activities which run on a larger scale and with wide-ranging impacts on the greater economy constitute this sector. Transportation, communication, mineral extraction, and generation of power are some of the enterprises which have an impact on the wider community and must be run as large-scale enterprises in order to manage them efficiently. Prout designates them as “Key Industries”. According to Prout, key industries should be managed by the immediate, local government on a “no profit, no loss” basis. If there is no strong local government, a public board like a municipal board or an autonomous body should be set up in that geographic area to manage key industries. Government at the national or federal level should delegate the control of key industries to state and local governments.

1 P.R. Sarkar, “Discourses on Prout”, AM Publications, 1993

## Balanced Economies and Regional Self-Sufficiency

Disparity in economic development among different countries of the world, and even among different regions of the same country contribute greatly to human suffering. Economic activities are concentrated around centralized manufacturing centers, which are located mostly in urban areas. The rural economy suffers from a lack of industries and fewer employment opportunities. In such a scenario, there is undue pressure on agriculture to create employment in rural areas. When agriculture fails to create enough jobs, young people migrate to the cities in search of livelihood. The result is congested urban areas with poor quality of life for everyone.

Underdeveloped areas not only suffer economically, but also suffer in the area of development of arts, culture, and education. Deprived of economic opportunities, many alienated young people take to crime. As crime spikes, the overall progress of society is impeded. Also, industrially underdeveloped regions will depend on industrially developed regions for finished products owing to the lack of regional manufacturing facilities. Due to this economic dependence, it becomes easy for industrially developed economies to exploit underdeveloped economies in order to extract raw materials for their own manufacturing industries. This imbalance must be addressed by building balanced economies throughout the world.

Prout's founder, P.R. Sarkar, said that a country with a balanced economy should employ about forty to fifty percent of its population in agriculture-related enterprises, which includes agricultural production, agrico industries (equipment for agriculture), and agro industries (processing of agricultural products). Ten percent of the population should be engaged

in general trade and commerce and ten percent in intellectual or white-collar jobs.

Non-agricultural industries can be encouraged by gradually reducing the percentage of population dependent on agriculture, agrico industries and agro industries. Non-agricultural industries such as steel plants, oil refineries, non-herbal pharmaceuticals and the metal industry are necessary to ensure that a region is sufficiently industrialized, but the percentage of population involved in non-agricultural industries should not exceed twenty to thirty percent. If the percentage exceeds thirty percent at the cost of agriculture and agricultural industries, then the area may feel it has no recourse but to invade other regions to obtain food for its inhabitants.

Diversifying the economy, creating strong regional economic centers by developing healthy rural industries, reducing the economic burden on agriculture, and maintaining a healthy employment ratio in various sectors of the economy solves the problem of unequal economic development. A balanced economic planning results in regional self-sufficiency. Local people wouldn't have to migrate. With a balanced economic development, every region develops resilience to withstand unforeseen hardships like pandemics, natural calamities, or war. Prout's principles for economic decentralization will guide the process of planning and building balanced economies.

## Moral and Wise Leadership

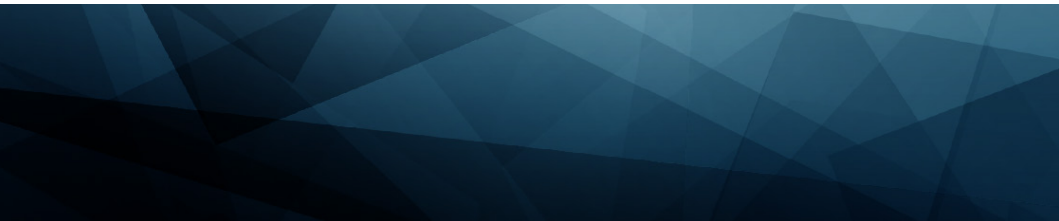
Humanity is facing unprecedented challenges. To overcome these challenges, we need benevolent leaders motivated by a genuine love for humanity and all living beings. Moral courage in times of adversity, selflessness, and wisdom to lead society in the direction of collective welfare are indispensable qualities a leader should possess. As well, an understanding of cardinal human values and an ability to treat others based upon such principles is important.

Cardinal human values transcend religious doctrine and stand at the heart of all ethical human civilization. They promote the physical, mental, and spiritual development of all peoples and exemplify the essential ways in which human beings exist and interact in an ethical sense with kindness. Offering guidelines for living together and behaving in a principled manner, cardinal human values represent an ethical and spiritual stance which includes respect for all life, dedication to a life of truth and wisdom, living simply (so that others may simply live), mental purity and contentment, striving to deepen one's understanding of the deepest universal truths humanity has uncovered and realize the interconnectedness of all life forms.

The socio-economic structures Prout envisions, and the economic planning methods outlined in the above sections offer a comprehensive solution to some of the serious problems endangering our civilization. Climate change, which has affected every form of life on this planet, is a direct consequence of economic activities driven by capitalistic greed and mindless consumption of limited resources. In this critical historical moment, every country and government of the world

should work together cooperatively to solve global problems. This calls for strong leadership. World leaders must have the firm resolve to embrace a cooperative and sustainable approach to economic development. Ethically and spiritually grounded leaders must lead the way to a new system.

History has shown us that exemplary leaders have emerged in critical times in the form of freedom fighters, revolutionaries, civil rights advocates, saints, and philosophers. P.R. Sarkar expressed optimism about the emergence of leaders in the future who will be staunch moralists with a benevolent intellect. He believed that it is a leader's duty to create social, political, and economic awareness among ordinary people and help raise the ethical standards of the general population. In a Prout society, moral and wise leaders will play a central role in society-building.





## World Government and Coordinated Cooperation

Advances in communication, transportation, trade, and media technologies that transcend national barriers, have brought humans closer. Geo-political, social, and economic outcomes in one country have ramifications on the lives of people in other countries. Global issues like climate change, poverty, wars, and pandemics are best addressed through international collaborations. Attempts in the 20th century for global cooperation, namely the League of Nations and the United Nations, are a step in the right direction, but have proven to be inadequate.

A global government functioning under an ethical, inclusive, and cooperative leadership further strengthens international partnerships. Prout advocates for cooperative leadership, not subordinated leadership. The primary guiding principle for establishing a global government should be “coordinated cooperation”, a form of collaboration in which collaborating entities cooperate freely with one another with equal rights and mutual respect, and not under obligations. This form of collaboration is opposed to “subordinated cooperation”, where a particular person, group, or government is under the subordination or control of another entity. Coordinated cooperation and cooperative leadership are necessary to ensure that the global government does not misuse its powers.

P.R. Sarkar, in his book, *Problems of the Day*<sup>2</sup>, put forward the concept of a World Government. A World Government must be composed of two houses – a lower house and an upper house. The lower house would have representatives elected on the basis of the population of a country, and the upper house would have two representatives from every nation.

2 P.R. Sarkar, “Problems of the Day”, AM Publications, 1958

Equal representation in the upper house ensures countries with low population too have a voice in matters of global importance. Bills become laws on the approval of both houses, but the upper house reserves the right to reject or accept a bill that was passed in the lower house.

Divergent national interests and skepticism may become obstacles to the formation of a World Government. A phase-wise movement towards world government is the best approach to allay fears. In the first phase, the World Government will only be a law-framing body. The administration of various countries will be managed by the governments of those countries. The World Government is responsible for framing laws that offer protection to linguistic, ethnic, religious, or political minorities. At a later stage, the World Government would have administrative authority and its own militia to respond to global emergencies.

A World Government must adopt a World Constitution. This World Constitution would include a charter of rights, which offers complete protection to plants, animals, and the natural world. The charter of rights would require each country to guarantee adequate purchasing capacity to its people and guarantee every individual these four fundamental rights – right to spiritual practices, right to protect their cultural legacy, right to one's indigenous linguistic expression, and right to education.

Ultimately, this charter of rights guarantees that the practice of any of these rights does not go against cardinal human values and ethics. To commit to cardinal human values means to fight against all forms of exploitation and injustices which suppress, impede, or obstruct the comprehensive development of all individuals and societies. As human consciousness expands and evolves towards universalism, a World Government could soon become a reality and extend its support to the implementation of Prout.

## Books and discourses of P.R. Sarkar are available here:

### Proutist Universal:

<https://prout.info/resources/books/>

### Recommended Reading:

- Liberation of Intellect: Neohumanism
- Neohumanism in a Nutshell Series
- A Guide to Human Conduct
- Prout in a Nutshell Series
- Discourses on Prout
- Proutist Economics
- Ideal Farming
- Master Units
- Problems of the Day
- One Human Society
- Human Society, Parts 1 & 2
- A Few Problems Solved Series



