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## Making a Housing Market in Paris

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### Article abstract

*Alexia Yates' Selling Paris renders in satisfying empirical detail the agents and institutions, especially the joint-stock sociétés anonymes, that in the last third of the nineteenth century fashioned the Parisian housing market on a new scale, from financing and land acquisition to the management of apartment buildings as investment properties. In its penetrating and exemplary analysis, Selling Paris is destined to anchor new comparisons of the impact of different legal regimes, institutions of finance and real estate enterprise, and balances of public and private power on housing markets and built environments in other cities and nations. By showing how Parisian developers themselves framed a narrative of urban housing as "merchandise" in order to legitimate their financial speculations, Yates also offers her readers critical distance on that paradigm and its associated tendency to treat the social politics as expressions of consumer rights.*

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### Abstract

*Alexia Yates' Selling Paris renders in satisfying empirical detail the agents and institutions, especially the joint-stock sociétés anonymes, that in the last third of the nineteenth century fashioned the Parisian housing market on a new scale, from financing and land acquisition to the management of apartment buildings as investment properties. In its penetrating and exemplary analysis, Selling Paris is destined to anchor new comparisons of the impact of different legal regimes, institutions of finance and real estate enterprise, and balances of public and private power on housing markets and built environments in other cities and nations. By showing how Parisian developers themselves framed a narrative of urban housing as "merchandise" in order to legitimate their financial speculations, Yates also offers her readers critical distance on that paradigm and its associated tendency to treat the social politics as expressions of consumer rights.*

### Résumé

*L'ouvrage d'Alexia Yates, Selling Paris, décrit plaisamment, avec nombre de détails concrets, les agents et les institutions, en particulier les sociétés anonymes par actions, qui, au cours du dernier tiers du XIX<sup>e</sup> siècle, ont donné une nouvelle dimension au marché du logement à Paris, depuis le financement et l'achat des terrains jusqu'à la gestion des immeubles d'appartements et de rapport. Selling Paris est une analyse pénétrante et exemplaire qui servira de point de référence pour de nouvelles comparaisons, dans d'autres villes et pays, de l'impact des différents régimes juridiques, organismes de financement et entreprises de construction immobilière, et pour évaluer le pouvoir des secteurs public et privé sur le marché du logement et l'environnement bâti. En montrant de quelle façon les promoteurs parisiens ont eux-mêmes traduit le logement urbain en termes de « marchandise » afin de légitimer leurs spéculations financières, Yates permet aussi au lecteur de prendre une distance critique vis-à-vis de ce paradigme et de la tendance qui lui est associée de considérer la politique sociale comme une expression des droits des consommateurs.*

*Selling Paris* invites close reading and reflection on multiple levels, from the empirical to the conceptual. On the empirical level, the reader watches the building of the distinctive Parisian landscape of thousands of attractive six-story apartment buildings at a neighborhood scale that continues to impress us as a model of civilized urbanism. Alexia Yates shows her readers how, in the aftermath of Haussmann, the city was extended to new districts, how private streets became public thoroughfares, how capital was mobilized to build and rent out apartments, and how bourgeois Parisians themselves learned to read the city and define their place within it in terms of convenience, style and comfort — bywords for modernity.

Yates renders in satisfying empirical detail the agents and institutions that made the Parisian real estate market, from financing and land acquisition at the outset to the management of buildings as investment properties at the other end. It is here that her empirical work expands into the conceptual. No historian believes that markets are the natural or seamless expressions of the balance of supply and demand, but few historians have plunged so deeply into the process of market making that encompassed bankers and developers, architects and builders, shareholders and real estate agents, and tenants who could also be landlords.

In writing a history of market making, Yates captures contests over the meaning of value and brings to bear economists' arguments about the centrality of information in market exchanges. Real estate operated on a complex grid of knowledge about different measures of value, each with its own history and contingencies. Older conventions for valuing land estimated future income streams derived from agricultural rents and products; but, projecting the future income from urban real estate depended on competitive flows of investment capital, the distribution of income, elusive matrices of location and fashion, and a great deal of creative bookkeeping. When municipal authorities tried to establish the value of construction labour, the quasi-public Credit Foncier controlled the cost of credit, and tax assessors counted windows to arrive at property valuations, the calculations of these public agents further shaped market expectations.

And even as brokers created real estate exchanges and new publications with current price lists to guide investors and consumers alike, all parties wrestled with the variability of geography, to say nothing of the uncertainties of renters' budgets and the business cycle. Of course, one could argue that this is precisely what neo-classical economists say about the nature of markets: that price registers opportunity costs and consumers' marginal preferences rather than, say, land's intrinsic generative value; the customary value of raising a building (costs and a "fair return"); expropriated value of labour power; or the unearned increment produced by society's labours as a whole. Economists' models, however, offer little insight into the *bête noire* of Parisian speculative builders, the subjective and ideological value assigned to patrimony as a foundation of social order. Yates shows how hard real estate developers had to work to position and defend their market logics in relation to competing understandings of the source of real property's value.

At the heart of *Selling Paris* is an inquiry into how the market logic of capital reached into everyday lives to shape private preferences within a necessarily public — that is, shared — built environment. The large-scale development of Parisian apartment buildings and neighborhoods rested on negotiations with public officials that determined speculative builders' field of action as well as the structure and distribution of profit. Amidst fiscal crises, most late-nineteenth-century western municipalities saw debates over whether local government should improve or divest public lands, socialize the costs of city building through general tax revenues, or make developers pay for the benefits they reaped from public infrastructure in specific locations. In most cities debates over public works or building codes came down to contests over whether policies should subsidize property or labour (or, said another way, landlords or employers). Operating in the long shadow of the Second Empire's military and fiscal collapse and the Commune, Parisian officials were perhaps uniquely skeptical of urban growth as an engine of recovery.<sup>1</sup> But, whatever the ambivalence of municipal authorities, the national government had provided the fuel for a building boom

through the Credit Foncier's monopoly on mortgage banking (and its directors' preference for Paris).<sup>2</sup> As Yates demonstrates, the corporate "mobilization of property" and private bargaining capacity through joint-stock *sociétés anonymes* and property associations moved into the vacuum left by Hausmann's exhaustion of public sponsorship of city building. The initiatives of Parisian developers, backed by the state's endorsement of capital concentrated expressly for real estate investment — all the more enticing, given industrial recession — prompt us to re-evaluate historians' notions of a laggard French entrepreneurialism. Within a decade, from 1878 to 1884, the scale and pace of the building companies' projects established a new template for the production of residential neighborhoods that implied a reconceptualization of the nature of property itself.

In the legal realm, the problem of assimilating precepts that governed immovable land to demands of capital investment preoccupied not only Parisians navigating the boundaries of civil versus commercial realms marked out by the Napoleonic Code, but nineteenth-century Anglo-American jurists as well. That problem reminds us of the long history of landed property as a class and a family institution — a site of unpaid labour as well as property relations that both carried political privileges and resisted market logics. There is a certain irony in French real estate entrepreneurs' project of disembedding civil law's protections of real property in order to mobilize investment into the middle-class Parisian housing market. If applying commercial law to real property encouraged families to move their wealth or savings from private estates into the stock of building or insurance companies, what they gained against downside risks of such liquid investments was the right to reclaim protection not as proprietors but as consumers. Yet, Yates suggests, this was precisely the goal of speculative builders who claimed that by animating immovable property through investment, by producing housing as the essential "merchandise" of urban life, their commercial enterprise both contributed to the national economy and fulfilled a necessary spatial logic rather than a market logic tainted by the vagaries of private speculation.

In tracing the promotion of apartments as merchandise, Yates aligns what she calls the “commercialization” of housing with new marketing imperatives. Since the days of Thorstein Veblen, salesmanship has been identified with American capitalism, but it has less commonly been associated with nineteenth-century French political economy precisely because of the limited reach of mass production.<sup>3</sup> As Yates shows, the mass production of apartments in Paris entailed class production. *Selling Paris* takes us into the commercial, professional, and clerical ranks that expanded the proprietary bourgeoisie into a salaried middle class who drove the engine of the city’s development from both sides of the market. Salesmanship was the necessary response to the dual and interrelated crises of distribution in industrializing societies: on the one hand, mass production generated an abundance of goods — in this case, speculatively-built apartments — for distribution to anonymous consumers; on the other hand, the social question of distribution — the increasing concentration of wealth and income — meant that the housing market in Paris, as elsewhere, remained bifurcated by class, and, indeed, that developers inscribed those divisions into the built environment.

Brokers extended the core techniques of merchandizing — advertising and publicity — into the realm of what Americans called “French flats” with new tactics of visualization that not only taught consumers how to evaluate interchangeable goods — that is, to weigh location, building design, or neighborhood amenities — but how to project themselves into those potential living spaces within a reimagined city landscape. Yates uncovers a distinctive logic in the marketing of Parisian apartments: the promotion of the expectation of mobility, the notion that demand would never be satisfied by a single act of consumption but would be propelled by the modern neurosis of comparative shopping. Thus, salesmanship aimed to manage the crisis of distribution in housing by churning the market to bring the same consumers back in again and again. The turnover of housing in Paris formed a common cross-class experience, as significant as the crowd in defining a distinctly urban sense of place and space that mirrored developers’ fantasies of a distinctly liquid form of real property.<sup>4</sup>

Salesmanship, however, could not resolve the crisis that contemporaries labeled overproduction. As was true of industrial production, when the Parisian building boom collapsed in the mid-1880s, the interruption of capital's flow left its boosters treading water. During recessions in most western cities, speculative builders and their investors moved into managing rental units when they could no longer sell their properties. As they came face-to-face with tenants, building companies refined their social classifications of rentals, selectively repairing and renovating apartments to fix — that is, preserve — their value. They also permitted unexpected adaptations of commercialization in *middle-class* Parisian tenants' practices of taking boarders or subletting furnished rooms to cover their own rents. This "vernacular entrepreneurialism," Yates proposes, represented a realization of domestic use value at the bottom of the long chain of exchange value produced by the merchandisers of housing. As was true of mobility, such tactics were long familiar to working-class landlords and tenants to whom markets, whether in labour or housing, were as often institutions of coercion as of choice.

In its penetrating and exemplary analysis of how finance and marketing reshaped one city's social landscape, *Selling Paris* is destined to anchor new comparisons of the impact of different legal regimes, institutions of finance and real estate enterprise, and balances of public and private power on housing markets and built environments in other cities and nations. As is true of much of the recent scholarship in the field of the history of capitalism — to which it makes a vital contribution — *Selling Paris* is informed by contemporary consciousness of the power of finance and salesmanship. And yet, in ways that she herself lets slip by, by showing how Parisian developers themselves framed a narrative of urban housing as merchandise in order to legitimate their financial speculations; Yates also offers her readers critical distance on that paradigm and its associated tendency to treat the social politics as expressions of consumer rights (even if that is where French civil law placed tenants).

One thing a focus on property, finance, and merchandising — on circulating capital — obscures, of course, is labour. By



foregrounding the labour of brokers and building agents, Yates shows what a labour history of circulation might look like; but as Frederick Engels long ago observed, housing markets cannot be made or reformed apart from the wider conditions of labour markets.<sup>5</sup> Perhaps as significant, the most immediate use value of housing is as a site of necessary, if unpaid, social labour — livelihood in its largest sense. Materialist historians have gotten no further than cultural historians in thinking about the implications of households' own valuation of domestic working conditions — and the maintenance of everyday habitability — but to place that valuation only within the frame of consumption or exchange is to cede analytic ground to the very ideology that Yates has so deftly historicized.<sup>6</sup> As she hints to but does not develop, it may be less the tensions between immovable and moveable property, between materiality and abstraction, that generate contradictions within a capitalist housing market than the practices that sustain the use value and social relations of buildings and neighborhoods in ways not readily assimilable to market logics.

*Selling Paris* thus leaves us with the following question: what is it about housing as a particular category of real property that placed limits on its commercialization. Despite the corporate financing, entrepreneurial production, and management of housing as merchandise, the political economy of housing has never shed its political side. Yates suggests that the politics of housing arose from the inherently social character of urban space. But the spectrum of political outcomes — whether the rent regulations following World War I, the public production of the uncivilized urbanism of low-cost banlieue following World War II, current programs to hype ownership through debt to those who can least afford it, or the displacements of gentrification — also rests on shifting balances of class power and alliances in the making and unmaking of markets. If Yates has shown us how far the forging of a society with housing markets went toward transforming the culture and ideologies of capitalism writ large, perhaps she has also given us a foundation from which to develop a fresh historical analysis of the limitations



housing placed on a market society by sheltering relations, values, and practices beyond the market's reach.

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