

# **Enclosure of the Urban Commons**

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## **ABSTRACT**

This paper develops the argument that the shared public realms that became regarded as normal in cities of the 20<sup>th</sup> century are inherently unstable. Like the rural commons of pre 17<sup>th</sup> century Britain they are subject to inexorable processes of subdivision and enclosure. The subdivision is one of territory, function and ownership and is closely associated with the division of labour and economic advancement. Like the division (enclosure) of labour, the division of land is a manifestation of the dispersal of knowledge in society. Both types of enclosure are facilitated by the price system, which permits transactions between individuals with increasingly specialised knowledge. However, the inability of the price system to govern the transaction of resources with ill-defined property rights leaves certain resources in the public domain. But only for a while. As the costs of transacting become lower relative to the value of a transaction, subdivision continues its relentless course. Using ideas from Hayek, Coase, Schumpeter, Demsetz and others, this positive theory of urbanisation is explored, applying it to the evolution of 21<sup>st</sup> century cities. Along the way, the normative question ‘who should co-ordinate the consumption of shared urban resources?’ is addressed, with the suggestion that the answer changes over time – according to the transaction cost/value ratio.

**Key Words:** public realm, property rights, Hayek