

A Decentralized, Three Tiered Economy

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. 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.

One way to achieve a balanced, decentralized economy is to organize economic activity into three tiers.



The Private Sector

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.

The Cooperative Sector

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. Co-ops are generally aligned with principles of equitable distribution, social welfare, decentralized decision-making, stability, and the building of social capital rooted in local communities.



Workers or members of cooperatives are shareholders and they elect a managing board. Each worker or member has some say in determining the direction of the co-op, but the managing board handles operational decisions.

Key Industries (The Public Sector)

Transportation, communication, mineral extraction, and generation of power are some of the enterprises that should be managed by regional and local governments on a “no profit, no loss” basis.

Community ownership of key industries can fulfill a more equitable distribution of resources and benefits, curb systemic exploitation, and foster sustainability rooted in needs of the community and environment.

How Does Prout Work?

The mechanics of a new
Economic System



What is Prout?

The Progressive Utilization Theory (Prout) envisions a society where resources are shared equitably, the environment is protected and a high quality of life is guaranteed for everyone.

Prout focuses on fulfilling basic human needs of food, clothing, shelter, education, and medical care, while making efficient utilization of the world's resources. It balances individual initiatives, social and governmental control, sustainability, and overall human progress.

The purpose

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.



Credit: The Drivers Cooperative

Guaranteed Necessities of Life.

- 1. The minimum requirements of a dignified life, including food, clothing, housing, education, and medical care, should be ensured for all people.**

Providing this socio-economic security will help satisfy physical needs and enable people to develop their intellectual, artistic, and other subtler potentials to advance society's development.



- 2. Increasing purchasing power should be guaranteed to every individual, so that they are able to purchase their minimum requirements.**

Adequate and increasing purchasing capacity is ensured through several measures: making basic necessities easily available, maintaining stable prices, guaranteeing employment for local people in local industries, implementing progressive and periodic increases in wages, and efficiently planning the economy to increase collective wealth. These steps address the rising costs of goods and the stagnation of wages, which have been detrimental to the well-being of many individuals and families.

For people unable to work there should be support in cases of special needs.



Credit: Herban Works co-op

- 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.

Collective decision making can be enacted through cooperative businesses and local and regional governments, as detailed in Prout's vision for a three tiered economy and ethical leadership. Economic decentralization is the principal means of structurally achieving local economic control.

- 4. Outflow of capital and raw materials from a region should be curbed. Outside interference in the local economy should be limited.**

Generally, when the wealth of communities and regions is privatized and leaves the local economy, there are fewer economic opportunities and purchasing power for local people. Economic potentials are maximally utilized and rationally distributed by eliminating economic extraction and outside interference in the local economy.

The main feature of decentralized economic systems within an economic democracy is building local wealth with local resources. Studies have shown that money staying in the local economy benefits many people, as it keeps circulating and creating opportunities within the community.