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**N° 08/2010**

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# Political Remarks on the Notion of Gated Communities as Club Goods\*

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**Abstract:** It is debated how much conceptualizations of the phenomenon of gated communities under the lenses of public choice theory may configure a misleading approach. The typifying of goods by mainstream economics is briefly presented and discussed, attention being directed to how much these must (and should) be institutionally rooted discussions. Shortcomings of economics-inspired discourse in capturing the logics of political life are underlined. The eruption of gated communities is referred to obvious deficiencies in public provision of goods that are often characteristic of situations of blockages in development processes and high inequalities in the distribution of both wealth and political and symbolic resources. These traits have clear implications in the shifting definition of limits between private and public spheres across societies. The cumulative circular causations of these phenomena are highlighted, as well as their largely “performative” nature.

**Keywords:** gated communities, public choice, club goods, politics, performative effects.

\*Paper presented at the **5th International Conference of the Research Network Private Urban Governance & Gated Communities, Redefinition of Public Space Within the Privatization of Cities,**

Panel 2 – Trans/inter-disciplinary approaches to understanding and exploring private urban spaces and governance in cities, March 30th to April 2nd 2009, University of Chile, Santiago, Chile. Minor changes have recently been added to the original text.

## **Political Remarks on the Notion of Gated Communities as Club Goods**

Associated with the usual distinction between “public goods” and “private goods”, the first being allegedly non exclusive and not producers of rivalry, the second observing both those characteristics, come also frequent references to the so-called “common goods” and “club goods”. According to the usual definition by mainstream economics (Buchanan 1965), common goods verify rivalry but not exclusivity, therefore being connected with the infamous problem of the “tragedy of commons”. Club goods, on the contrary, are not producer of rivalry (at least up to a certain point of congestion), but are susceptible of being made exclusive.

Since discussions concerning problems of gated communities have recurrently referred these to the category of club goods, it is convenient to start by underlining the mostly conventional character of all the four previously mentioned categories, as well as its so to speak “ideal typical” nature. In fact, all this debate is acknowledged to be intermingled with the broader problem of “externalities”, or reciprocal repercussions (both positive and negative) of the various economic activities, which still are not expressed in explicit transactions. This way, even a good almost unanimously referred to the group of public goods, security, only in a very imperfect manner can indeed be conglobated into that category — in case, of course, we take into consideration that the aforementioned production of security, both concerning “external” and “internal” aggressions, becomes possible only within the context of the existence of a State able to exert the twin functions, which besides classical liberalism recognizes and attributes it, of a soldier and a policeman. Well, the fact is that every State, even if minimal according to the likes of classical liberalism, presupposes taxes, therefore

sovereignty, ergo politics, explicitly or only allusively considered. Consumption of security may therefore be reasonably taken as something non exclusive and not producer of exhaustion... within certain institutional arrangements making that possible, and only in that case. In its foundations there has to be a political authority sufficiently recognized as legitimate as to be able to carry on with the imperative collect of resources necessary for the provision of such and such goods and services, which may then be defined as “public goods”. If not, no deal.

Other than the purpose of underlining the convenient consideration of the dimensions of political “embeddedness” associated with economic activities, these notes are also meant as an invitation to meditate how much the theme of “externalities”, hence also the typifying of goods within the aforementioned classificatory scheme, is something of culturally “embedded” (as it is nowadays fashionable to say) not only in which concerns the activities that are the object of study, but also, and specially, as to the way they are considered both by laymen’s common sense and by academic jargons and mental frameworks. Up to a relatively short while ago, more or less two decades, the issue of smoking or not smoking was usually taken as a merely private matter, at least concerning informed consenting adults. Nowadays, on the contrary, it would be quite difficult not to be alert to the problems of wrongdoings, or “negative externalities” connected with the practice of smoking. Under these circumstances, what’s there to be done? Should we forbid that practice? Fine it? Confine it? Burden it with heavy taxation? An ingenious combination of all that?

I choose, of course, to leave these discussions to other more illustrious and subtle than myself. My aim here is more limited: it’s about highlighting how much

the mentioned categorizations have of culturally limited. When, for instance, The Hollies have written the famous song according to which “*sometimes, all I need is the air that I breathe and to love you*”, they have presumably not thought of extending their metaphor on non exclusivity and non rivalry to, say... a person with a lung cancer in its terminal stages? What about the crew of a sinking submarine? Or maybe our city dwellers in central streets during rush hours? Certainly not, and therefore my conflict is not with poetry, rather with certain economics-inspired lines of reasoning that carry those who follow them to be obsessed by the metaphors of the “dismal science”, thereby getting blind and loosing conscience of precisely that — it’s metaphors we’re dealing with there, and only that.

A phenomenon closely associated with long run development processes is surely the growing dimension of the scale and proportion of the economic intervention of political powers, taken under the form of the ratio: public spending / GDP. It was besides Adam Smith (1999) to register that fact, the illustrious Scottish philosopher observing, somewhere in *The Wealth of Nations* (Book V, Chapters II and III), that the most taxed countries, both in absolute and relative terms, were precisely those by then richer, namely the Netherlands and Great Britain. Smith’s “anti-statist” bias, however, prevented him from recognizing that fact as an intrinsically logical one, therefore limiting to take it as a mere paradox and asserting that wealthier nations can, because they are wealthier, pay more taxes, still without taxes providing any positive contribution to the “progresses of opulence”. But is it really so? The same Adam Smith mentions in his work the possibility of making public powers intervene in the

enterprising of works of public utility, which were still not in conditions of being endeavored with profit by private actors (idem, Book V, Chapter I, Part III; Vol. 2: 310-311). In these cases, all right, admitted Smith, let's bring the State back in... but always considering them as very punctual exceptions to a general golden rule of non-interventionism.

That which Smith took as exceptions others who came later chose to take, all too obviously, as a rule, particularly once the persistent tendency was acknowledged of proportionally more intervener states coexisting with wealthier economies. "Wagner's law", that's how that statistical fact was called, according to the name of the German "socialist of the chair" that called the attention to it, Adolph Wagner. Mainstream economics' subsequent jargon, particularly via the mentioned expression of "externalities", came to more or less recognize that same fact. But academic economics continued, as we saw, up to our times victim of a corset of simplifying hypotheses, metaphors and "ideal types" that tend to point to the fundamental unrealism, or "autism", of main argumentative lines.

At any rate, the truth is that states are there: important, decisive even in contexts inclining to the doctrinaire or ideological denial of its fundamental goodness and helpfulness. What do I mean by this? That almost all the processes of economic development, and more so with those that correspond to a broad notion of human development — development as a universal right to a long and healthy life, for example, as with Amartya Sen's (1999) and Martha Nussbaum's (1993, 2000) famous definition — not only generally presuppose a growing State intervention, as in return tend to allow and/or propitiate it. The expression of "downwards fiscal spirals" has been used to denote the situation of countries

arrested in the so-called retard's trap: the more budget difficulties one has, the more public spending has to be cut, which has a negative repercussion on the global achievement of the economy, therefore also on the basis for subsequent collection of taxes, etc. Analogously, one should also mention the "upwards fiscal spiral" that corresponds to success trajectories: public powers, in more happy cases, tend to provide not only safety (which they do besides usually better than those of poorer countries), but also universal health care, education and professional training, guaranties of yearnings in situations of old age, illness and handicaps (public systems of welfare) and so forth. Sometimes this goal imposes the generalization of compulsive insurance systems, which can still, under certain circumstances, be pursued by private corporations. This is not the time or the place to discuss the analytical and practical problems associated with those cases. My aim is instead, and in a rather more limited way, to underline that in all that is implied a broader State intervention, a more than proportional increase of public spending, ergo also of taxes and/or public deficits. Is this process sustainable? Definitely, one may answer a clear yes. But let us pay attention! Neither must we take all this for definitely granted. On the one hand, and although the relative weight of State intervention points to a growth in the long and very long term, there are also no doubt oscillations in that tendency. What's more, the rhythms of growth come also undeniably associated with constraints and/or propitiations of an institutional and moreover cultural order. The tendency may well be ascendant in both Europe and the USA, for example, but for equal GDP per capita State intervention is consistently lesser in the USA than in Europe, greater in continental Europe than in the British Islands, lesser in Portugal than in Greece, etc.

These differences allow the highlighting of how much the progression (or not) of the phenomenon of gated communities is itself a socially contingent fact. One of the aspects with which it may be intimately connected is, as already alluded to, the bigger or lesser efficiency of public powers in the provision of what is usually considered a public good, security, but must more realistically be designated as an “imperfect public good”, a “semi-public good”, or by appealing to more or less akin formulae. The richer a country is, the safer it tends to be, and reciprocally: inasmuch it becomes safer it is allowed to continue to get richer more at ease. But this is obviously far from telling it all. If one of the dimensions of the demand for gated communities is unquestionably safety, another that all too often comes with it is the quest for distinction, that is, conspicuous consumption, or in other terms the signaling of social position or status. If on the other hand we consider this second dimension, we have to recognize it is inextricably associated with questions of bigger or smaller social inequalities, be these measured under the form of Gini coefficients in the distribution of yearnings or others, and even more broadly with aspects of mental mappings, of “social construction of reality” concerning which we must first and most underline: 1) they imply a strongly particularistic world-vision, one supported by the clear demarcation of a “Us” and a “Them”, that is, of groups of insiders and other (presumably bigger) of outsiders; 2) they have an eminently “performative” character, that is, they tend to produce social reality inasmuch they are supposed to portrait it.

This way, via enunciating the general conditions of the discussion of the gated communities phenomenon by referring it to the over mentioned typifying



of goods, we get a certain number of registers and safeguards that one must now enunciate more clearly. First of all, this is a typology pointing to extreme cases, whose practical observance it is usually very hard to abide with. Secondly, at any rate the very typology is institutionally conditioned: that which in certain societies is considered to be a public good, therefore as a tendency produced as such, in other social environments may well assume the form of private, common or club goods, all depending of the mental framings by social values and correspondent political structures. We should keep this in mind very clearly, since the “performative” aspects of economic phenomena is generally ignored by mainstream economics, even if some trends in economic sociology, psychology and anthropology have more or less underlined it.

Thirdly, empirical factual discrepancies from the supra mentioned typology are various, all of them resulting from the logical fact of that typology corresponding to a metaphor, which implies that too much reliance on its dispositions induces researchers to fall into what Gaston Bachelard (1967) called “situation of generalized metaphor” (cf. Lecourt 1972: 35). Let us, as to that, take the example of what in Portugal are called the “baldios”, an apparently obvious case of correspondence to what is usually designated as “commons”. It would be expectable that the mentioned “tragedy of commons” would occur in this case since, as we know (or think to know), *everybody’s business is nobody’s business*, etc. And yet, any factual knowledge of reality allows for an easy recognition that such a tragedy only very seldom happens, since it’s also obvious the presence here of certain forms of collective monitoring that avoid that exhaustion.

Conclusion: in this case we are, therefore, facing a “club good” and not a “common good”, as a conventional wisdom would probably sustain? Or rather, and more pertinently: by this way we are practicing an intellectual cheap trick, allowing us to twist the reality according to our likes and endlessly adjust it to the scheme we started with, thereby “seeing” club goods and/or common goods when and ever (but only then) we want to see them?

In fourth place, we must highlight the tendency to a growing State intervention in the economy within very long time horizons, which is besides intimately connected with the civilizing dynamics expressed in the very processes of economic growth. This one, as it has been often said but seldom remarked, produces multiple needs that only the very process is in conditions to satisfy, if only incompletely. That fact tends to imply the systematic redefinition of what is private and public matter. Universal health is something that doesn't affect me negatively, at the most positively, but the fact is that an increasingly intrusive State (imposing universal vaccination programs, for instance) understandably tends to be more and more demanding in fiscal terms. This is admittedly a somewhat extreme case, but also an unavoidable one, of systematic redefinition of limits of public and private spheres.

Fifth, these “fiscal spirals”, be them ascendant or descendant, tend to self-reinforcement also (or even mainly) via the correlative changing of mentalities. Concerning the classification of welfare states it is often mentioned the study by Esping-Andersen (1990) who considers, side by side with a “Scandinavian” or “social-democrat” model of social rights conceived as universal rights, another one said to be “continental European”, allegedly “conservative”, reporting social

contributions to a civic and political counterpart, a production of patriot loyalty and/or even a purpose of mobilization against external foes, and also a third one called “Anglo-Saxon” or “liberal”, where social help committed to the State is supposed to be residual or subsidiary. To Esping-Andersens’s typifying we can, indeed, add other categories, a “Latin” or “south European” model having for example been mentioned, relying on the importance of social networks correspondent to various models of enlarged family. Of course, it is not my aim to come to terms with this discussion, but we must in any case notice that the representation of public social help as a counterpart to something (“social insertion”, for instance), instead of a true universal right, induces several dynamics that tend to deepen the difficulties in the public perception of funds necessary to its preservation. That is to say: a model which is ostensibly more prone to the spending of public money, up to prodigality (as least according to appearances), indeed creates less problems usually associated with getting finances, whereas presumably less spending models, precisely because of the induction of endless quarreling about what is and what is not fair to pay to this and that, in truth generate greater difficulties in obtaining the resources necessary to its very preservation. In the first case there is a bigger tendency to consider what each one does or does not with the help he/she gets from the State as a sheer private matter, unsusceptible of monitoring by public powers or by whoever; comparable, if you will, to the air that one breathes, and therefore of each one and of all. In the “continental European” model, by contrast, there is a bigger inclination to meditate on the problem of the possible free-riding of recipients (do unemployed receptors of subsidies develop all the efforts they were supposed to in the so-called “active quest for jobs”?, for example),

contributions being assumed to be not a true public good, at the most a semi-public one. Within the “Anglo-Saxon” and the “Latin” models, as it is obvious, all this is valid a fortiori, although in the “Latin” case something should be added concerning possible “club goods” in principle associated with social networks.

Another point worth mentioning is how much different institutional arrangements induce very significant fluctuations in the borderlines of each one of the above mentioned types of goods. What is more: the analytical dispositions susceptible of reclassifications are, in good truth, unlimited. Corresponding to the Scandinavian situation, or if you will as a rationale for it, we have for instance social contributions referring to the so-called “third citizenship” considered not as a true public spending, rather as an investment, as it was famously sustained by Gunnar Myrdal (1960). Let us not so much try to speculate whether this idea is true or not, although high levels of GDP per capita in Scandinavian countries suggest a clear yes. Instead, let us rather register that the more protective a society is vis-à-vis its misfortunate, the more still it tends to be in subsequent moments. And the opposite cumulative circular causations, or “cascade effects”, are obviously also valid in societies less prone to welfare, the rationalizing dispositions being here to a large extent the opposite ones: the more roughly a society treats its misfortunate and stigmatizes them, the more they do tend to think of themselves as free-riders and act as such, which in turn, etc. As to delimitations of what is public and what is private, they suffer correspondently meaningful fluctuations. In Sweden, what each one does with unemployment subsidies is a strict business of each one... precisely because those subsidies are warranted to everyone as a public help, or a good that is conceived as a “public

good” or equivalent. On the contrary, inasmuch the model is more prone to mere *poorhouses* posture, or “charity”, the ambit for public surveillance advances... in the exact measure as the supplying of help is not conceptualized as a true receptor’s right, therefore at least partially conceived as a private good, i. e., exclusive and generator of rivalries.

To somehow summarize these considerations we must notice how much the mental dispositions characteristic of mainstream economics, and particularly the so-called public choice theory, i. e., its extension as an alleged conceptualizing of politics, is a deficient frame of analysis, indeed quite unable to capture the wealth, multidimensionality and complexity of social life, particularly in its political dimensions, thereby inducing into a certain number of somehow “typical” errors and analytical misdemeanors. Amongst these comes of course the assumption of the so-called “rational agent”, or *homo economicus*, with his utility-maximizing tendencies, his sufficient information concerning environment, his independence of utility-function vis-à-vis his fellowmen — and more generally his quite “apolitical” (and even somehow “idiotic”) basic mental dispositions.

Quite differently from this frame of mind, political life allows for and endless redefinition of its ambit, namely of what is and what is not political<sup>1</sup>, therefore susceptible or unsusceptible of being placed into a tradeoff relationship with other aspects, that is to say, of what it is adequate to treat as a mere “conditional” requisites and what it becomes necessary to consider as

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<sup>1</sup> As to this aspect, consider Rousseau’s and Jacobins’ assertion according to which *pouvoir constituant* has absolute precedence vis-à-vis any constituted powers: the *vis creativa* of each and every society is more important than any of its creatures.

“categorical imperatives”, to use now a philosophizing, Kantian jargon. Just as “the value of an human life”, for example, is but a metaphor that we can really, *but are not forced to* take in strictly economic calculative ways, so too lots of other elements traditionally considered as belonging to the realms of ethical and/or political life can indeed be partially translated into economic language, but it is not a safe assumption that this operation is made with both heuristic “gains” and for democratic “usefulness”.

One of the traits that very much characterize the reality of societies somehow blocked in their development processes is no doubt the weakness of the so-called “public spaces”, that is, how much both political agendas and debates are captured by the more influent (and also generally more affluent) private interests. In our opinion that’s very much why in these cases, for example, municipalities tend to be so weak in the provision of what elsewhere is usually taken as public goods: sanitation, security, accesses, gardens, recreation spaces for kids and the elderly, etc. At the same time, of course, these goods are often susceptible of being provided under the condition of the establishment of what is sometimes boldly presented as an exchange of favors, or a crisscross, involving strong private entities such as corporations.

Yet, it would certainly be unfair to refer this state of affairs to the strict aspect of difficulties in processes of economic development, since the case of the USA as the classical society for the emergence of gated communities (thought as typically rich people’s utopias — or dystopias if you prefer, see Raposo and Cotta 2009) is there to remind us of precisely the importance of cultural specificities and their capacity to somehow frame the universe of possibilities for each society,

therefore its ability to decide its future: its cultural path-dependence, so to speak. Let us remind that, compared with continental Europe, we envisage here a neatly more unequal society — for which the twin myths of the “land of opportunity” and now also the triumph of “diversity” constitute to our days the imaginary compensations (cf. Michaels 2008, Mann 2010) —, with a weaker welfare state, a political sphere more openly privatized by the opulent, with a now clear de facto disenfranchisement of considerable segments of the poor, lesser expectations as to what is expectable from public powers in terms of provision of the basic means of life, correspondent compensation in terms of collective pride vis-à-vis the “rest of the world” and endless confrontation with external foes, etc.

At any rate, and be them more or less economically developed, the lack of generosity to their misfortunate that these societies exhibit, or how much public entities are *strong vis-à-vis the weak*, is here the obvious reverse of just how much the same entities are *weak vis-à-vis the strong*, that is, of how much public life is here indeed a prey for big private interests, and more deeply of how political discourse becomes itself a prey of an economics-inspired mind frame, which obviously tends to “performatively” reinforce this state of affairs. Somewhat ironically, the “pursuit of happiness” taken as a universal right, i. e., as something unsusceptible of being for sale (indeed, as a moral value), is probably not the least of the casualties here.

As a tentative conclusive remark I dare mention gated communities as mainly a product of simultaneous factors such as: a) situations of “downwards fiscal spirals”, correlative to situations of blockages to growth where states withdraw from the provision of safety as a “pure public good”; b) high levels of social

inequality in the distribution of wealth, associated with quest for distinction, that is, conspicuous consumption; c) cascade effects (or cumulative circular causation) in both of these dimensions. The possible gains in a “micro” scale, in terms of management of funds, by comparison to situations where public authorities provide most of urban utilities, is therefore very far from compensating from the negative effects this phenomenon is associated with in a more “macro” level: social spatial segregation and alienation, rampant particularisms, and specially rich people particularism by confrontation with the “planet of slums” (Davis 2006), loss of civic spirit and citizenship, with subsequently (and correspondently) increased difficulties in breaking the vicious circle.



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