



Capitalism has lifted the world from poverty straight into a global environmental crisis. And this is only one of the many reasons capitalism must be dismantled.

Capitalism creates Concentration of Wealth

Capitalism, as the name suggests, is founded on the idea that people with capital, a.k.a. capitalists, will invest their capital for ownership shares in businesses that then will create surplus value - profits - that will be returned to the capitalists as dividends.

There are several major problems connected to this idea. Businesses will have to produce for profits rather than to satisfy real needs. Indeed, many corporations state openly that the sole reason for their existence is to create profit for their shareholders. Useless, or even harmful products and services will be produced if they can be marketed and sold, leading to waste of resources, pollution and sometimes even physical and mental health problems. To maximize profits companies will strive to lower costs, which among other things leads to low income levels for workers, concentration of people in large cities, exploitation of resources from low cost countries etc.

Over time the system of investments inevitably leads to a concentration of wealth on fewer and fewer hands, as is amply seen today, where a handful of individuals owns more than half of the world's population. And since material wealth by definition is finite, there is a clear and irrefutable link between wealth and poverty. All rich people have gained their wealth at the expense of poor people, no matter how much capitalist economists may try to obfuscate this fact.

There is an argument that economic growth increases the wealth of everybody, albeit disproportionately, and thus capitalism works to the benefit of all. There are two flaws in this argument: Firstly, the disproportionality is incrementally increasing over time, as proven by history, and secondly, relying on constant economic growth for redistribution to function means that capitalism has become a ponzi scheme: Without constant growth the system collapses.

Why economic growth is bad news

Capitalism's reliance on constant economic growth is environmentally catastrophic and is the main reason we now face a global climate crisis and ever increasing levels of pollution of oceans, land and the air we breathe. With India's economic growth averaging over 7.5% in 2023, and China's economy growing at the rate of 5.2%, these two countries will have doubled the size of their economies in less than 10 and 14 years respectively.



The environmental impact of economic growth on this scale is tremendous, and no matter how much each individual tries to live as environmentally sustainable as possible, it can never offset the negative effects of economic growth. Governments and “Green” Parties will never be able to save the planet without abandoning capitalism. It’s like telling everybody to help empty a boat of leaking water with their bare hands when there’s a giant hole in the boat’s hull. The only effect of this is that it will take a slightly longer time for the boat to sink. We have to plug the giant hole created by economic growth. And the only way to do this is by replacing capitalism with something better.

The need for new economic theory

Capitalism and Communism are old technologies originated in the 18th and 19th centuries. Like steam engines, they were great at their conception and useful up to a point in time, after which they became sub-optimal or flat out useless. Steam engines are not a good match for space travel, and Capitalism is not a good match for a globalized, online real time economy. We need new economic ideas, and although one can get the impression that there has hardly been original systemic economic thinking since the 1850s, alternative theories do exist – PROUT being one of them.

PROUT remediates the major defects of Capitalism by altering and improving upon its core concepts. In place of a system where rich investors enrich themselves further by investing their capital for profit, PROUT advocates that no one is allowed to own shares in companies in which they themselves don’t work. This effectively dismantles the capitalist system of investments, replacing it with a system where goods and services are produced to satisfy real needs rather than to create profit.

Combined with PROUT’s first principle, that no individual will be allowed to amass wealth without the clear approval of society, this leads to an economy where wealth is more evenly and justly distributed, where there is no incentive to “manufacture needs” to sell useless products, thus lowering pollution levels and global warming, and where political democracy is replaced by economic democracy so that people regain control over their own economies.