Frequently Asked Questions on PROUT Economy

1. What are the specialties of PROUT's economic system?

A. They are: (1) guaranteed minimum requirements, (2) increasing purchasing capacity, (3) cooperatives, (4) industrial development, (5) decentralization, and (6) developmental planning.

2. What are Prout's guaranteed minimum requirements?

A. The guaranteed minimum requirements are food, clothing, shelter, medical treatment and education for every human being. Once the minimum requirements have been guaranteed, the surplus wealth is to be distributed among those people having special qualities and skills such as physicians, engineers and scientists, because these people play an important role in the collective development of society. The level of minimum requirements should be progressively increased so that the standard of living of the common people is always increasing.

3. What is the Prout view towards the concept of equal distribution?

A. The concept of equal distribution is a utopian idea. It is simply a clever slogan to hoodwink the common people. PROUT rejects this concept and advocates maximum utilization and rational distribution of resources. Doing this provides incentives for increasing production.

4. How does purchasing capacity of the people increase in a Proutist economy?

A. Today the purchasing capacity of millions of people globally is neglected or non-existent, which has caused a worldwide crisis. To increase the purchasing capacity of the people, it is essential to maximize the production of essential commodities – not luxury goods. Maximizing production of essential commodities will ensure that the minimum requirements are supplied to all.

5. Why does PROUT advocate the cooperative business model?

A. The cooperative system is the best system for production and distribution of goods. Cooperatives run by moralists will safeguard the common people against different types of economic exploitation. Intermediaries or middlemen will have no chance to interfere in the cooperative business set-up.

6. What is the main reason for the failure of business cooperatives?

A. The main reason is the rampant immorality spread by capitalist exploiters to perpetuate their domination of the economy.

7. What factors are required for cooperatives to evolve?

A. Cooperatives will develop nicely in a community which has an integrated economic environment, common economic needs, and a ready market for its cooperatively produced goods. All these factors must be present for the successful operation of cooperatives.

8. What additional criteria must be present for the success of cooperatives?

A. Morality, strong administration, and whole-hearted acceptance of the cooperative system by the people will ensure their success. Hence, people should be educated on the merits of the cooperative system, wherein all have equal status as workers/owners, and where subordinated coordination (employee with boss/owner) is replaced by coordinated cooperation (employee/owner with employee/owner).

9. How should the cooperative managers be chosen?

A. Managers should be elected by those who have shares in the cooperative.

10. Will there be any scope for interest earning shares in the Prout cooperative system?

A. No, there will not. There should not be profit-earning shares in cooperatives. Rather, shares should be according to the production of the land. In industrial cooperatives, there will be dividend-earning shares and not profit-earning shares as in bank interest. If there are profit-earning shares, the cooperatives will convert to commercial enterprises, which is not in the interest of the people. The spirit of the cooperative system will be destroyed and cooperative will go into the hands of capitalists.

11. What dividends will be given to members of agricultural cooperatives?

A. Members will receive dividends according to the amount of land they donated to the cooperative, and also according to the amount of their productive manual or intellectual labor. To pay this dividend, the total produce should be divided on a 50-50 basis – 50 percent should be given as wages and 50 percent should be paid to the shareholders in proportion to the land donated. Local people should always get first preference in participation in cooperatives. Developmental planning must be adopted to bring about equal development in all regions instead of just a few particular regions. Local wealth, resources and potentialities can all be utilized in this developmental planning.

12. What is PROUT's stance on land ownership?

A. There should be phase-wise socialization of land through agricultural cooperatives. Cooperative land ownership should be implemented step by step in adjustment with the economic circumstances of that area. During this process, the ownership of land should ot be in the hands of any particular individual or group.

13. What are the three parts of the PROUT industrial structure?

A. They are (1) key industries, to be managed by the immediate or local government, (2) cooperatives, and (3) private enterprises. This three-tiered system will remove confusion about whether any industry should be managed privately or by the government, and will avoid duplication between the government and private enterprise.

14. How many people should be engaged in agriculture in any particular region?

A. No more than 45 percent of the population should be employed in agriculture. Agro-industries and agrico-industries should be developed in the towns and villages, to create employment for the inhabitants. Most important, agriculture should be given the same status as industry, so that agricultural workers will understand the importance and value of their labor.

15. What is the wage policy of PROUT?

A. Wages need not be accepted only in the form of money. They may be in the form of essential goods or services. It is good to gradually increase this component of wages while adjusting with the monetary component.

16. Does PROUT support modernization?

A. Prout supports maximum modernization in industry and agriculture, while taking care that it does not lead to unemployment. In PROUT's collective economic system, full employment will be maintained by progressively reducing working hours for everyone as technology increases production. This scenario is not possible in capitalism, which is driven by ever greater profits rather than welfare of the people.

17. How should the practical implementation of a decentralized economy take place?

A. Decentralization should be based on the formation of socio-economic units or regions, based on common factors such as (1) common economic problems, (2) uniform economic potentialities, (3) ethnic similarities, (4) common geographical features, and (5) people's sentimental legacy, arising from common socio-cultural ties like language and cultural expression. Each of these units or regions will be free to chalk out its own economic plans and the implementation of those plans.

18. What is block-level planning?

A. Block-level planning means decentralized planning within each socio-economic unit. Block-level planning boards will be the lowest level planning bodies, which will function at the block, district, state, national and global levels

19. How many socio-economic units would there be?

A. One political unit such as a state may contain several socio-economic units, depending on the factors mentioned in Question 17. When local people in individual socio-economic units organize programs for their socio-economic and cultural development, there will be tremendous awakening amongst the common people everywhere. Local people can always unite on the common sentiment of anti-exploitation and universalism. In this way they can start powerful movements for socio-economic liberation.

20. What happens when people merge their individual socio-economic interests with the collective socio-economic interest?

A. The outflow of economic wealth from a region will cease and exploitation will be completely rooted out. The right of full employment for all local people will be guaranteed, and employment of local people will take precedence over non-local people.

21. What will happen as each socio-economic unit develops its economic potential?

A. The per capita income disparities among different regions will decline and the economic position of undeveloped regions will go up until it is the same as developed regions.

22. What are the four factors that will lead to effective economic planning?

A. The four factors are: (1) the cost of production, (2) productivity, (3) purchasing capacity, and (4) collective necessity. Other factors include (5) natural resources, (6) geographical features, (7) climate, (8) river systems, (9) transportation, (10) industrial potentialities, (11) cultural heritage, and (12) social conditions. Grandiose planning that is irrelevant to local economic conditions should not be imposed from outside. Rather, this will not be allowed in a Prout economy.

23. How will essential commodities be distributed in a Prout economy?

A. Goods will be distributed entirely through consumer cooperatives, not through the government, businessmen or middlemen. Hence there will be no scope for manipulation by profiteers.

24. How should trade take place between self-sufficient socio-economic units?

A. Barter should be the basis for trade.

25. In a Prout system, will there be taxes on essential goods?

A. Essential goods will be entirely tax free. There will be no income tax. Instead taxes should be levied at the starting point of production.

26. How will banks be managed?

A. The banking system will be managed by cooperatives. The central or federal bank will be controlled by the immediate or local government.

27. What will be the hallmark of PROUT's economy?

A. "Increase the purchasing capacity of the common people above all." If this maxim is followed in practice, it will be easy to control the price of goods through the cooperative system and through economic decentralization.

28. What will be the benefits of local, self-sufficient, socio-economic units?

A. These local units will work to enhance the all-round welfare of the people in their respective areas. The interests and concerns of local people will be guaranteed. Individual units will merge with other units. Thus these socioeconomic units will lead to the comprehensive, multifarious liberation of humanity.

29. What does the economic development of a country depend upon?

A. It depends on the collective labor of different social groups such as industrial laborers, peasants, carpenters, blacksmiths, goldsmiths, potters, physicians and clerks. In the Prout economy, the value of these various social groups will be equal.

30. According to PROUT, how should economic holdings be reorganized?

A. An economic holding means a holding where output exceeds input. It is not possible to predetermine the size of such a holding.

31. What factors are to be considered for determining the optimum size of an economic unit?

A. Factors like the fertility of the soil, climatic conditions and availability of water must be considered.

32. Does it matter whether agricultural land holdings are large or small?

A. No. The important question is whether these holdings are economically viable.

33. How will the growth of large, exploitative cultivators be prevented?

A. The minimum and maximum size of an economic landholding will be determined and followed. The minimum size of an economic holding will vary from place to place. The maximum size of a landholding will depend upon the soil fertility, overall production, and the expertise of the management. Economic holdings will comprise land of the same topography having adequate irrigation and other agricultural facilities.

34. Will distributing land to the people solve the problems of the people?

A. No, it will not solve their problems. The ownership of the land is not important. What matters is the production from the land.

35. How should economic decentralization be created?

A. Agricultural land should be managed through the cooperative system. However, all land should not suddenly be turned over to cooperative management. Cooperatives evolve gradually out of the collective labor and wisdom of the people, of the community. Hence the community must develop an integrated economic environment, common economic needs, and a ready market for its cooperatively produced goods.

36. What is PROUT's two-phase plan to introduce cooperative land management?

A. First, all uneconomic land holdings should be required to join the cooperative system so that they become economically viable. Here, cooperatives will consist of only those people who merged their nonviable lands together to make them viable. For these lands, private ownership will be recognized, but agricultural activities will be conducted cooperatively. Dividends will be awarded based on the amount of land contributed to the cooperative. In the fist phase of PROUT's two-phase plan, those owning productive land need not be persuaded to join a cooperative. However, if a land holding comprises land which is dispersed in small plots, then the scattered plots should be consolidated into one holding. Or, wherever small, scattered, uneconomic plots are located, they will have to be joined together under cooperative management. In the second phase, all people should be encouraged to join the cooperative system.

37. What will be the third phase of cooperative land management?

A. There will be rational distribution of land and redetermination of ownership. Here two factors will determine the rational distribution of land: (1) the minimum amount of land required to maintain a family, and (2) the farmers' capacity to utilize the land.

38. What will be the fourth phase of cooperative land management?

A. In this phase there will be no conflict over ownership of land. People will by now have learned to think for the collective welfare rather than for petty self-interest. This will not happen overnight, nor can it be forced on the people (as was done in the Soviet Union). But through persuasion and proper mental preparation, the people will gradually be convinced to think first for the collective. Good examples of cooperatives must be established to convince the people of the merits of the cooperative system.

39. What are the three main factors required for successful cooperatives?

A. Morality, strong supervision, and the wholehearted acceptance of the masses. When these factors were present, cooperatives have invariably met with success.

40. Should modernization be encouraged in a PROUT economy?

A. All modern equipment should be utilized. Thus agriculture, for example, will cease to be labor intensive and people can use their time in other activities to enhance the development of the country. Women and children will be freed from agricultural work and will get scope to develop themselves intellectually. Due to increased mechanization the standard of living in the villages will also be increased.

41. In the PROUT agricultural system, will intermediaries have a role to play?

A. There will be no scope for intermediaries in the PROUT economic system. Those who engage others in labor to earn a profit are capitalists. Capitalists thrive on the blood of agricultural (and industrial) laborers.

42. What is PROUT's concept of agrarian revolution?

A. In the fist phase, private ownership of land within the cooperative system will be recognized. People can have the right to employ labor for cultivation, but 50 percent of the produce should be distributed as wages to the laborers who work in the cooperative, and the owners will get the remaining 50 percent. This ratio must never decrease – rather it should increase in favor of the agricultural laborers.

43. How should the managerial staff of the cooperative be chosen?

A. The managerial staff should be elected by those who have shares in the cooperative. There should not be honorary positions, because this lead to corruption. Managers will have to be paid salaries according to their expertise. Also, cooperative members may also engage in manual labor, and for this they should be paid separate wages.

44. What are the two ways cooperative members can earn dividends?

A. They can earn dividends as a return on the land they gave to the cooperative, and also on the basis of their productive labor. Hence the total produce of the cooperative should be divided into two parts: 50 percent on wages for labor and 50 percent for the shareholders of the land.

45. How will the problem of village / small town unemployment be solved?

A. Agricultural specialists and technicians will be required to continually develop agricultural techniques, hence these specialists will not need to leave their towns for the cities. They will get employment in their own towns, and this will also ensure rapid agricultural development.

46. What happens in all undeveloped socio-economic areas?

A. Surplus labor arises. When this surplus labor moves to the cities looking for work, then that undeveloped socio-economic area is likely to remain undeveloped forever. According to PROUT, wherever there is surplus labor, steps must be taken to provide employment in that very town/village. If local labor leaves, it will result in natural resources being controlled by outside labor, which will destroy the local economy because local people will lose control over their natural resources. For this reason, employment must be given first to local people, so that they do not leave their area.

47. What is required to raise the living standard of the common people?

A. Food, clothing, shelter, education and medical treatment are the minimum requirements that must be required to raise the standard of the people. To achieve this, the principle of production based on consumption must be adopted, with special emphasis on agricultural production. For this, the cooperative system must be rapidly expanded.

48. What are economic land holdings?

A. Economic land holdings refers to those lands where output exceeds input. And so, uneconomic land holdings refers to those lands where input exceeds output, or where the market price of the produce is less than the cost of production.

49. What will be the first phase of agrarian revolution in the PROUT system?

A. In the first phase of the socialization of land, PROUT will not raise the demand for land ceilings, but the sale of agricultural land will be prohibited and uneconomic landholdings will be brought under cooperative management. The responsibility for cultivating this land will not lie with the landholders but with the cooperatives. Hence in this first phase, the landowners of the uneconomic land will become members of the cooperatives. Thus the cooperatives will consist of those persons who merged their land together to convert nonviable land into economically viable land. If laborers are hired to work in the cooperatives, 50 percent of profits will go to the laborers and 50 percent to the landowners In this phase also, the rivers and streams in a village should be harnessed for the collective welfare.. For example, by constructing embankments and small dams on the rivers, large-scale irrigation, electricity generation and industries based on local needs can be established. Cooperatives should be supplied with tractors, manure, seeds, water pumps and other farming equipment through producers' cooperatives. Consumer cooperatives will supply the commodities necessary for daily consumption to the rural population.

50. How will the people be convinced about the merit of cooperatives?

A. There should be extensive training and education. However, moral education must take precedence over all other training, so that people learn to think for the collective interests before the individual interests.

51. What will happen in the second phase of agrarian revolution?

A. All people should be encouraged to join the cooperative system. The net profit will be increased in favor of laborers working in the cooperatives, so that 25 percent of profits will go to the landowners and 75 percent of profits will go to the laborers. In this phase there must be rapid and large-scale establishment of agrico-industries and agro-industries so that the rural population will depend more on industry than on agriculture for employment. There should be continual educational outreach to convince the people of the benefits of the cooperative system. In this phase, production for consumption will increase the standard of living, and the basic criteria of social security.

52. What will happen in the third phase of agrarian revolution?

A. There should be rational distribution of land and redetermination of ownership. In the third phase, as less time will be spent on physical labor, people will be encouraged to spend more time on intellectual and spiritual endeavours. Also, 100 percent of profits will go to the cooperative members.

53. What are the two factors that will determine the rational distribution of land?

A. First, the minimum holding of land required to maintain a family, and second, the capacity of the farmer to utilize the land. In this phase, landowners will not be able to employ laborers for land cultivation. Hence it will be more beneficial for landowners to participate fully in the cooperative system.

54. What happens if cooperatives become too large?

A. It will be difficult to utilize natural resources efficiently, and this will lead to complications in production. In PROUT, the farmers' cooperatives will themselves determine the size of the cooperatives.

55. What will happen in the fourth phase of implementing the cooperative system?

A. There will be no conflict over the ownership of land. The problems of every village will be solved. All arrangements regarding food, clothing, h ousing, education and medical treatment will be easily provided to the people. There will be maximum utilization of the collective physical, psychic and spiritual wealth of every village.

56. How will the people come to accept the cooperative system?

A. Through internal urge and through external pressure over time. People will never accept a system that is forcibly imposed on them. This change in collective psychology will not occur overnight, but will occur gradually as per the sentiment of the people. The time period from the first phase to the fourth phase of implementing the cooperative system can be called the transitional period for the implementation of PROUT.

57. What is the meaning of cooperation?

A. Cooperation means, something is done with equal rights, equal human prestige and equal locus standi, with mutual respect for each other, with each working for the welfare of the other.

58. What is subordinated cooperation?

A. It is when people do something individually or collectively but keep themselves under other people's supervision.

59. What is coordinated cooperation?

A. It is when free human beings, each with equal rights and mutual respect work for the welfare of each other.

60. What kind of cooperation exists in the different socio-economic systems?

A. All socio-economic systems involve subordinated cooperation, which results in the degeneration of society's moral fabric. In countries following the commune system, there is subordinated cooperation. It causes lower production and hence food shortages. This is the case in nearly all communist countries.

61. What is the main drawback of the commune system?

A. There is no personal ownership. Without a sense of personal ownership, the people do not labor hard or care for any property. Hence there is sluggish production and psychic oppression. The production and distribution systems of the commune system are fundamentally defective, exploitative and anti-human. Relationships are those of supervisor and supervised, or master and servant. This is detrimental to human progress.

62. Why does PROUT support the implementation of the cooperative system?

A. The inner spirit of cooperatives is one of coordinated cooperation. Only the cooperative system can ensure complete and lasting unity among the human race. PROUT says: "We want cooperatives, not communes!" and "We are not slaves of communes!"

63. What is the most important sector of the economy?

A. Agriculture is the most important, because people need food first. Hence agricultural cooperatives should be formed first.

64. How will cooperatives benefit the farmers?

A. Farmers will enjoy more financial security, as the cooperative can advance money to the farmers and sell the crops at the most favorable time for the best price. The cooperative can determine how much to sell and when to sell in order to get maximum profit. The cooperative will also be able to fix the price and thus get the profits which are today taken up by middlemen and profiteers in the capitalist or individualistic system.

65. What is the situation today with farmers?

A. They are forced to sell their produce for next to nothing because they desperately need money to pay off the loans they took for irrigation, seeds and labor. It is called "distress sale." Cooperatives will solve this problem.

66. What other types of cooperatives does PROUT support?

A. Producers and consumers cooperatives. Producers cooperatives include agro-and agrico-industries and non-agricultural industries. Consumers cooperatives will distribute consumer goods to the community at reasonable rates and will share in the profits as well as draw salaries for their labor in the cooperative. Service cooperatives will not be in the arena of producers or consumers cooperatives. Other cooperatives would be farmers cooperatives, banking cooperatives, housing cooperatives, and family annuity cooperatives.

67. What are the three types of commodities?

A. (1) Essential commodities, such as rice, lentils, salt and clothing. (2) Demi-essential commodities such as oil, soap, and (3) Non-essential commodities such as luxury goods. These category contents will vary from country to country depending on the standard of living. Items in each category will go on being revised over time. What today is a demi-essential item may tomorrow be considered an essential commodity.

68. What do capitalists do with essential commodities?

A. They hoard them and create artificial scarcity so as to extract maximum profit for themselves.

69. Who should produce which commodities?

A. Essential commodities which require huge capital investment should be managed by the local government. The railway system would be an example. Essential agricultural Items should be produced by worker cooperatives. Demi-essential items should be produced by producers cooperatives. Luxury goods can be left in the hands of the private sector. Hence for a healthy economy, agricultural cooperatives, essential commodity producers cooperatives, and essential commodity consumer cooperatives are essential.

70. How should cooperatives be managed?

A. Cooperative members should form a board of directors for each cooperative. The board should decide the amount of profit to be divided among members, the dividend to be paid. But the total profit should not be distributed as dividends. Some should be kept for reinvestment or for purchasing items such as tractors, manure, etc. Some should be used for increasing authorized capital. Some should be deposited in a reserve fund to use when production is low. The board of directors should be elected by the coop members.

71. In electing the board of directors, what is the most important factor?

A. To ensure that no immoral person is elected to the board. All directors must be moralists.

72. In addition to large producer cooperatives, what other cooperatives should be formed?

A. Small satellite cooperatives should be formed to supply various items to large producers cooperatives. Employees of these small cooperatives may even work from their homes and involve other family members. Thus the large producers cooperatives will assemble the smaller parts made by satellite cooperatives.

73. What is a prime advantage of the cooperative system?

A. Unemployment will be solved. As production increases, the need for more facilities and resources will increase. Educated people can be employed as skilled workers. Village people will not need to move to the city for employment. Nobody will be forced to retire. Rather, they can work as many years as they like.

74. What is a prime difference between the capitalist system and cooperative system?

A. In the capitalist system, raw materials are imported from other countries or regions in order to manufacture finished productions. Cooperatives will not do this. They will develop their own raw materials through research so that they are not dependent on foreign raw materials.

75. According to PROUT, what will be the result of the cooperative system?

A. Human society will progress with accelerating speed, ushering in a new revolution in science. No part of the universe will be left unutilized. In the near future the intellectual capacity of human beings will increase immensely. Cooperatives will great assist this intellectual and also spiritual advancement of human beings.

76. What are the demerits of the commune system?

A. In the commune system, individual ownership is denied. Hence there is no scope for workers to get either inspiration or incentive to fully utilize their skills. There is no opportunity for them to enhance their working capacity. Further, workers in the commune system are confined within the four walls of intellectual staticity. They have no psychological or human relation with their work. Hence countries using the commune system fail in production and must take handouts from capitalist countries. The poor masses live a miserable existence of hunger and deprivation.

77. In contrast, what are the merits of the cooperative system?

A. Members can pressurise the government because of their collective strength and gain financial help and various facilities to increase production. They can pressurise the government to provide better irrigation facilities and high yielding seeds and even make infertile land productive. Furthermore, the maxim of cooperatives will be: "More production, more dividends and more bonuses." Wages will be earned according to the amount of labor done by the laborer, while bonuses will be paid on the basis of the net per annum profit of the cooperative. Cooperatives can take huge loans from a bank or the government to purchase modern equipment and construct dams, barrages and shift or lift irrigation facilities to increase production.

78. What does PROUT founder Shrii Prabhat Sarkar say about cooperatives?

A. "The sweetest unifying factors are love and sympathy for humanity. The wonts of the human heart are joy, pleasure and beatitude. In the physical realm the best expression of this human sweetness is the cooperative system. The cooperative system is the best representation of the sweet nectar of humanity!"

79. What will be the factors of planning in a decentralized economy?

- A. (1) **cost of production**. Cost of production means that agriculture must be treated as an organized industry. Then the per unit cost of production will be systematically determined and the poverty of farmers will end.
 - (2) **productivity.** Money should be invested and kept rolling rather than hoarded. In this way the collective wealth of society will be continually increased. This will also lead to maximum production and ever increasing production based on consumption and full employment for all local people. Maximum production will lead to a congenial environment for more investment, more industrialization, more employment, increasing purchasing capacity and increasing collective wealth.

- (3) purchasing capacity. PROUT does not view per capita income as the index of people's economic standard. It is a deceptive and defective measure of collective wealth popularized by capitalist economists to fool people and cover their exploitation. The genuine measure of people's economic advancement is increasing purchasing capacity. To guarantee purchasing capacity, there must be available of minimum requirements, stable prices, progressive, periodic increases in wages and salaries, and increasing collective wealth. In a Proutist economy, purchasing capacity will always be increasing. The greater the purchasing capacity of the people, the higher their standard of living.
- (4) **collective necessity.** Planners will have to consider the collective necessity of a socio-economic unit as well as future requirements of the people. Production of the minimum requirements of all must be planned for and ensured.

80. How should PROUT socio-economic units be planned?

A. They should function at different levels such as block level, district level, state level national level and global level. But block-level planning will be the basic level of planning. Block-level planning is essential for economic decentralization. As the quantity of natural and human resources will vary from block to block, so separate economic plans will have to be made for each block.

81. How should blocks be organized?

A. There should be a block-level planning board in every block. This body will prepare a plan for the development of the block. Above the block level there will be a district-level planning board. Thus from the block level upwards there will be planning boards to prepare and implement the local plans and programs. Planning therefore should be of ascending order, starting at the block-level - we can also say, starting at the bottom, at the grassroots level.

82. How will blocks be created? What factors will come into play?

A. They will be organized based on physical features of the area (such as river valleys, climatic conditions, topography, soil, flora and fauna), the socio-economic requirements and problems of the people, and the physico-intellectual aspirations of the people. Thus blocks should be scientifically and systematically created so as to be the healthy basis for efficient, decentralized economic planning. Each block should become economically self-sufficient and developed. Here is the unique feature of PROUT's decentralized economic planning.

83. How would inter-block problems be solved?

A. Inter-block problems would include flood control, river valley projects, communication systems, higher educational institutions, afforestation projects, environmental issues, establishment of key industries, soil erosion, water supply, power generation, establishment of an organized market system. Hence coordinated cooperation among adjacent blocks is essential. This is called "inter-block planning."

84. What should be the immediate goals of short-term and long-term block-level planning?

A. Short-term (six-month) planning and long-term (three-year) planning should both focus on the immediate goal of ensuring the minimum requirements for all the local people, eliminating unemployment, increasing purchasing capacity, and making that block/ socio-economic unit completely self-sufficient.

85. What are the benefits of block-level planning?

- A. (1) the area of planning is small enough for planners to understand all the problems of the area.
 - (2) local leadership will be able to solve the problems according to local priorities.
 - (3) Planning will be more practical and effective and will give quick, positive results.
 - (4) Local socio-cultural bodies can play an active role in mobilizing human and material resources.
 - (5) Unemployment will be easily solved.
 - (6) Purchasing capacity of the local people will be enhanced.
 - (7) A base for a balanced economy will be established.
 - (8) The development of local (block-level) industries will provide immediate economic benefits.

- 86. After so many years of economic centralization (in nearly all countries of the world), how successful have these countries been in eradicating poverty and in improving the standard of living of the people? Was economic exploitation eradicated in those countries or not? Do the people have ever greater purchasing capacity or not?
- A. If we look carefully, we will find that the existent economic centralization is just a strategy of hoodwinking the people so that a handful of capitalists can accumulate more and more wealth, while the masses are kept quiet by making fake promises or by throwing them tidbits \$300 tax returns, for example, in the face of medical bills worth thousands and thousands of dollars.

87. So what is the solution to the highly exploitative, capitalist, economic centralization practiced today?

A. We need to start economic decentralization now. It must start from the lowest level, where the experience, expertise and knowledge of the local people can be harnessed for the benefit of the entire community.

88. How do we remove the unhealthy influence of centralized economy?

A. We, the people, will have to create circumstantial pressure from all sides, uniting around the slogan, "Abolish centralized economy to end exploitation. Establish decentralized economy!"

89. What will be the result of establishment of a decentralized economy?

A. economic exploitation will be eradicated; the gap between rich and poor will be minimized, and (3) individual and collective welfare will be greatly enhanced. This will lead to greater opportunities for the intellectual and spiritual progress of all people in the society.

90. What is the first principle of a decentralized economy?

A. (1) All the resources in a socio-economic unit should be controlled by the local people. Particularly the resources required to produce the minimum requirements must be in local hands. All industries based on these resources must be controlled entirely by local people.

91. Define local people.

A. Local people are those who have merged their individual socio-economic interests with the socio-economic interests of the socio-economic unit they live in. It has nothing to do with physical complexion, race, caste, creed, language or birthplace. The main issue is whether or not each person or family has identified their individual socio-economic interests with the collective interests of that socio-economic unit. Those who have not done so should be branded as outsiders.

92. What is the status of outsiders vis-à-vis a socio-economic unit?

A. No outsider should be allowed to interfere in local economic affairs or in the system of production and distribution.

93. What happens to surplus wealth in a socio-economic unit?

A. Surplus wealth will go to more skilled people such as doctors, engineers, scientists. However, there must be constant endeavor to reduce the economic gap between common people and skilled people.

94. What is the second principle of a decentralized economy?

A. Production should be based on consumption, not profit. Most countries have economic systems which are profit oriented. Production is carried out for profit. Producers give first preference to items which bring more profit.

95. What provides economic security in a decentralized economy?

A. The fact that commodities produced by that unit will be sold in the local market itself. Consequently there will be no uncertainty in the economic life of the local people. Furthermore, money will be continually circulated locally; hence the chance of economic catastrophe will be eliminated.

96. What is unique about a decentralized economy based on cooperatives?

A. The purchasing capacity of the people will continuously increase. No economic system in the world has been able to continuously increase the purchasing capacity of the people, because economic power has always been concentrated in the hands of a few persons.

97. What is the third principle of a decentralized economy?

A. Production and distribution should be organized through cooperatives.

98. What caused the failure of cooperatives in the past?

A. Economic centralization. It is extremely difficult for cooperatives to succeed in an economic environment of exploitation, corruption and materialism. In addition, cooperatives are forced to compete with the monopoly capitalists for local markets, while the rights of local people over their raw materials are ignored. These factors have destroyed the cooperative movement in many parts of the world.

99. How will decentralized economy ensure the success of cooperatives?

A. Availability of local raw materials will guarantee constant supplies to cooperatives. Cooperatively produced goods can be easily sold in the local market. Economic stability will create increasing interest and involvement among cooperative members.

100. What areas of the economy should be managed through cooperatives?

A. Agriculture, industry and trade should be managed through cooperatives. Private ownership in these spheres should be abolished in stages. Only if it is a small-scale operation should an enterprise be privately managed. Hence, the cooperative system and decentralized economy are inseparable.

101. What is the fourth principle of decentralized economy?

A. Local people must be employed in local economic enterprises. Educated people should also be employed in cooperatives so that they do not leave the countryside and move to the cities. Local people should determine what constitutes the minimum requirements of the people. If these principles are followed, the problem of outside interference in local economies will not arise.

102. What is the fifth principle of decentralized economy?

A. Commodities or goods which are not locally produced should be removed from the local markets, because decentralized economy aims to develop local industries and create employment for the local population. For this reason, products not produced locally should be banished from the local market as far as possible. If the local population utilizes products made in their own locality (even if initially they may be inferior to outside products), then their economy will become prosperous.

103. What is another benefit of keeping only local goods in a locality?

A. The outflow of capital from that area will be checked, and will be utilized to increase production and enhance the prosperity of the local people. With increasing demand for local goods, large-scale, medium-scale and small-scale industries will all flourish.

104. What policies will cooperative members decide?

A. They will take decisions regarding agricultural production, price fixation and the sale of agricultural commodities. Prices of goods would also be fixed on a rational basis, and this price would include a rational profit of not more than 15 percent of the cost of production. In a decentralized economy, agriculture will have the same status as industry.

105. How are industries managed in a decentralized versus centralized economy?

A. In a centralized economy industries are managed as either private companies or state enterprises. In a decentralized economy, key industries, medium-scale industries and small-scale industries will be managed by different groups of people.

106. Who would manage the various industries?

A. The local government would manage key industries. However, they would be guided by the principle of 'no profit, no loss.' Medium-scale industries should be managed by cooperatives, but should not be guided by monopoly production and profit. The cooperative sector will be the main sector of the economy. Small-scale and cottage industries will be in the hands of individuals. Though privately owned, they must maintain adjustment with the cooperatives to ensure a balanced economy.

107. How would power be supplied in a decentralized economy?

A. Local administrators will have to arrange for the supply of sufficient power to facilitate industrial production. They will need to supply locally generated power such as solar energy, thermal energy, bio-gas, hydroelectricity, nuclear energy, pneumatic energy, electromagnetic energy, and tidal power, or any other power which is easily available locally. The generation of power is a key industry and hence should be run on a no profit, no loss basis. The immediate government or state government must be responsible for providing power to the people as a key industry.

108. How would trade be organized in a decentralized economy?

A. Goods should be exported from one region or socio-economic unit to other regions through cooperatives. Exporting local raw materials is not supported by PROUT. Only finished goods should be exported and that too only in certain circumstances. Only after all the requirements of the local people have been met can then surplus goods be exported. Further, those goods should be exported only to a region which has no potential or way to produce those goods and hence is unable to meet the requirements of the people in their region. Free trade is encouraged once self-sufficiency in a region is attained, as this will increase the prosperity of the people and encourage socio-economic parity among regions.

109. What is PROUT's approach to production?

A. "Production for consumption, not production for profit!"

110. What is the biggest trick of capitalism?

A. Capitalists create political democracy, where everyone is granted voting rights. Hence the common people are hoodwinked into thinking they have more freedom, more power. But in fact, while they may gain voting rights, the capitalists have snatched away their economic rights. Common people everywhere, in every country, have no economic rights! The common people everywhere are politically illiterate and poor. The exploiters hoodwink these people by making false promises, intimidation, gross abuse of power and voterigging.

111. What happens to economic and political power in an economic democracy?

A. They are bifurcated. PROUT advocates political centralization and economic decentralization. Political power is to be given to moralists elected by politically-conscious voters, whereas economic power is to be given to the local people. The goal of the political administration will be to ensure that the economic needs of all people are met. And the aim of economic democracy is to guarantee the minimum requirements of life to all members of society. While Nature has provided abundant natural resources to every region of this earth, but the distribution of those resources has been left to human beings.

112. How should the natural resources of the earth be distributed?

A. Natural / physical resources are limited. But human longings are limitless. Hence, human beings must develop a system whereby there is maximum utilization and rational distribution of all the earth's resources. To

accomplish this, human beings will have to get established in morality, and then create a congenial environment for morality to flourish.

113. What is the way to achieve a healthy human society?

A. The only way to achieve a healthy human society is to establish economic democracy.

114. What is the first requirement for economic democracy?

A. The minimum requirements of a particular age or era – including food, clothing, housing, education and medical treatment – must be guaranteed to all. Not only is this every person's right, it is a collective necessity because the easy availability of minimum requirements will increase the all-round welfare of society.

115. What is the second requirement for economic democracy?

A. Increasing purchasing capacity must be guaranteed to every single person. In economic democracy, local people will have the economic power. Local raw materials will promote the economic prosperity of the local people.

116. What is the third requirement for economic democracy?

A. The power to make all economic decisions must be placed in the hands of the local people. Economic liberation is the birthright of every single person. To achieve this, economic power must be vested in the local people. It means the local people will have the power to make all economic decisions, to produce commodities on the basis of collective necessity, and to distribute all agricultural and industrial commodities.

117. What is the fourth requirement for economic democracy?

A. Outsiders must be strictly prevented from interfering in the local economy. The outflow of local capital must be stopped by strictly preventing outsiders from participating in any kind of economic activity in a local area. These four practices will lead to increasing economic welfare, which in turn will lead to more opportunities for intellectual and spiritual emancipation. Of human beings.

118. How can we define socio-economic unit?

A. It can be defined as a cooperative commonwealth. A group of self-sufficient socio-economic units which enhance the all-round welfare of the people in their respective areas and unite humanity on a common ideological base. These units, or this cooperative commonwealth, will facilitate the comprehensive, multifarious liberation of humanity.

119. What factors should be considered when forming socio-economic units?

A. (1) Same economic problems, (2) uniform economic potentialities, (3) ethnic similarities, (4) sentimental legacy of the people, and (5) similar geographic features.

120. What is meant by sentimental legacy?

A. language, historical traditions, literature, common usages and cultural expressions.

121. What will be the maxim of socio-economic units?

A. "Know the area, prepare the plan, and serve the people!" These units will give expression to popular sentiments and will fight against all forms of exploitation to meet the demands and aspirations of the local people.

122. What factors should determine the boundaries of a socio-economic unit?

A. natural resources, topography, river systems, cultural conditions, communication and industrial potential all need to be considered when creating a socio-economic unit.

123. Under what conditions can two or three socio-economic units merge?

A. They can merge if there is economic parity, cultural mixing, communication facilities and administrative efficiency. Merging will benefit the people. It is preferable for small units or states to merge into larger units. As the units reach higher levels of development, this unification process will gradually lead to one socio-economic unit for the entire country. As this process continues, entire regions such as Southeast Asia or South and Southeast Asia both will combine to form one socio-economic unit.

124. Can there be more than one socio-economic unit in a political unit?

A. Yes, there can be one or more socio-economic units in a political unit.

125. What will cause socio-economic units to gain great popularity worldwide?

A. If each socio-economic unit is inspired by a comprehensive ideology and a universal outlook, human society will move ahead with accelerating speed towards a sublime ideal. A sound ideological base is a prerequisite for socio-economic groupifications. Universal humanism can be that sound ideological base. The ideology of universal humanism will include each and every person in the world, as well as animals, plants and inanimate objects. If even a single person remains outside the influence of universalism and becomes a victim of exploitation, then the foundation of universal humanism will be undermined. Thus PROUT's method of solving socio-economic problems is universal in spirit but regional in approach.

126. An integrated ideology should have what characteristics?

A. It must have a rational analysis of socio-economic problems and must not ignore the human need for mental/intellectual expansion and spiritual emancipation. Finally, it should be imbued with inherent dynamism and vitality so that it can guide humanity forward in its quest for all-round progress. Thus a spiritual base is required for Prout economy to succeed. Spirituality stands for evolution and elevation, not for superstition or pessimism. Spiritually oriented people will be infused with a strong sense of morality, and for this reason will fight al forms of exploitation and propagate moral and spiritual values in the society, as per the maxim, "Self-realization and service to humanity!"

127. Why have cities and states lost economic balance after achieving prosperity?

A. First, if a city developed along a river system and the river changed course, the economy would be adversely affected. Second, if industries moved away from rural villages, the balance of the economy would be destroyed. Third, when there is a defective educational system and social system, the economic balance is lost.

128. What is required to build a sound economy?

A. Thirty to forty percent of the people should depend directly on agriculture. If the percentage is smaller, agriculture is neglected. If the percentage is larger, there will be a heavy strain on agriculture. In addition to this percentage engaged in agriculture, about twenty percent of the people should depend on agro-industries, twenty percent on agrico-industries, ten percent on general trade and commerce, and ten percent on intellectual or white collar jobs. The percentage of people engaged in non-agricultural industries should be kept to within 20-30 percent of the population. This will lead to a balanced economy – a balanced socioeconomic structure. (Agrico refers to production of agricultural equipment such as tractors. Agro refers to production of flour, cloth, herbal medicine factories – products made from agricultural produce.)

129. What happens with over-industrialization?

A. If an area becomes industrially overdeveloped, or the more the percentage of people engaged in industry increases above 30-40 percent, they will not find a market for the consumer goods they produce, and they will suffer from economic depression and growing unemployment.

130. What are the hallmarks of both capitalism and communism?

A. Both systems want the maximum output with the minimum investment. For this very reason it is critical to maintain economic balance in each country – balance in both agriculture and industry. Otherwise, socio-

economic equilibrium will be destroyed. When there is over-industrialization (as we see everywhere today), it affects the personal, social and national health of the people. It precipitates gradual individual and collective degeneration. Further, if the industrial system depends on outside laborers, this will lead to rapid mental deterioration in the society. Also, people will face permanent scarcity of food.

131. How should the agricultural system be structured?

A. It should be structured as an industry. The prices of agricultural produce should be determined by considering basic factors such as agricultural income, expenses and necessities.

132. What is required for industrial revolution?

A. Areas must not depend on raw materials from outside their area. Raw materials must be locally produced. They should be indigenous. Those people who love the society must think in terms of an industrial revolution based on the raw materials available in that particular area. This kind of revolution should be started today, without any delay.

133. What is the inherent contradiction in capitalism?

A. The contradiction is due to the self-centered profit motivated psychology and the accumulation of wealth for a few rather than for the welfare of all. Hence capitalism is not congenial to the integrated growth of human progress. A day is therefore sure to come when capitalism will burst like a fire-cracker!

134. What is the cause of economic depressions?

A. The cause is suppression, repression and oppression. The cause is exploitation of the people. When exploitation reaches the culminating point, the mobility and the speed of the society become nil. At this point a natural explosion takes place. This depression may be economic but it may also be cultural, in which case we see that every aspect of life gets perverted and degenerates: then we will see perverted literature, music, dance, art, architecture, etc.

135. When does this kind of depression occur?

A. When exploitation becomes unbearable, severe depression comes. This happened in 1929 and 1931. Today the same stage is set for such a severe depression, a severe reaction to exploitation. The future depression will be associated with tremendous inflation. Hence it will have a worse effect than earlier depressions. It will have widespread and devastating consequences for humanity.

136. How can we avert this kind of economic / cultural depression in the global society?

A. We can try to minimize the impact of such a depression by implementing the Prout economic model. By decentralizing the economy, by creating independent, self-sufficient, local economic units.

137. What are the two main causes of economic depression?

B. First, the concentration of wealth in the hands of a few, and second, blockages in the rolling of money – the movement of money. If capital is in just a few hands, it means that most people are being exploited by a handful of exploiters. This will eventually cause an explosion. People will only tolerate exploitation for so long. In the economic world, this explosion is called a depression. So this concentration of wealth is the fundamental cause of depression. And second, if money is unutilized or simply stored by the wealthy, if there is no investment, no production, no income and hence no purchasing power – this will certainly cause an economic depression. If there is surplus labor and deficit production, it will cause acute depression. Countries that have surplus production and deficit labor generally suffer less during a depression.

138. What factor can minimize the effects of economic depression?

A. If barter trade is increased, then the effect of a depression on a particular region will be lessened. Increasing a country's barter trade will help that country to avert the disastrous effects of economic depression.

139. Is depression a natural or unnatural phenomenon?

A. Depression is unnatural. Pause is a natural phenomenon. In a Proutist economy, purchasing power will be increased by increasing production, reducing disparities in the value of wealth, and increasing the circulation of money. Increasing production is a must to overcome the calamity caused to human beings in a depression.

140. What happens in capitalist and communist economies?

A. In capitalist economies labor does not work in the interest of management and management does not allow the rolling of money due to concentration of wealth. In communist countries, labor does not feel one with the job, hence production is always sluggish.

141. Why will the Prout cooperative model be different?

A. Cooperatives are free from both the above defects. Prout cooperatives are well-adjusted with human ideals and sentiments.

142. What is the goal of production in capitalist and communist economies?

A. In capitalist economies, production is for the profit of the capitalist. In socialist economies, the profit goes to the state and only a tiny amount goes to the producers, the laborers. Both systems are in fact capitalist systems.

143. What will happen in a Prout economy?

A. Production will be solely for consumption. There will not be profit motive, hence there will be no inflation. In Proutist production, the value of money will remain constant, and full purchasing capacity as well as the minimum requirements of life will be guaranteed to the people. As time passes, both the purchasing power will increase and also the minimum requirements of life will increase. The standard of living will go on increasing for all the people.

144. What other key factor must be followed in a Proutist economy?

A. Paper money (monetary notes) must be backed up by gold. No paper money should be issued by a government unless that government can back up the paper money with gold coins.

145. How does production inflation occur?

A. It occurs due to the application of scientific methods which causes a great increase in production in excess of demand and leads to the problem of what to do with the excess.

146. What measures can be taken to solve the problem of overproduction?

A. First, there should be a free trade system so that overproduction can be consumed by other countries or other socio-economic units having inadequate supplies of the particular product. For example, in most parts of India there is underproduction of milk. But in England, Germany and Sweden there is overproduction of milk. Hence there can be a barter system between these countries so that all benefit from the overproduction in other countries.

147. Should there be import or export duties with regard to free trade?

A. No, because this will drive up prices. Items should be traded which will actually be consumed by the people.

148. What is the second measure to solve the problem of overproduction?

A. Proper storage facilities should be constructed to house excess goods. Also processing factories should be established which can produce dried mango, mango candy, mango juice, sauce, jam, and so forth, so that fresh mango when converted like this can be stored for longer periods and used by the people. In the same way vegetable processing factories can be established to utilize the excess vegetables grown in the winter season in India, for example.

149. What is the third measure to solve the problem of overproduction?

A. New and diversified styles of consumption should be continually invented. Okra is presently used only as a vegetable. But, oil can be extracted from the okra seeds and processed and marketed as edible oil. Fine thread can be manufactured from the okra plant and good quality clothes made from that thread.

150. What is the situation in the world today as regards free trade?

A. Each country thinks for its own benefit first, and hence does not like free trade. Neither capitalists nor communists like the free trade system. The communist system always suffers from food shortages and has to import foods from capitalist countries.

151. What will happen in the Proutist economic system?

A. In a Proutist economic structure, there will not be import or export duties on consumable commodities. Once this is carried out, the earth will become golden everywhere. If there is overproduction, goods should not be exported. Rather raw materials should be converted immediately into manufactured goods. Once this is done, people who were once impoverished will begin to lead comfortable, affluent lives.

152. Why is Prout the panacea for the integrated progress of human society?

A. Prout aims to bring about equilibrium and equipoise in all aspects of socio-economic life through totally restructuring economics. Without Prout, socio-economic emancipation will remain a utopian dream. Only Prout economy can save the world from depression. Shrii Prabhat Ranjan Sarkar says that we are nearing the end of the capitalist era. If we can create an impact by spread the Prout economy it will help the suffering humanity. In fact, this is the most opportune moment for creating an all-round revolution.

153. How does Prout describe human society?

A. Human society is one and indivisible. It is like a garland which is made up of different types of flowers, linked by one common thread. The overall beauty of the garland is depend upon the beauty of each flower. Similarly, each facet of society is linked together. To maintain the unity and solidarity of the social structure, all spheres of social life must be strengthened and developed.

154. What three factors are essential for establishing a well-knit social order?

A. First, there must be proper ideological inspiration for individual and collective progress. Society must be based on universal principles which are also a part of the socio-economic structure. The second factor is discipline. When there is no discipline in individual and collective life, societies and countries lose their power. Third, there must be economic stability. This entails proper plans and programs.

155. What factors affect the socio-economic potentialities of a region?

A. The fertility of the land, the availability of labor affect a region's potentialities.

156, What ideal is Prout economic planning based on?

A. It is based on the welfare of all people. This ideal will lead to the socio-economic liberation of all human beings. Capitalism is not based on collective welfare but rather on individual or group interests. Capitalists gain control over raw materials and thereby make their profits. This must not be allowed to happen in a Proutist economy. Rather, raw materials will be used for the benefit of the local people. In a Proutist society, there will be a very stable socio-economic environment. This will provide a firm foundation for people to develop intellectually and spiritually.

157. What is the first step in developmental planning?

A. It is to make an economic plan according to the needs of the lowest level – the block level or the grassroots level. Economic plans and programs must never be imposed from the top. Rather, they must emerge from the

grass roots. Each economic plan must evolve from that particular area by the people of that area. While formulating those plans, the hopes and aspirations of the local people must be taken into consideration.

158. Who will be responsible for implementation of the local economic plans?

A. All people will contribute to the drafting of an economic plan. But it is the moralists in the society who will be responsible for its implementation. The duty of materializing economic plans should be vested in those persons established in both morality and spirituality.

159. How will local socio-economic problems be solved?

A. By the maximum utilization and rational distribution of the resources and potentialities of that region. Therefore information will be collected such as the geographical resources of an area, including the capacity of the rivers, lakes and canals and the location of the hills and mountains, location and amount of mineral, forest and aquatic resources; the agricultural and industrial resources, the demography, including the labor skills, health and psychology of the people; the agrarian potential, and communication.

160. Socio-economic units will fill what human needs?

A. They will fill the social and economic needs but also their cultural aspirations. Culture denotes all sorts of human expressions. Culture is the same for all humanity, but there are local differences in cultural expression. In this regard, all local languages should be encouraged. None should be suppressed due to linguistic imperialism.

161. On what basis will socio-economic units be formed all over the world?

A. The basis will be social, cultural and economic – not religious or linguistic. Socio-economic units will have to adopt economic decentralization so that local people will be able to obtain all the requirements essential for their physical, intellectual and spiritual progress.

162. How will socio-economic units be formed all over the world?

A. In most cases each socio-economic unit will correspond to one political unit. But in some cases more than one socio-economic unit may form one political unit. Each socio-economic unit represents a collection of human beings who want to move together, hence all people in that unit should feel that they are brothers and sisters. Any human being who wants to break the solidarity of society must be opposed. We will have to fight all antisocial elements and anti-human forces everywhere, and we must fight as a single entity. In other words, all socio-economic units must fight as one. In this fight, we must fight for all the suppressed and oppressed people of the world!

For those who want to see the end of economic suffering of millions around the world, it is cooperatives that hold the key. These FAQ will help us to understand how PROUT is to be manifested on the practical, grassroots level. They give a clear picture of simple economic strategies people around the world can adopt in their local communities. Once implemented, this model will propel humanity onto the path of economic liberation! And once human beings have achieved economic liberation and no longer need to worry about their physical survival, then people everywhere will have the freedom to get engaged in the infinitely more joyous process of intellectual liberation and spiritual liberation!

Answers to these FAQ were taken 98 percent verbatim from the book, *Proutist Economics*, by Shrii Prabhat Ranjan Sarkar.