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SIR THOMAS MORE'S UTOPIA: AN OVERLOOKED ECONOMIC CLASSIC

Esa Mangeloja* and Tomi Ovaska**

Abstract

Sir Thomas More's Utopia, published in 1516, is a classic work of how to organize a society based on common property. With a unique mix of common property, institutions and sound economic insights, we argue that More built a framework for a society that could be viable in the long run. While the conditions that make Utopia to work are quite restrictive, it does provide a sketch of a society where common property may not stifle long term development, but is associated with productive workers, and people content with their life.

JEL codes: B15, N30, P51, Z12

Keywords: Common property, Economic systems, Institutions, Religion, Sir Thomas More, Utopia

1. Introduction

Sir Thomas More's book Utopia from 1516 is seen as a basic founding text for the theoretical corpus of modern Political Science. Still a popular figure in modern British literary history, More was placed at number 37 in the BBC's poll of the 100 Greatest Britons in 2002.¹ We argue that Utopia is significant as a political text, but maybe even more as an economic text. In fact, Utopia has enough modern economics that it could well be used as educational text in classes such as economic development, comparative economic systems and history of economic thought or even principles of economics. Then again, the demise of the common property-based socialism around 1990 decreased both popular and academic interest in More's Utopia, as Marxism-Leninism faded.

Seeing common property as the sole main concept in Utopia, however, is somewhat defective and specious. Instead, we argue that some additional important themes, such as religion, should not be downgraded in the analysis. The idea of common property has been present as one valid alternative in Christian thinking from the beginning of the church. A communal way of life existed in the early Christian congregation in Jerusalem during the times of New Testament, but its expansion to other areas was fairly limited. There clearly existed a communal way of life after the death of Christ in Jerusalem, but the expansion of the use of common property diminished when the central geographical core of the early Christianity was transformed from Jerusalem to Antioch. After an extended break, however, Thomas More uses the concept of common property once again in its religious context.

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Schwartz (1989) remarks of More's apparent religious leanings in the book. Utopia has a unique theological utopia at its philosophical core, which is intertwined with its economic concepts, common property in particular. In Utopia, the worldview is clearly Christian by its nature, as most citizens in Utopia are devout Christians. It is also clearly stated that a man who refuses to believe in God or after-life could never be trusted, because he would not be able to acknowledge any authority or principle outside himself. This statement will later turn out to be of great importance when discussing Utopia's potential as a viable economic system.

Utopia is regularly discussed in a wide swath of academic fields. These include history, philosophy, political science, religion and sociology, to name a few. Depending on the writer, Utopia has been viewed as a defense of individual freedom, a showcase of a conflict between the medieval and modern worlds, a criticism of the European society of its time, a blueprint for socialism, a display of a path to moral, virtuous life, an astute analysis of society's social structures or a portrayal of the minimum conditions to live a happy life (Ackroyd 1999; Marius 1984). Also a common interpretation over the years has been that through Utopia, More wanted to highlight the benefits of common property in maintaining happy citizenry. Since the collapse of the socialist system, this line of thinking has lost most of its vigor, though.

Some scholars have interpreted Utopia in much less progressive terms, arguing that More wrote Utopia as nothing more than a parody, aiming to expose the impossibility of organizing societies around common property; in the same way, More's book is filled with the rhetorical devices of irony and wit. Bosaph (2006) also suggests that various internal contradictions in Utopia only strengthen the view that Utopia is really a satire and that More was well aware of the indispensability of money in complex societies. Wood (1999) for his part considers Utopia more like a comic illustration, than an ideal, functioning society. In his view Utopia is a darkly ironic vision of a state made possible only by luck and divine interference. The lives of the Utopians are portrayed dull and grim, the natural result of a planned society.

According to several other scholars, Utopia was not intended as a jest. Kautsky (1927) writes:

"The idea that it was written as a jest may be dismissed. It was taken very seriously by More's contemporaries. Budaeus, for example, wrote to Lupsetus: 'We are greatly indebted to Thomas More for his Utopia, in which he holds up to the world a model of social felicity. Our age and our posterity will regard this exposition as a source of excellent doctrines and useful ordinances, from which States will construct their institutions.'"

Numerous other contemporaries of More express themselves in a similar way. These include scholars and statesmen like Johannes Paludanus, Paulus Jonius and Hieronymus Buslidianus.

Some concepts in Utopia have had a striking staying power over centuries. It is known now that common property did not work in reality in the socialist economies.² But More's system was built differently, drawing its strength from theocratic order. In his view only heavenly law, established and monitored by divine autarchy and absolute authority, would enable the working of common property in society. This is a key insight to opening Utopia to a new economic-institutional interpretation. Utopia's strong religious ideas are inseparably tied to economics and Utopia's economic system. Religion creates incentives to people that society's other institutions require to work properly.

The study analyzes next the theological core of Utopia, common property, and describes the daily life in Utopia. Then, a chapter highlights the wealth and fine detail of economic concepts in the heart of Utopia. This is followed by a discussion of economic systems, aiming to place Utopia inside the traditional systems classification. Since every economic system, save pure anarchy, depends on a set of rules to work properly, ways to enforce rules are then discussed. This is followed by an evaluation of the expected outcomes from different economic systems. The final, key question addressed in this study is whether Utopia would actually work in real life: would it be viable in the sense that it would satisfy the needs of its citizens in perpetuity?

2. The theological core of utopia: common property

More joins a long continuum of Christian utopists, who have used ancient Biblical material for constructing a futuristic vision of the coming Messianic theocracy, as foreseen in Utopia.³ More's ideology was apparently Christian, as most citizens of Utopia were devoted Christians. For example:

“...true it is, that many of them came over to our religion, and were initiated into it by baptism.” (p. 157)

People living in Utopia had a complete freedom of faith, even though most citizens were actually Christians. Other religions were equally accepted, only the atheists were clearly despised. As put by More:

“... he therefore left men wholly to their liberty, that they might be free to believe as they should see cause; only he made a solemn and severe law against such as should so far degenerate from the dignity of human nature, as to think that our souls died with our bodies, or that the world was governed by chance, without a wise overruling Providence: for they all formerly believed that there was a state of rewards and punishments to the good and bad after this life; and they now look on those that think otherwise as scarce fit to be counted men, since they degrade so noble a being as the soul, and reckon it no better than a beast's: thus they are far from looking on such men as fit for human society, or to be citizens of a well-ordered commonwealth; since a man of such principles must needs, as oft as he dares do it, despise all their laws and customs: for there is no doubt to be made, that a man who is afraid of nothing but the law, and apprehends nothing after death, will not scruple to break through all the laws of his country, either by fraud or force, when by this means he may satisfy his appetites. They never raise any that hold these maxims, either to honours or offices, nor employ them in any public trust, but despise them, as men of base and sordid minds.” (p. 159)

As Kanter (1972, pp. 136-138) notes, strong religious foundations have an ability to tie communities together, even when combined with an ideology of common property. A common religion form communities a comprehensive value system, a transcendent moral order with many advantageous moral principles and a web of shared beliefs.

More was a man of many faces. He valued structure, tradition and order in society as safeguards against tyranny and error. While More promotes education in Utopia, some years later, in 1528, he warned that the English Bible must not get into the wrong hands. According to him, it is especially dangerous when unlearned men look for and dispute the secret mysteries

of the Bible. More also strongly opposed Martin Luther and Protestant Reformation, judging them to be dangerous for the stability of the society. Paradoxically, More created freedom of religion for Utopia, except for atheists, who were despised, and only just tolerated. In his own life More persecuted Protestant Christians during his time as the Lord Chancellor and fought against the rising Protestant Reformation. While the Lord Chancellor, he also imprisoned and interrogated Lutherans, and sent six reformers to be burned at the stake, in addition to imprisoning about 40 Protestants. Ackroyd's (1999) perspective on these acts is somewhat understanding; according to him, they were part of a long-lasting Protestant and Catholic tradition in turbulent religious times. Indeed, in the section four of the apostolic letter in October 2000 Pope John Paul II declared More "The Heavenly Patron of Statesmen and Politicians," continuing that

"It can be said that he demonstrated in a singular way the value of a moral conscience... even if, in his actions against heretics, he reflected the limits of the culture of his time."

Biblical materials provide the basis for More's penchant for common property. Two distinct versions of theocratic utopia can actually be found in the New Testament. One is found in the Acts, where the social life of the early church is presented. This took place during the first years of early church in Jerusalem, soon after Christ's resurrection and ascension and after the first Pentecost. Among the first Christians, there seems to have been common property, similar to the ideology found in Utopia. The book of Acts says:

"And the multitude of them that believed were of one heart and of one soul: neither said any of them that ought of the things which he possessed was his own; but they had all things common." Acts 4:32

Nevertheless, this original state of early church in Jerusalem was temporary and the convention of common property did not spread widely to other early congregations or synagogues. Nevertheless, More seems to have adopted this idea from the writings of New Testament. Utopian visions were also common during the days of Hebrew Bible.

Biblical eschatology has been an important part of both Judaism and Christianity. Those visions included also economic aspects. Jewish history describes periods of captivity of the Jewish people in Egypt and Babylon in different periods. That certainly contributed to the development of the idea of a Utopia. The captivity was ended by the only true God, an act which stood in stark contrast to the idolatry of a multitude of gods worshiped in Egypt and Babylon. Christian apocalyptic writings (such as the Revelation), are inspired of the Jewish eschatology, and also appear in a context of difficulties for the early Christians. Later the practice of common property vanished as the epicenter of the early Christianity moved from Jerusalem to Asia Minor.

Perhaps some of the theological core of More's Utopia is derived also from another part of the Bible, not from past temporary situations amongst the early Church, but from the future Messianic Kingdom ideology. This political theocratic utopia is found in the many books of the Bible, both in the Hebrew Bible and the New Testament. This is the very ideology Jesus was preaching: the coming of "the Kingdom of Heaven" on earth, amongst the human race. The ideology of the coming Kingdom of Heaven is found, for example, in the book of Revelation:

“Then I saw an angel coming down from heaven, having the key to the bottomless pit and a great chain in his hand. He laid hold of the dragon, that serpent of old, who is the Devil and Satan, and bound him for a thousand years ... so that he should deceive the nations no more till the thousand years were finished ... Then I saw the souls of those who had been beheaded for their witness to Jesus and for the word of God, who had not worshiped the beast or his image, and had not received his mark on their foreheads or on their hands. And they lived and reigned with Christ for a thousand years ... Over such the second death has no power, but they shall be priests of God and of Christ, and shall reign with Him a thousand years.”
Rev. 20:1-6

Intertwining theology and theocratic governance with scarcity of natural resources was not a problem for More. He predicted that hardships would be overcome by God’s help.

As written in *Utopia*: “*They are also persuaded that God will make up the loss of those small pleasures with a vast and endless joy, of which religion easily convinces a good soul.*” (p. 107)

The original audience, those for whom More aimed his message, were theologians of his time. It was not meant as a basic textbook for the educated class, but rather specifically for the priests and theologians. It should be remembered, that it was a well-known and established theologian, Erasmus of Rotterdam, who actually published *Utopia* in 1516. One additional piece of evidence for this point is that *Utopia* was published only in Latin. It was translated into English and published in England long after More’s decapitation, and not earlier than 1551, over fifteen years after his death. This suggests that More’s intention was theological and philosophical. As Kautsky (1959) notes, More addressed only a small circle of scholars; most people did not understand him and he did not desire to be understood by the people. He therefore wrote his *Utopia* in Latin, and concealed his thoughts in the garment of satire, which permitted him greater freedom of opinion. He was almost certainly not aiming to affect the contemporary politics of his time.

Utopia can also be seen as defending religious tolerance. Kessler (2002) suggests that More’s aim was to promote civic peace in society and to promote religious freedom for Christians. He enabled government to proscribe politically dangerous forms of religion and to all members of the society to subscribe to certain Christian religious doctrines that promote virtue. This restricted type of religious freedom made *Utopia* a theologically diverse, but morally unified society. (Kessler 2002, p. 207)

More was encouraging social and political equality in society. The economic reforms More suggests include common property, the abolition of profit, and the obligation and right of all to labor. He tried to establish social equality by protecting the rights of good conscience. In *Utopia*, there were several institutional devices to help increasing social equality, like common meals, a common form of clothing and homes that were open to all. The false sense of superiority that fosters idleness and luxury among the wealthy and leads them to exploit the poor was also removed from the lives of Utopian people. (Kessler 2002, p. 219)

It should also be noted, that the conduct of the Utopians is exaggerated even by Christian standards. While the utopian way of life embodies certain truths dear to Christianity,

it frequently exceeds Christian tolerance. It is as though without the correcting guidance of Christ's church the Utopians would fall into absurdity (Grace 1989, p. 293)

Jackson (2000) notes that More resembles Machiavelli in his aim to create a peaceful political order. To attain that, even some immorality of political conduct is justified. Utopia works through paradox and indirect persuasion to the restoration of truly Christian judgment in political life. More's strategy is not simply to reassert what was familiar to everybody, that Christian precepts ought to be followed, but rather that uncontrolled appetites are the basis of social vices. This implies that a fallen nature needs the discipline of external restraints if there is to be peace and justice. Therefore More drew a utopian view of an optimal economic and political order, using also religious concepts and themes. (Grace 1989, p. 295)

3. The economic concepts in utopia

Utopia is replete with economic concepts, many of which didn't have a name at the time of More's writing, but which are nowadays commonly recognized. One of the standard concepts in economics is scarcity; there are only so many resources to supply unlimited wants of people. For this part, Utopians were model citizens. Their consumption of goods and services was limited to only necessity goods, and through science, specialization and experimentation they had reached quite high a level of efficiency in producing for their needs. Economizing was apparent everywhere, the prevailing philosophy stressing that one did not need more than basic needs and nourishment for pleasurable life, a view which is consistent with many current life satisfaction studies. The Utopians showed understanding of the marginal product of labor. They set their labor hours at the low level of six hours a day. They also used scarcity to create exchange value. For Utopia itself the intrinsic value of gold and silver was set to zero, despite mining large amounts of both. Since the exchange value was very high outside its borders, Utopians sold their minerals in mutually beneficial transactions (arbitrage) in the foreign trade market.

Hanging of the thieves in societies outside Utopia is an example of the use of cost-benefit analysis. For a thief outside Utopia the choice was: starve to death almost guaranteed, or steal with a reasonable chance of getting away with the theft. Not surprisingly, the harsh penalty was not effective in stopping the thefts. On the Utopian side the same calculation was different. Being caught thieving would result in hard labor and disapproval of the community, but not death. Every citizen of Utopia was guaranteed the same rations of food and other goods, and accumulation of private property was forbidden. Not surprisingly, there was less theft in Utopia than outside it. One example of the kind of cost-benefit analysis practiced in Utopia: a wealthy prince took a nearby kingdom by force. The result was years-long string of internal rebellions and foreign invasions in the newly acquired dominion. Finances of both kingdoms were quickly in deficits and the citizenry upset over their meaninglessly spilt blood. In the end, the costs and benefits of the invasion were so uneven that the invader gave up the new dominion. Interestingly, Utopia also spent resources on wars, but only to stay away from them.

Large sections of Utopia are about good governance and the importance of institutions. Thorstein Veblen (1912) was a forerunner of modern institutionalism, preceding by three generations the later neo-institutionalist writers such as Bauer (1971), Olson (1982) and North

(1990). The way Veblen merged institutions and culture/spiritual attitudes provides for a striking resemblance with Utopia's way of life. Utopia without spiritual underpinnings simply couldn't exist. Veblen also emphasized the role of evolutionary thinking. Unlike with communism, there was no particular end to the development of societies, an idea which meshes well with the educational and spiritual aspirations of Utopia. Given the limited variety of produced goods and services in Utopia, it is also clear that even if the society was productively efficient, it was far removed from Veblen's conspicuous consumption, and also certainly lacking allocative efficiency in production. Then again, since utopians had no comparison point for a "sufficient" variety of goods and services, this may not have reduced their ultimate life satisfaction.

Institutions and governance are important concepts in Utopia. From the first pages on, it is explained how not to govern: Princes ignoring their own countries and focusing on acquiring new possessions through wars. Efficient laws outside Utopia were allegedly rare, the laws being incoherent and punishments in no proportion to the crimes. The judiciary independence was non-existent; the judges were not concerned making inconsistent decisions. For Utopia the lesson was that when the moral decay begins, it spreads quickly surrounding people with ill company and corruption. That is the beginning of the end for the rule of law.

In Utopia, there was relatively little judiciary regulation (fewer laws, more reliance on people's religious virtue). Law consistency was achieved through the island, the same laws applying from city to city. It was a widely accepted idea that strict obedience to laws brings virtuous men joy and keeps the society healthy. Utopia's court structure had similarities to modern day. The Governor (head of the larger family group) was like a mediator, the Magister the lower court, the Senate the appeals court, and the Prince, on the rarest of occasions, the Supreme Court. The system did not, however, incorporate the separation of powers, as understood nowadays. The executive – the prince in particular – enjoyed powers well above those of modern democratic legislative and judiciary.

Some other government functions in Utopia also share many similarities with modern societies. A common vein in the text is how education is greatly underappreciated (a public good with positive externalities, underprovided by markets) outside Utopia, where, on the other hand, it was seen as enhancing the production process, and therefore, productivity. Hence, government approached the public goods market failure by taking responsibility for education.

A well-acknowledged method of production improvement in Utopia was by trial and error, still in use in modern societies by innovative firms and governments alike. The widely used trial and error method bore more resemblance to Schumpeterian entrepreneurs (without the personal profit motive and private property rights to innovation) than to the extreme error avoidance of socialist systems (plan is law). Increasing production quantities, however, was not the goal of the government. Rather, productivity increases were meant to allow the production of the same amount of (better) goods in less time. This released extra time to people for intellectual development. The above is a classic case of the trade-offs every economy faces: here the choice was more goods and the same leisure time or more leisure time and the same amount of goods. As with every trade, there is no avoiding the opportunity cost – if you want more goods there will be less leisure time, and vice versa. The existence of common property also allowed for seamless, quick exchange and operationalization of new innovations among economic units.

The Utopian government did exercise strict population control. It had estimated an upper limit of population the island could support, and reaching the limit triggered a creation of new colonies on the close by mainland. A constant theme of discussion in Utopia was the misuse of government power. One neighboring country, Macaria, was discussed as a virtuous example of how to limit the power of government, keeping it from turning bad: they had placed a constitutional limit on the spending power of their government. The limit was set large enough to allow occasional budget surpluses to flow to a rainy day fund against unforeseen events. The purported utility maximization rule of most foreign governments was seen as utterly deceiving, seen to consist mostly of revenue maximization for the benefit of the ruling class, not for the creation of useful societal habits.

Income distribution in Utopia was set for strict equality, which was considered providing positive externalities. This was the result of their religious beliefs and also of the excess vanity and consumption disparity that Utopians believed led to moral decay, just as Veblen (1912) also postulated 500 years later with his conspicuous consumption. In Utopia employment security was guaranteed for everyone (like in the Soviet constitution), since unemployment was considered dangerous for the health of man's spirit. As long as a worker did his share, he stayed part of the employment-bound social safety net. The length of the work-day was by government regulation six hours, after which the rest of the day-time was to be used for intellectually inspiring activities in arts and education. To avoid boredom at work, regulations called for periodical job circulation. Select few Utopians were exempted from regular work, allowing for specialization in the areas of their exceptional talents (much like in the Soviet Union), aimed to lead to scientific discoveries.

Since agricultural yield varies from year to year, city to city, the Utopian government redistributed the output equally among the cities once a year (progressive taxation), while also preserving a constant two year reserve of grain. Strong religious ethic of people would ensure that even a high taxation rate would not result in a productive disincentive. In all, government had built social safety nets for regular citizens. Utopia's public hospitals, yet another service with public goods and externality properties, were also described excellent.

The Utopians considered the connection between wealth and happiness spurious. Wealth by itself was considered not worth pursuing, except in cases where poverty and income inequality exist. Poverty creates unwarranted obedience towards those with the financial means, while it also negatively affects public safety and social stability. According to utopians, true happiness is based on following natural reason and religion. Living with reverence to God and nature, and demonstrating true altruism that advances the welfare of the rest of the mankind were seen as the only ways to true happiness. In discussing the natural way of life and morality, Hodgson (2013) refers to Darwin's evolutionary theory; humans are by their nature prone to reciprocity, co-operation and kindness to each other because that has proven out to be a successful trait in human evolution. Sustaining and strengthening this genetic trait was considered one of the government's main goals in Utopia.

Rulers outside Utopia were described as vain and disinterested in good advice. In other words, the rulers were showing the classic signs of overconfidence bias. Their ideal world is where things would never change and they would be assured of their possessions forever: status quo effect was dominating their minds. Rulers pouring resources year after to defend a new dominion, without any hope of permanent victory, is nothing but a typical example of a sunk

cost fallacy. In fact, examples of other behavioral economics concepts abound in Utopia in regular intervals. These include anchoring, endowment effect, confirmation bias, herd mentality, hyperbolic discounting bias, loss aversion and mental accounting.

4. The fundamental goal of all economic systems

Every working economic system has to be able to answer three questions: what to produce, how to produce it, and who gets what is produced? Utopia's answer to the first question is heavily focused on satisfying society's basic needs: food, clothing and shelter. In addition, a number of resources are extended to education, science, health and national defense. The exact distribution of resources to each area is not disclosed. It is noted, though, that health and education are at a good level, science is world-class, and the permanent budget for hiring foreign armies for Utopia's defense is sufficient without doubt.

How output is produced in Utopia follows well learned past methods, specialization and trial-and-error. Improvements to production techniques are derived particularly from investments in science and education and the shared knowledge-base among production units. Utopia also has a policy to match individuals' special skills with their talents, and to allow those with extraordinary talents to dedicate their lives to scientific discovery.⁴ These answers to questions one and two – what and how to produce - mean that Utopia's productivity growth comes out high enough to create a production surplus in most years. This it can use to create an emergency surplus, or to reduce daily work time, which in turn allows more time for individual after-work self-improvement.

The answer to question three - how the output is distributed - follows three basic principles. First, equality in sharing is the overriding principle of all distribution. The poorest are taken care of first, as are those families whose harvest has fallen below that of the others. Second, given that yields in agriculture vary considerably from year to year, enough production was always stored for extra two-year's needs in case of a crisis. Third, some surplus is sent abroad, as inexpensive loans, as foreign aid, or as acquiring foreign armies for Utopia's defense. This serves the country's altruistic goals, creates political goodwill, and ensures credible military defense when needed.

5. Defining and enforcing the rules of economic systems

An economic system is a set of institutional arrangements used to allocate society's scarce resources to their best purposes, the meaning of "best" varying over time and by society. The best could include longevity, high income, equal distribution of income, opportunities to advance in life, minimal use of environmental resources, religious freedom or overall happiness, for instance.

Scarcity means that societies will always be constrained by their lack of land, labor, capital and entrepreneurial skills. Institutional set-up governs how society deals with this scarcity. This set-up is a mix of formal and informal arrangements that include elements like the parliament and its voting traditions, government agencies and ministries, the church, rule of

law, monetary system, trade unions, freedom to trade, civil groups, corporations, international organizations, and such. For an economic system to work the institutions have to follow what North (1990) calls the “rules of the game.” Without an agreement on the rules, no system will be functional for long. Furthermore, to build an enduring economic system there has to be a means of enforcing the set of rules. If institutions have a proclivity to deviate from the rules and get away with that when they do, it’s akin to having no rules at all. An important question is how to ensure adherence to the rules? Religion, altruism and common property represented some of More’s answers to the question.

More’s answers are in line with modern economic research applying social norms and several categories of informal mechanisms. One such main category, which is in use in Utopia, is community enforcement. Citizens change their trading partners periodically. This exposes dishonest traders, would there be any, causing immediate sanctions against them by other members of the society. Kandori (1992) has presented an economic model, “Folk theorem,” where similar social norms as found in Utopia work to support efficient outcomes in various economic transactions. In small communities where members can observe each other’s behavior, community enforcement works beneficially towards optimal economic outcome and the cooperative behavior can be sustained. The social norm supporting cooperation in those situations means that defection from honesty bears a very high cost – a potential isolation. As Kandori (1992) notes, the Folk theorem assumes the existence of a mechanism or institution whose function, as in Utopia, is to process information honestly.

In Table 1, Voigt and Engerer (2002) present a set of options for rule enforcement. The continuum of the type of rules runs from convention to government legislation and the enforcement types, and from self-enforcement to organized government enforcement. Modern societies use all five means of enforcements, although in different proportions. Many of the western high-income countries have been slowly moving towards more state enforcement, whereas many fast-growing lower income countries have less state enforcement and some are consciously deregulating their economies. In the group of low-income countries one typically finds much less state enforcement and more of the first four types of rule enforcement: self-enforcing, self-commitment, informal social control and organized private enforcement.

In terms of rule enforcement, More clearly distanced himself from the one system – the English – that he knew best. Rather than relying on state enforcement, he envisioned that a long-term viable society would have to be based on other means of enforcement. While there was also strong state law in Utopia, most of the means of enforcement were left to the first four means of enforcement. The convention rule worked because Utopia was not a fast-changing society. The ethical rule worked because everyone in Utopia shared strong religious beliefs about right and wrong. The customs and private rule worked because the tight-knit family would exert social pressure on any member who would deviate from the customs. While the state of Utopia had many explicit rules of conduct, rarely did it have to enforce its rules: the four means worked well enough to accomplish that. This is in line with the findings of Frank (1987), who emphasizes that conscience and other moral sentiments play a powerful role in the choices people make.

Table 1. Type of Rule and Means of Enforcement

Type of Rule	Means of Enforcement
1. Convention	Self-enforcing
2. Ethical Rule	Self-commitment
3. Customs	Informal Social Control
4. Private Rule	Organized Private Enforcement
5. State Law	Organized State Enforcement

Source: Voigt and Engerer (2002, p.133)

While every economy is unique, one can still try to place them in a loose structure of attributes. In Table 2, system (3) resembles socialism and central planning as practiced in the former USSR until 1990. System (2) is an example of market socialism, and had its closest match in the former Yugoslavia in the 1970s and 1980s. System (1) has the characteristics of a pure capitalist free market system. For that system there are no closely fitting examples. Various market failures associated with that system have called for governments much larger in size and wider reaching in their scope than the pure system would encompass. The reasons for this deviation include market failures in the areas of information, property rights, externalities, public goods and competition. Of current economies, the closest to system (1) would probably be Hong-Kong, Singapore and New Zealand.⁵ When compared to the above three system types,

Table 2. Attributes of economic systems

Attribute	Continuum		
A. Organization of Decision Making	Decentralization	Split Between Levels	Centralization
B. Provision of Information and Coordination	Market	Planned Market	Plan
C. Property rights / Ownership of Assets	Private	Cooperative	Public
D. Incentive System / Motivational Method	Material	Moral and Material	Moral
E. Organization of Public Choices	Democracy	Oligarchy	Dictatorship
TYPE OF SYSTEM	(1)	(2)	(3)

Source: Adapted from Gregory and Stuart (2004, p. 30)

Utopia's system is unconventional, drawing its strength from an eclectic mix of attributes. An augmented table of system classification will follow shortly.

Economic systems are built to achieve desired outcomes, which vary from society to society. The choice of an economic system, however, is a good predictor of the expected outcomes. Typically, system (3) would reduce income disparity and strengthen society's social capital, while having low-income growth. System (1), has its strength in income growth and efficiency, but can cause large income disparities. The middle system, system (2) would be expected to yield outcomes similar to (3). Since neither system (3) nor system (2) survived more than 70 years, system (1), or rather, its mixed cousins, has proven to be capable adjusting to changing circumstances in its environments, enhancing its chances to stay viable for the long run. It is clear, however, that the basic systems table misses one dimension essential for all economic activity in Utopia: religion and habits. While the economic core of Utopia is built on the combination of common property, religion and habits, it does also have market-based institutions that keep it from being a pure planned economy.

It is commonly argued that the Soviet experience proved Marx, Engels and Lenin wrong about man's real nature: in the real world people are self-interested beings whose basic nature cannot be changed even with the best of educational efforts. That is allegedly why common property did not succeed in the U.S.S.R. and won't succeed anywhere else either.

Fehr and Gächter (2000) argue that the above reasoning is wrong. While people can be highly self-interested, they can also show astoundingly high levels of kindness when they themselves have just been subjected to a kind act. People feel obliged to act in kind. This kind of reciprocity is one of the keys to understanding Utopia. Religion was in the center of all activities in Utopia, and regardless of the type of religion practiced, Utopians emphasized the importance of treating your fellow man kindly. Thus, the reciprocity principle of kindness had a strong foothold in Utopia. In conventional socialist systems there was no such reinforcing mechanism coming from religion and virtuous habits.

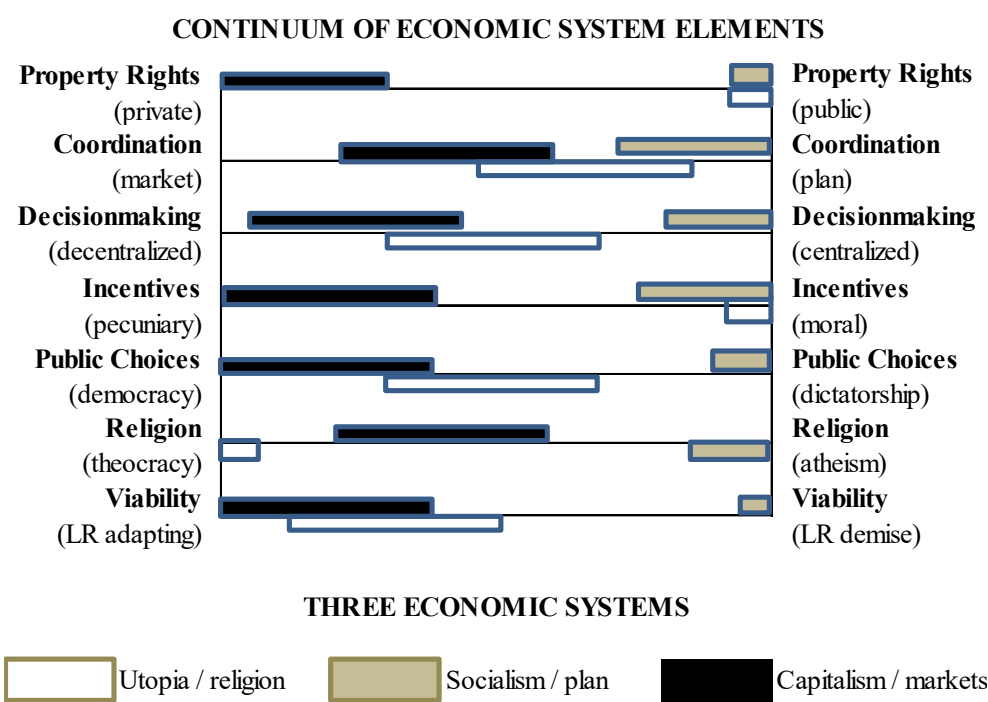
Utopia also has another key advantage over the common property based socialist systems. Utopia's basic economic units, families, are small in size and all members live together. Each family has about 40 adults, which, as Ostrom (1988) notes, makes setting social norms easier and more binding. Equally important is, as Barclay (2011) points out, that it is easier to be altruistic to your kin than to strangers, which further strengthens the reciprocity principle within Utopia's family structure. Altruism has other additional benefits as well: stronger social connections, improved health, chances for co-operative learning and better emotional life, in addition to people being happier in general (Batson 2011).

Table 3 expands on Table 2, adding a new dimension, religion, to the basic system classification. Whereas the previous table was about systems in theory, in this table real economic systems are evaluated. The real-life capitalist/market-based system is easily distinguishable from the socialist/central planning based system. Utopia, on the other hand, shares features with both systems. In terms of property rights, socialism and Utopia are alike. They both also share their moral incentives, although that arrangement turned out to be ineffective in socialism. In Utopia, on the other hand, all institutions were distinctly designed to promote altruism and co-operation, making them the backbone of society.

All modern capitalist systems are mixed with relatively large government presence. In most people are free to put their ideas into practice as long as they stay within the regulations

and laws whose extent varies from country to country. In Utopia there is much less freedom in this respect. Although people are encouraged to study and experiment with new ideas in production and within their family unit, their life is very structured outside the study time that follows the six hour work day. While decision-making in capitalism is more decentralized than in Utopia, it is also true that the average wealthy country government is in no means small: it spends about 40% worth of the national income for buying goods and services and for income redistribution, in addition to having thousands of regulations in place for governing its citizens' lives.

Table 3. Utopia in a systems map



Source: Adapted from Gregory and Stuart (2004, p. 31)

While hard to estimate, the Utopian government is considerably smaller than governments in typical mixed economies - less government is needed because of Utopia's internal governing system (religious beliefs, habits). Other than very limited public works (select government transfers, justice system, hospitals, science, temples, transportation, warfare) most economic activity is concentrated in the 40-member families. The sixth system element, religion, is where Utopia differs the most from socialism and capitalism. Utopia is a pure theocracy, whereas atheism was the rule in socialist countries and capitalism falls somewhere in-between the two; in most countries closer to Utopia than socialism.

Finally, the ultimate question about any economic system is whether it is viable? Will it be able to satisfy the needs of its people in the long run? What we know about socialism is that no version of it has been able to survive for more than 70 years, market socialism even less. Capitalism, on the other hand, has been in existence since the industrial revolution, for around

250 years. During this time it has faced several life-threatening crises (excess output volatility, income inequality, etc.) yet so far it has always been able to adjust, and continue further in an amended form. The crises will no doubt keep coming, and it remains to be seen whether capitalism will have the ability to continue adjusting to new unforeseen future crises. Having already survived for ten generations, though, capitalism has shown a good amount of resilience. Utopia is harder to evaluate. Religion is the glue that holds its common property based system functional. The system also requires that the strict rule-based structure for people's daily life to stay in place. If those arrangements hold, Utopia should be viable as a system, unlike the other common property based system, socialism.

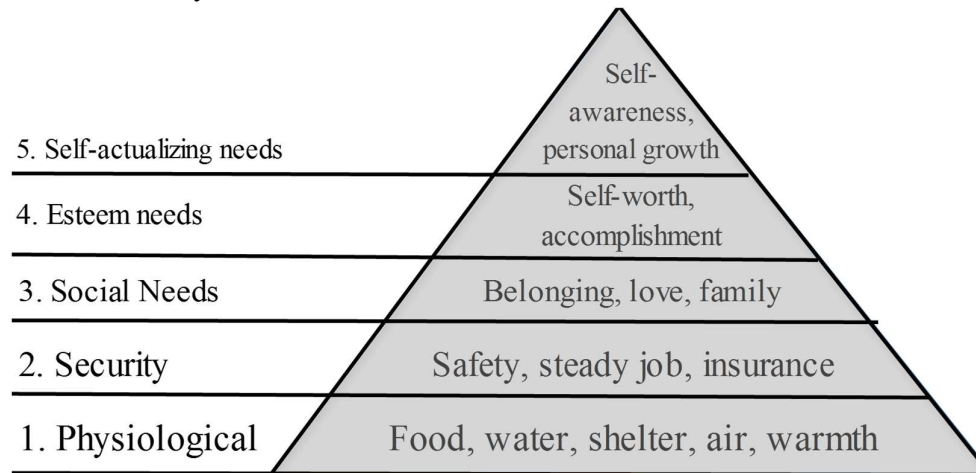
6. Even if an economic system works, does it fulfill people's needs?

Just because an economic system satisfies the three basic questions of what, how and for whom, does not mean that people living in the system are content with their life. One way to look at the happiness aspect is to consider Maslow's (1943) hierarchy of needs (Table 4). A person who has reached all five levels from the bottom to the top of the needs pyramid has satisfied all her physiological, safety, social, self-esteem and self-actualization needs, and would therefore be considered as a happy, content person.

The modern, wealthy societies have almost uniformly achieved the two lowest levels of hierarchy. Most people have also reached the third category, having family and some friendships. When moving up to the last two categories, fewer individuals fit in. While achievement is much appreciated in western societies, there is also constant pressure to perform, which can be deleterious to one's well-being. Work also tends to be quite specialized, which may not be consistent with creativity and spontaneity. On the other hand, schooling in western wealthy societies lasts at least eight or nine years, more for most, providing ample opportunities for creativity and problem solving during that time. Subsequently, according to Maslow's hierarchy, modern capitalist systems should produce reasonably good results but in no means guarantee that their people are content with life.

Utopia also clearly satisfies the lowest two of Maslow categories. The third rung, social needs is a particularly strong point for it. The 40-member family units are designed for close friendships, for a sense of belonging to a close-knit group, and for family needs in general. The fourth esteem category in Utopia rests largely on the possible satisfaction that a worker gets from other members of the group when one has filled one's daily work requirement. Esteem is also helped by job security built into the system. Some other needs of the fourth category, in particular independence, are clearly lacking in Utopia. In terms of the fifth stage, self-actualization, there are two opposing forces in Utopia. Daily work for most people is tedious, far removed from attributes such as creativity or spontaneity. On the other hand, the production of necessity goods is the overriding goal of production, which has reduced the regular work day down to six hours, after which there is special time dedicated to self-actualization type of activities. In his later works Maslow (1969) included altruism and spirituality as additional important elements needed to satisfy one's highest needs. These both are certainly strong elements of Utopia's system.

Table 4. Theory of human motivation



Maslow's hierarchy of needs (1943)

Summarizing the comparison, in Maslow's system Utopia seems to hold its own against the modern market-based capitalism. Since Maslow's hierarchy of needs does not place much weight on income or consumption, it is not surprising that a society with non-financial values scores well in the system. Some levels of need – social needs, esteem, and self-actualization – are not clearly associated with money. In contrast, capitalism has a built-in trait where self-interested individuals compete for property, winning and losing being an inherent part of the game. In Utopia exchanges are modeled after altruism, making the stressful part of private property exchanges disappear. In that respect, Utopia's common property institution is more compatible with Maslow's hierarchy than the private property based capitalism.

7. Conclusion

The findings of this study show how a small change in a society's institutional set-up can have a large effect on societal outcomes. The case of Utopia shows particularly well the multi-dimensionality of economic systems. No less than 600 years ago Sir Thomas More made common property the cornerstone institution in his Utopia. Yet, common property is often looked down upon as a tool of economic development. This view was strengthened further after the full socio-economic legacy of the Soviet Union has become clear: when everything belongs to everyone, it also belongs to no one, taking away individuals' incentive to take care of the property and to be productive. The sorry state of property during the last few decades of socialism wiped away any substantive economic arguments in favor of common property-based systems.

Yet, Utopia combines common property, strict internal rules, modern economic concepts and religion habits for a seemingly functional economic system. With a careful mixing of institutions and sound economic insights, More seems to have built a framework for a society that could - unlike other large-scale constructs based on common property – be viable

also in the long run. While the conditions that make Utopia work out are quite restrictive (strong religious beliefs, altruism, small economic units, life void of luxury, strict regulation of time use), it does provide a sketch of a society where common property may not stifle long term development, but is associated with productive and happy people.⁶

Notes

¹ Parrill and Robison (2013), p. 92.

² Presumably due to his advocacy of common property, More is the only Christian saint honored with a statue at the Kremlin.

³ After More, several other Christian utopias appeared during the 16th and 17th centuries. Those include "Wolfaria" (1521) by Johan Eberlin Von Günzburg (1470-1533) and "Christianopolis" (1619) by Johann Valentin Andreae (1586-1654). Properties of these various utopias are intensively presented by J.C. Davis (1981) and S.G. Bell (1967).

⁴ This is the same concept of specialization that Adam Smith popularized more than two centuries later. Why Utopia deserves to be compared to a *magnum opus* like The Wealth of Nations is based on Utopia's three particularly interesting properties. First, the book covers all the basic economics concepts that one would typically find in the first chapter of a modern economics textbook. Second, More succeeds introducing these basic concepts in highly entertaining and intellectually arousing 160 pages, mixing economics with politics, religion, and evolutionary theory. Third, the book preceded the Wealth of Nations by 260 years. By no means is the above meant to mean that More matches the numerous economic insights put forth by Smith. Indisputably, though, Utopia was well ahead of its time, and due to its economic depth would well accompany any introductory, or even more advanced, economics textbook as supplemental reading on the choices in society building.

⁵ *Economic Freedom of the World: 2018 Annual Report*. Washington DC: Cato Institute.

⁶ Utopia as proposed by More has never been tried at a scale of a nation. Yet, there are some current-day communities that share much with Utopia. The closest of them may be the Hutterites, a communal branch of Anabaptists. Followers of Austrian Jakob Hutter (d. 1536), they have built close to 500 colonies in North-America, most of them in the western Canadian plains of Alberta, Saskatchewan and Manitoba. Each colony has between 60 and 200 people, which is considered the optimal size. After a colony reaches the optimal size, a new one is started in fair distance from the existing ones. The Hutterites are strongly religious, have common property, wear simple, fairly uniform clothes, share common meals and have strong internal social norms and rules. Success in farming and ranching has made the colonies mostly self-sufficient. The excess product is traded outside the colony, mostly through monetary transactions. The proceeds are used for buying production inputs (agricultural machinery) and services (mostly health-related) that cannot be produced within the colony. All children are educated within the colonies through the elementary grades, after which they are ready to assume full-time apprenticeship or a job in the colony. Three video links about Hutterites are placed at the end of the references.

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Appendix. Hutterite online documentaries

American Colony: Meet the Hutterites [20 episodes between 1:32 and 2:59 minutes in length]
National Geographic Society (2012), filmed at King Colony, Montana
https://www.youtube.com/results?search_query=%22American+Colony+Meet+the+Hutterites%22 (accessed September 13 2018).

How to Get to Heaven with the Hutterites [59:27]
BBC2, March 7, 2013, filmed at a colony in Western Canada prairies
https://www.youtube.com/watch?v=d2omDIZIO_s (accessed September 13, 2018).

The Hutterites [28:02]
The National Film Board (1964) by Colin Law, filmed at a colony in Alberta
https://www.nfb.ca/film/the_hutterites/ (accessed September 13, 2018).