

6 SIR THOMAS MORE'S *UTOPIA*: AN OVERLOOKED ECONOMIC CLASSIC

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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 (Parrill and Robison 2013: 92). We argue that *Utopia* is significant as a political text, but perhaps even more so as an economic text. In fact, *Utopia* has enough modern economics to be used as an educational text in subjects such as economic development, comparative economic systems and history of economic thought or even principles of economics. Then again, the demise of 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 significant concept in *Utopia*, however, is somewhat defective and specious. Instead, we argue that certain 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 early Christianity was transposed from Jerusalem to Antioch. After an extended break, however, Thomas More used the concept of common property once again in its religious context.

Schwartz (1989) comments on 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 in nature, as most citizens in *Utopia* are devout Christians. It is also clearly stated that a man who refuses to believe in God or the afterlife could never be trusted, because he would not be able to acknowledge any authority or principle outside himself. This statement will turn out to be of great importance when discussing *Utopia*'s potential as a viable economic system.

Utopia is regularly discussed in a wide swathe 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 defence of individual freedom, a showcase of a conflict between the medieval and the modern worlds, a critique of the European society of its time, a blueprint for socialism, a display of a path to a moral, virtuous life, an astute analysis of society's

social structures, or a portrayal of the minimum conditions for a happy life (Ackroyd 1999; Marius 1984). Another common interpretation over the years has been that through *Utopia* More wanted to highlight the benefits of common property in maintaining a happy citizenry. Since the collapse of the socialist system, this line of thinking has lost most of its vigour, though.

Some scholars have interpreted *Utopia* in much less progressive terms, arguing that More wrote it as nothing more than a parody, aiming to expose the impossibility of organising societies around common property; thus, More's book is filled with the rhetorical devices of irony and wit. Bostaph (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* to be 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 as dour and grim, the natural result of a planned society.

According to several other scholars, *Utopia* was not intended as a jest. Karl Kautsky (1888: 247) wrote:

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.¹ 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 insight is key to opening *Utopia* to a new economic-institutional interpretation. *Utopia's* strong religious ideas are inseparably tied to economics and its economic system. Religion gives people incentives that society's other institutions require if they are to work properly.

This chapter next analyses the theological core of *Utopia*, namely common property, and describes daily life in *Utopia*. Then, a section highlights the wealth and fine detail of economic concepts at the heart of *Utopia*. This is followed by a discussion of economic systems, aiming to place *Utopia* within the traditional systems classification. Since every economic system, save pure anarchy, depends on a set of

¹ Presumably because he advocated common property, More is the only Christian saint honoured with a statue at the Kremlin.

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 chapter 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?

The theological core of *Utopia*: common property

More joins a long succession of Christian utopians who have used ancient biblical material for constructing a futuristic vision of the coming messianic theocracy, as foreseen in *Utopia*.² More's ideology was apparently Christian, as most citizens of Utopia were devout Christians. For example, 'true it is, that many of them came over to our religion, and were initiated into it by baptism' (p. 118). People living in Utopia had complete freedom of faith, even though most citizens were actually Christians. Other religions were equally accepted; only the atheists were clearly despised. As More put it (p. 118):

[H]e 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.

As Kanter (1972: 136–38) notes, strong religious foundations have the ability to tie communities together, even when combined with an ideology of common property. A common religion gives 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 promoted education in *Utopia*, some years later, in 1528, he warned that the English Bible

² After More, several other Christian utopias appeared during the sixteenth and seventeenth centuries. Those include *Wolfaria* (1521) by Johan Eberlin Von Günzburg (1470–1533) and *Christianopolis* (1619) by Johann Valentin Andreae (1586–1654). The properties of these various utopias are presented in detail by Davis (1981) and Bell (1967).

must not get into the wrong hands. According to him, it was especially dangerous when unlearned men look for and dispute the secret mysteries of the Bible. More also strongly opposed Martin Luther and the Protestant Reformation, judging them to be dangerous for the stability of society. Paradoxically, More prescribed freedom of religion in *Utopia*, except for atheists, who were despised, and only just tolerated. More himself persecuted Protestants during his time as the Lord Chancellor and fought against the rising Reformation. While Lord Chancellor, he also imprisoned and interrogated Lutherans, and sent six reformers to be burned at the stake, in addition to imprisoning about forty Protestants. Ackroyd (1999) adopts a rather understanding perspective on these acts; according to him, they were part of a long-standing Protestant and Catholic tradition in turbulent religious times. Indeed, in section 4 of his Apostolic Letter of 31 October 2000, declaring More 'The Heavenly Patron of Statesmen and Politicians', Pope John Paul II observed:

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 Acts, which depicts the social life of the first years of the 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*. Acts 4: 32 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.

Nevertheless, this original state of the 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 the New Testament. Utopian visions were also common during the days of the Hebrew Bible.

Biblical eschatology has been an important part of both Judaism and Christianity. Those visions included 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 the multitude of gods worshipped in Egypt and Babylon. Christian apocalyptic writings (such as Revelation) are inspired by Jewish eschatology, and also appear in a context of difficulties for the early Christians. The practice of common property vanished as the epicentre of early Christianity moved from Jerusalem to Asia Minor.

Perhaps the theological core of More's *Utopia* is partly derived from another part of the Bible, not from past temporary situations among the early Christians, but from the future messianic kingdom ideology. This political theocratic utopia is found in 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, among the human race. The ideology of the coming kingdom of heaven is found, for example, in the book of Revelation (20: 1–6):

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 worshipped 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.

Intertwining theology and theocratic governance with scarcity of natural resources was not a problem for More. He forecast in *Utopia* that hardships would be overcome by God's help (p. 107):

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.

More's original audience consisted of the priests and theologians of his time, not the educated classes generally. 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 claim is that *Utopia* was published only in Latin. It was translated into English and published in England long after More's execution for high treason in 1535, and not earlier than 1551, over fifteen years after his death. This suggests that More's intention was theological and philosophical. As Kautsky (1888) notes, More addressed only a small circle of scholars; most people did not understand him and he did not want them to. He therefore wrote *Utopia* in Latin, and concealed his thoughts in the guise of satire, which permitted him greater freedom of opinion. He was almost certainly not aiming to affect the politics of his time.

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

More promoted social and political equality. The economic reforms More advocated include common ownership of property, the abolition of profit and the obligation and right of all to labour. He tried to establish social equality by protecting the rights of good conscience. *Utopia* contains several institutional devices to bring about 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 removed from the lives of Utopian people (Kessler 2002: 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: 293).

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

Economic concepts in *Utopia*

Utopia is replete with economic concepts, many of which had no name at the time of More's writing but which are nowadays widely recognised. One of the standard concepts in economics is scarcity; there are only so many resources to supply people's unlimited wants. In this respect, Utopians were model citizens. Their consumption of goods and services was limited to necessities, and through science, specialisation and experimentation they had reached quite a high level of efficiency in meeting their needs. Economising was apparent everywhere, the prevailing philosophy stressing that one did not need more than basic goods and nourishment for a pleasurable life, a view which is consistent with many current studies of life satisfaction. The Utopians showed an understanding of the marginal product of labour. They limited their working day to a mere six hours. They also used scarcity to create exchange value. For *Utopia* itself the intrinsic value of gold and silver was set at zero, although large amounts of both were mined. Since the exchange value was very high outside its borders, *Utopia's* inhabitants sold their minerals through mutually beneficial transactions (arbitrage) in the foreign trade market.

Hanging of thieves in societies outside Utopia is an example of the use of cost-benefit analysis. For a thief outside Utopia the choice was to starve to death or to steal with a reasonable chance of getting away with it. Not surprisingly, the death penalty was not effective in stopping thefts. On the Utopian side the same calculation was different. Being

caught thieving would result in hard labour and the disapproval of the community, but not death. Every citizen of Utopia was guaranteed the same ration of food and other goods, and accumulation of private property was forbidden. Not surprisingly, there was less theft within Utopia than outside it. In an example of the kind of cost-benefit analysis practiced in Utopia, a wealthy prince took a nearby kingdom by force. The result was a years-long string of internal rebellions and foreign invasions in the newly acquired dominion. The finances of both kingdoms were soon in deficit 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 later neo-institutionalist writers such as Bauer (1971), Olson (1982) and North (1990). The way Veblen merged institutions and cultural/spiritual attitudes makes for a striking resemblance to Utopia's way of life. Utopia without spiritual underpinnings simply couldn't exist. Veblen also emphasised 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 goods and services produced 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, it is explained how not to govern, with 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 crimes. Judicial independence was non-existent; judges were not concerned about 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 judicial regulation (fewer laws, more reliance on people's religious virtue). Legal consistency was achieved throughout the island, the same laws applying in all cities. It was a widely accepted idea that strict obedience of the law brings virtuous men joy and keeps society healthy. Utopia's court structure had similarities to that of the 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 much greater powers than those of modern democratic legislatures and judiciaries.

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

A well-acknowledged method of productive improvement in Utopia was trial and error, still used 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 operationalisation of innovations among economic units.

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

Income distribution in Utopia was set to achieve strict equality, which was considered to provide positive externalities. This was the result of Utopians' religious beliefs and also of the excess vanity and consumption disparity that they believed led to moral decay, just as Veblen (1912) also postulated 400 years later with his concept of conspicuous consumption. In Utopia employment security was guaranteed for everyone (as in the Soviet constitution), since unemployment was considered dangerous for the health of the human spirit. As long as a worker did his share, he stayed within the employment-bound social safety net. The length of the working day was set by government regulation at six hours, after which the rest of the day was to be used for intellectually inspiring activities in arts and

education. To avoid boredom at work, regulations called for periodic job circulation. A select few Utopians were exempted from regular work, allowing them to specialise in the areas of their exceptional talents (much like in the Soviet Union), aimed at producing scientific discoveries.

Since agricultural yield varies from year to year and from 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. The strong religious ethic of the people would ensure that even a high taxation rate would not result in a productive disincentive. Government had built social safety nets for regular citizens. Utopia's public hospitals, yet another service with public good and externality properties, were also described as excellent.

The Utopians considered the alleged connection between wealth and happiness to be spurious. Wealth by itself was considered not worth pursuing, except where poverty and income inequality existed. Poverty created unwarranted obedience towards those with financial means, while it also negatively affected public safety and social stability. According to Utopians, true happiness was 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, cooperation and kindness to each other because that has proved 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 uninterested in good advice. In other words, the rulers were showing the classic signs of overconfidence bias. Their ideal world was one where things would never change and they would be assured of their possessions for ever: the status quo effect was dominating their minds. Rulers pouring resources year after year into defending a new dominion, without any hope of permanent victory, is nothing but a typical example of the sunk-cost fallacy. In fact, examples of other behavioural economics concepts abound in Utopia at regular intervals. These include anchoring, endowment effect, confirmation bias, herd mentality, hyperbolic discounting bias, loss aversion and mental accounting.

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 defence. 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 defence is sufficient without doubt.

How output is produced in Utopia follows tried and tested methods, namely specialisation 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.³ 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 yield has fallen below that of the others. Second,

3 This is the same concept of specialisation that Adam Smith popularised more than two centuries later. *Utopia* deserves to be compared to a magnum opus like the *Wealth of Nations* because of 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 succeeded in introducing these basic concepts in 160 highly entertaining and intellectually stimulating pages, mixing economics with politics, religion and evolutionary theory. Third, the book preceded the *Wealth of Nations* by 260 years.

This is by no means meant to imply that More matched the numerous economic insights put forth by Smith. Indisputably, though, *Utopia* was well ahead of its time, and because of its economic depth could well accompany any introductory, or even more advanced, economics textbook as supplemental reading on the choices in society building.

given that yields in agriculture vary considerably from year to year, enough production was always stored for an extra two years' needs in case of a crisis. Third, some surplus is sent abroad, as inexpensive loans, as foreign aid or as finance for foreign armies for Utopia's defence. This serves the country's altruistic goals, creates political goodwill and ensures credible military defence when needed.

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, for instance, longevity, high income, equal distribution of income, opportunities to advance in life, minimal use of environmental resources, religious freedom or overall happiness.

Scarcity means that societies will always be constrained by their lack of land, labour, 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 such as the parliament and its voting traditions, government agencies and ministries, the Church, the rule of law, the monetary system, trade unions, freedom to trade, civil groups, corporations, international organisations, and suchlike. 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 with impunity, 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, should there be any, causing immediate sanctions against them by other members of the society. Kandori (1992) has presented an economic model, the 'Folk Theorem', where similar social norms to those found in *Utopia* work to support efficient outcomes in various economic transactions. In small communities, where members can observe each other's behaviour, community enforcement works beneficially towards optimal economic outcomes, and cooperative behaviour can be sustained. The social norm supporting cooperation in those situations means that defection from honesty bears a very high cost – 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 five options for rule enforcement. The continuum of the type of rules runs from convention to government legislation, and that of the enforcement types from self-enforcement to

organised government enforcement. Modern societies use all five means of enforcement, although in different proportions. Many 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 organised private enforcement.

Table 1 Types of rule and means of enforcement

<i>Type of rule</i>	<i>Means of enforcement</i>
1. Convention	Self-enforcement
2. Ethical rule	Self-commitment
3. Customs	Informal social control
4. Private rule	Organised private enforcement
5. State law	Organised state enforcement

Source: Voigt and Engerer (2002: 133).

In terms of rule enforcement, More clearly distanced himself from the one system – the English one – that he knew best. Rather than relying on state enforcement, he envisioned that any society viable over the long term 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. Customs and private rule worked because the tight-knit family would exert social pressure on any member who deviated from the customs. While the state of Utopia had many explicit rules of conduct, rarely did it have to enforce its rules: the four non-state means worked well enough. This is in line with the findings of Frank (1987), who emphasises that conscience and other moral sentiments play a powerful role in the choices people make.

While all economies are 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 practised in the former Soviet Union 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 countries closest to system (1) would probably be Hong Kong, Singapore and New Zealand (Gwartney et al. 2018). When compared with these three system types, Utopia's system is unconventional, drawing its strength from an eclectic

mix of attributes. (An augmented table of system classification appears in Figure 1.)

Table 2 Attributes of economic systems

<i>Attribute</i>	<i>Continua</i>		
A Organisation of decision-making	Decentralisation	Split between levels	Centralisation
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
O Organisation of public choices	Democracy	Oligarchy	Dictatorship
Type of system	1 Free market	2 Market socialism	3 Socialism

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

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 in Table 2 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 system 3. Since neither system 3 nor system 2 survived more than seventy years, system 1, or rather its mixed cousins, has

proved to be capable of adjusting to changing circumstances in its environments, enhancing its chances of remaining viable for the long run. It is clear, however, that Table 2 lacks 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 Soviet Union 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 treat others in the way others treat them. Such reciprocity is one of the keys to understanding Utopia. Religion was at the centre of all activities in Utopia and, regardless of the type of religion practiced, Utopians emphasised the importance of treating other people 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 had another key advantage over common property-based socialist systems. Utopia's basic economic

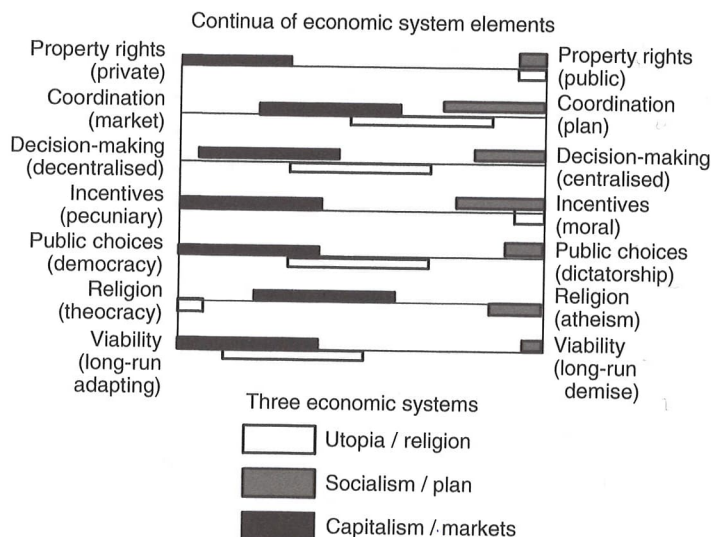
units, namely families, were small in size and all members lived together. Each family had about forty adults, which, as Ostrom (1998) notes, makes setting social norms easier and more binding. Equally important, as Barclay (2011) points out, it is easier to be altruistic to one's kin than to strangers, which further strengthens the reciprocity principle within Utopia's family structure. Altruism has additional benefits: stronger social connections, improved health, chances for cooperative learning, a better emotional life and greater general happiness (Batson 2011).

Figure 1 expands on Table 2, adding a new dimension, namely religion, to the basic system classification. Whereas Table 2 was about systems in theory, in Figure 1 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, included features of both systems. In terms of property rights, socialism and Utopia are alike. They also both include their moral incentives, which, however, turned out to be ineffective under socialism. In Utopia, on the other hand, all institutions were distinctly designed to promote altruism and cooperation, making them the backbone of society.

All modern capitalist systems are mixed, with a relatively large government presence. In most such systems 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 was much less freedom in this respect. Although people were encouraged to study and experiment with new ideas in

production and within their family unit, their lives were highly structured outside the study time that followed the six-hour working day. While decision-making in capitalism is more decentralised than in Utopia, it is also true that in the average wealthy country government is by no means small: it spends about 40 per cent of the national income on buying goods and services and on income redistribution, in addition to administering thousands of regulations that govern its citizens' lives.

Figure 1 Utopia in a systems map



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

While hard to estimate, the Utopian government was considerably smaller than governments in typical mixed

economies – less government was needed because of Utopia's internal governing system (religious beliefs, habits). Other than very limited public works (select government transfers, the justice system, hospitals, science, temples, transportation, warfare) most economic activity was concentrated in the forty-member families. The system attribute of religion most distinguishes Utopia from socialism and capitalism. Utopia was a pure theocracy, whereas atheism was the rule in socialist countries, and capitalism falls somewhere between the two – in most countries closer to Utopia than to 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 seventy 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, and so on) yet so far it has always been able to adjust and to continue 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 unforeseen future crises. Having already survived for ten generations, though, capitalism has shown a good deal of resilience. Utopia is harder to evaluate. Religion was the glue that held its common property-based system together. The system also required the strict rule-based structure for people's daily lives to stay in place. If those arrangements hold, Utopia should

be viable as a system, unlike the other common property-based system, namely socialism.

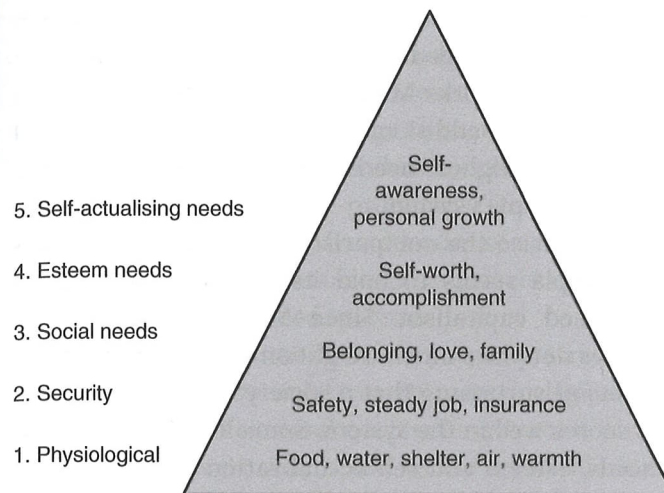
Even if an economic system works, does it fulfil people's needs?

An economic system may answer satisfactorily the three basic questions of what, how and for whom, but that does not mean that people living in the system are content with their lives. One way to look at the happiness aspect is to consider Maslow's (1943) hierarchy of needs (Figure 2). 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-actualisation needs, and would therefore be considered a happy, content person.

Modern, wealthy societies have almost uniformly achieved the two lowest levels of the hierarchy. Most people have also reached the third level, having family and some friendships. When moving up to the last two levels, 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 specialised, which may not be consistent with creativity and spontaneity. On the other hand, schooling in wealthy Western 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 by no means guarantee that their people are content with life.

Figure 2 Maslow's hierarchy of needs



Source: Maslow (1943).

Utopia also clearly satisfies the lowest two of Maslow's levels. The third level, social needs, is a particularly strong point for it. The forty-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, level in Utopia rests largely on the possible satisfaction that a worker gets from other members of the group after fulfilling the daily work requirement. Esteem is also helped by job security built into the system. Some other needs of the fourth level, in particular independence, are clearly lacking in Utopia. At the fifth level, self-actualisation, 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 necessities is the overriding goal of production, which has reduced the regular working day to six hours, after which there is special time dedicated to self-actualisation activities. In his later works Maslow (1969) included altruism and spirituality as additional important elements needed to satisfy one's highest needs. Both are certainly strong elements of Utopia's system.

To summarise the comparison, in terms of Maslow's system Utopia seems to hold its own against 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-actualisation – 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 on 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 is private property-based capitalism.

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 multidimensionality of economic systems. No less than 500 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 after the full socio-economic legacy of the Soviet Union had become clear: when everything belongs to everyone, it belongs to no one, taking away an individual's 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 favour of common property-based systems.

Yet *Utopia* combines common property, strict internal rules, modern economic concepts and religious 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 also – unlike other large-scale constructs based on common property – be viable in the long run. While the conditions that make *Utopia* work out are quite restrictive (strong religious beliefs, altruism, small economic units, lives devoid 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. (For an account of present-day experiments in living that approximate *Utopia*, see the appendix.)

Appendix: The Hutterites

Utopia as proposed by More has never been tried on a national scale. Yet there are some present-day communities that share much with *Utopia*. The closest of them may be the Hutterites, a communal branch of Anabaptists. Followers of Jakob Hutter (d. 1536), an Austrian leader, 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 at a 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. Their 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 apprenticeships or jobs in the colony.