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Paris, Real Estate, and Histories of Capitalism

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Article abstract

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Abstract

Selling Paris *offers a superb inquiry into the particular institutions and agencies of late nineteenth-century French commercial real estate. This review assesses the contribution of the book in light of recent debates on the "history of capitalism" and argues that it addresses three important questions about the process of market formation, the qualities that make real estate so revealing of tensions within capitalist development, and the chronology of real estate markets and French urban development.*

Résumé

Selling Paris *représente une magnifique investigation des institutions et des organismes touchant particulièrement à la spéculation immobilière de la fin du XIXe siècle en France. Ce compte rendu évalue la contribution de ce livre à la lumière des récents débats portant sur « l'histoire du capitalisme » et soutient qu'il aborde trois questions importantes : celle des processus de formation des marchés, celle des qualités qui rendent le marché immobilier si révélateur des tensions au sein du développement capitaliste, et celle de la chronologie des marchés immobiliers et du développement urbain en France.*

Though the phrase "histories of capitalism" does not appear in the pages of this book, *Selling Paris: Property and Commercial Culture in the Fin-de-Siècle Capital* is a testament to all that is exciting about the recent turn towards what William H. Sewell has alternatively called "the history of economic life."[9] However one chooses to describe it, one feature of this emerging sub-field is a pragmatic willingness to cross and recombine previously distinct approaches and the title of Yates's book alone gestures towards the intersections of economic, business, urban, and cultural history that have informed her study. Her approach to investigating the contingent commoditization of the Parisian landscape; her

attention to the institutions that structured the flow of information, finance, and desire; and her critical rehabilitation of the various agencies that mediated these relations of exchange; bring new understanding to the dynamics of urban capitalism in Paris's post-Haussmann era. Indeed, as someone who shares an academic fascination with the history of real estate agents and other such intermediaries, I feel particularly indebted to a book that proclaims the historical importance of this perennially-maligned profession and its contribution to property marketization. *Selling Paris* is a superb inquiry into the particular institutions and agencies of late nineteenth-century French commercial real estate, but it should also be seen as a contribution to recent debates on the history of capitalism that have remained largely American in their emphasis.[10] More specifically, this book explores important questions about the process of market formation, the qualities that make real estate so revealing of tensions within capitalist development, and the chronology of real estate markets and French urban development.

As Yates makes plain in the introduction to her study, there was nothing natural or inevitable about the Parisian real estate market. The long history of exchanging property for money in France should not be mistaken as evidence of its fundamental commodity status. Like other commercial goods, land and buildings are "subject to changing regimes of valuation that define their potential to act as commodities, in accordance with their material characteristics and the cultural framework supporting their conditions of exchange." (p. 11) The emphasis here is on the processes through which objects come to be seen as fundamentally economic in nature or as cumulatively a part of a more coherent and abstract market. The speculative construction boom of the Third Republic generated new debates about the nature of urban growth and consolidated the power of architects, financiers, notaries, estate agents and others to shape public perceptions of property as a commercial investment and of the city as a place for urban development. A proliferation of printed advertisements, maps, guidebooks, and price reporting, for example, conveyed a vision of the city as a landscape shaped by the forces

of supply and demand. At the same time, the producers of these new tools downplayed their role as authors of market narratives in order to bolster their own claims for professional identity. It was through such practices in this period of the 1880s and 1890s that the phrase "real estate market" (and other similar formulations) began to appear regularly in the French public sphere (pp. 60–1).

Yates's insistence on the historically-contingent and produced qualities of the real estate market reinforces similar approaches taken by a number of recent theorists of capitalism and economic life. One of these is French sociologist Michel Callon, cited by Yates on several occasions and whose work on "economization" is similarly focused on shifting the economy from an object of analysis to a set of calculative practices that configure people, objects, institutions, and discourses within frameworks of presumed economic exchangeability.[11] The economy, notes Callon, "is an achievement rather than a starting point or a pre-existing reality that can simply be revealed and acted upon."[12] More recently, in an effort to provide a clearer conceptualization for the history of capitalism, Jonathan Levy has proposed a definition of capital as a process of future-oriented valuation and investment.[13] Capitalization, much like economization, is a set of practices that encompasses both material and cultural work in particular historical settings.[14] It is interesting that Levy also notes how this definition can include land — which is often excluded from modern theories of growth — as a form of property capable of being capitalized for future income.[15] Both Callon and Levy offer frameworks for understanding plural histories of capitalism that arise from local practices and institutions like those detailed in *Selling Paris*.

Despite the obvious advantages of reimagining capitalism as a more contingent and nuanced series of local events, there remains some ambiguity about how one might yet offer large-scale or comparative analyses of what Sewell terms the "macro-dynamics of capitalism."[16] There is arguably great value in doing so, but also great risk in falling back on crude models of economic determinism. At the very least, one can see sev-

eral ways in which cities like London and New York — despite operating in a very different urban, legal, political, and cultural contexts — looked very similar to Paris in terms of the processes and practices of property marketization. In London, for example, estate agents and auctioneers gradually established their identity as intermediaries of real estate exchange alongside land surveyors and solicitors. By the 1880s, both estate agents and auctioneers had established professional institutions that would merge in 1912 as the Auctioneers and Estate Agents Institute. Part of this effort also entailed the construction of new, purpose-built salesrooms like the London Auction Mart (1808), centralized registries of property information like the Estate Exchange (1857), and a host of new periodicals aimed at advertising sales and analyzing trends and patterns. The most well-known journal was the *Estates Gazette*, founded in 1858, which would become the leading purveyor of real estate intelligence and an important source for the migration of property market news into mainstream daily newspapers. As in Paris, it was only during the final decades of the century that notions of an "estate market" or "property market" became taken for granted by the British reading public.[17] A similar account could be given for New York, which established its own dedicated Exchange Salesroom in 1862 and the weekly *Real Estate Record and Builder's Guide* in 1868.[18] To be sure, there were many important differences between these cities that should not be overlooked, but the similarities do warrant closer scrutiny. Local variation mattered, but one also senses a larger picture of property's integration during the second half of the nineteenth century into comparable networks of urban speculation, development, and marketization.

For all the evidence of convergence during this period, Yates is equally attuned to what she describes as "the capacity of real property to resist or escape the homogenizing tendencies of capitalism" (p. 12). This resistance stems from its finite quantity, its immobility, and its deep social embeddedness in relations of family, patrimony, and political power. And yet, land has long been recognized as an essential commodity in the development of capitalism, a "fictitious commodity," as Karl Polanyi described

it, whose conditions of exchange obfuscate its origins in nature.[19] The theoretical and historical contradictions of land's abstract exchangeability and social embeddedness define what Yates calls the "double life of property." It is this dialectic, she argues, that consistently shaped the history of Paris's commercial real estate market.

The dangers of construing land as a commercial object were particularly well known in France, where property and power had long been questions of constitutional importance. Prior to the French Revolution, the ownership of land overlapped with the ownership of public authority in ways that made an exclusive emphasis on commercial value nonsensical. The constitution of 1789 transformed this understanding, but the failed project of turning land into paper *assignats* simultaneously haunted any efforts to chip away at the legal barriers that defined real property.[20] Those barriers, erected in the Napoleonic Code, established real estate in the realm of civil, not commercial, law. "Real estate served as the conceptual Other of the commercial realm," Yates writes, "a realm of enforced durability, reliability, even obscurity that paralleled the fugitive, fluctuating and transparently priced sphere of commercial exchange" (p. 125). And yet the question of land's commercial status was never really settled, and was made more problematic by the growth of limited liability joint stock companies, hundreds of which were created for the purpose of real estate development following the liberalization of corporate law in 1867. By linking real estate investments to joint-stock ownership, these companies effectively unitized property ownership into paper share certificates. Corporate investment thus muddied legal distinctions between paper stocks and supposedly fixed earth and brick. Eventually, in 1893, the civil law was reformed so as to recognized real estate corporations as commercial entities, but Yates notes that it would take far longer (until 1967) for the law to concede commercial status to property itself. (p. 127) What makes real estate such a compelling subject for the history of market creation, then, is this always-entangled quality, its capacity to exist as both abstract commercial good and embedded social product. Land is not like stocks; it rests on

both sides of the conceptual divide between economy and society; and for this reason, it offers an arguably better point of entry into the "black box" of economic exchange.

It is worth pausing to consider more deeply this position of real estate as both embedded and abstract. I say this to underscore one of the challenges in conceiving of land as a commercial object, which is the misleading view that it is its physical characteristics that most determine its capacity to resist marketization. This emphasis on the fixed nature of land is widespread among writers on property, and is mentioned several times in Yates's account, although often in the broader context of discussing the social embeddedness of land (pp. 11, 262). It was also implicit in one of the most prevalent comparisons made in the nineteenth century, between real property and the world of finance. It is interesting that in France, as in Britain, the contrast that most often emerged in debates over the status of property was that of the stock market, with all of its connotations of abstract, effortless, and unfettered exchange and wild and risky speculation. No less an authority than John Stuart Mill opined that "to make land as easily transferable as stock, would be one of the greatest economical improvements which could be bestowed on a country."[21] Elsewhere, stocks and other paper certificates were part of a commercial vocabulary that was employed throughout the century-long debate on land transfer reform and registration of title. As reformers repeatedly argued, the closer one could approximate the transfer of stocks, the closer one came to achieving a truly liberalized market for land.

The problem with this metaphor, however, is that it confuses and exaggerates what we know to be true of all markets, which is that abstraction and embeddedness are never so easily distinguished in any form of market practice. For one thing, we know that all forms of commodity exchange are embedded in both social and material contexts. In this regard, Polanyi's notion of an abstract market ideology has been criticized for not recognizing the very contingent and historical paths by which this ideology emerged in eighteenth- and nineteenth-century Britain.[22] Even the stock market — the exemplar of abstract

exchange — has recently been shown to have depended on particular institutional and material configurations.[23] Similarly, we know that all forms of commodity exchange entail processes of abstraction, none of which are ever fully realized, but all of which do have real "world making" capacities. Rather than think of abstraction as something that does or does not characterize a particular commodity or market, we should think of it as a form of practice characteristic of all commodity forms, but appearing under different guises and institutional formations. To say that efforts at creating an abstract real estate market succeeded or failed, then, is to miss the larger point, which is the historical work that was involved in mobilizing new networks of practice around abstraction. This is the work that Yates documents with such precision and richness throughout her study.

Another difficulty has to do with the distinction between land and property in a broadly theoretical sense. Strictly speaking, it was not earth and buildings that were the objects of exchange in nineteenth-century Paris, or in any history of real estate. It was, rather, rights to the use of earth and buildings. Property, regardless of the legal system from which it is derived, is fundamentally about claims over use and access that are inscribed in laws and enforced through the powers of social or political authority.[24] What is exchanged in a real estate market is thus already a deeply abstracted good and one whose apparent tangibility as a material thing only became associated with property itself in the course of the development of modern capitalism. To say that real estate is unique because of its immobility or finite quantity is to misconstrue what is in fact the object of exchange. Land is indeed finite and immovable; property is not. In the case of commercial real estate, property is as infinite as there are ways of anticipating and measuring the value of future rents derived from the use and access to space. This distinction is the basis upon which one can understand how market practice evolved in relation to the growth of late-nineteenth-century Paris.

How, then, does the history of real estate help us to understand the development of modern markets? I would argue, building on Yates's own logic, that the answer lies not in the

particular immobility of the earth, but rather in the density of social relationships that envelope land and buildings, particularly in the context of rapid industrial urbanization. It is the need to navigate use claims, formally, as in the case of law, or informally in terms of social practice, that marks real estate as having such an entangled commodity status. In a period when the population of Paris grew by 50 percent, from 1.8 to 2.8 million people, and measured real estate transactions on a scale four times greater than any other department in France, the density and inscrutability of property relations were the ultimate drivers of new forms of commercial practice (p. 16). Making innovative use of her sources, Yates reveals multiple ways in which the complexity of property networks shaped how practice framed property as a commercial object. In her reading of building lot advertisements, for example, she notes how developers both emphasized in visual terms the exchangeability of lots by arranging them "into a collage of floating parcels," while simultaneously anchoring them with references to neighboring property owners, streets and buildings (p. 78). Yates suggests that these maps anchored buildings in a material landscape that complicated their perceived exchangeability. I would suggest, however, that it was the reference to relations of property that was ultimately in play here, anchoring advertised property to the networked claims of individual owners, localities, and the state.

Similarly, in her final chapter, she brilliantly mines corporate archives to discover the everyday use and experience of space within commercially build apartment blocks. As with the history of investment, development, and marketing, the consumption of newly built housing was conditioned by the practice of corporate policies, intermediary building managers, tax assessors. Even individual tenants played a role by employing subletting strategies to siphon the most capillary of revenue streams from Paris's urban landscape (pp. 247–54). Real estate practice responded to metropolitan experience with new tools, new techniques, and new strategies for ordering social and commercial relations. One might even say, although here we can only extrapolate from the Parisian case, that the commercialization of urban real estate

generated a wider urbanization of property market practice into the familiar agencies, institutions, and discourses found in the modern real estate marketplace.

As a story of how private interests reshaped the landscape and market relations of Parisian real estate during the years of the Third Republic (1870–1940), *Selling Paris* unsettles prevailing narratives of French metropolitan and capitalist development. Yates makes a strong case for moving beyond the Second Empire and the state-supported city-building efforts of Napoleon III and his prefect of the Seine, Baron von Haussmann. In the decades after the Paris Commune, the city was rebuilt through the efforts of private developers, investors, architects, and various market intermediaries into a city comprised in many districts by the seemingly endless and even stone facades of multi-story rented residential apartments. This process entailed more than just an assemblage of bricks and mortar, however. It also necessitated new ways of organizing capital, measuring value, circulating information, and experiencing real estate as a commercial object. The impact of these transformations was great in terms of the urban fabric, but recognition of their history has been far more muted. In many ways, Yates reveals what Jean-Christophe Agnew has elsewhere described as "anonymous history," a history of institutions and everyday practices that helped to habituate Parisians to new forms of capitalist enterprise and urban experience.[25] The virtue of conceiving of the property market as a historically-contingent process and as one shaped by the dialectics of abstract exchange and social embeddedness is that it becomes possible to chart a more dynamic history of change over time.

Yates concludes her history in the early-twentieth century, but without a conclusive statement on the question of property's status. This is as it should be, since neither the desire to imagine property as an abstract commodity nor the inclination to anchor it in the needs of society are ever sufficient in themselves to understand the history of the real estate market. Yates points out, for example, that wartime restrictions on the Paris rental market had the unanticipated effect of reinforcing assumptions

about housing's status as a consumer good. This was true both in how the calls for protection were carried out — first under the guise of "social provision and public order" and then "within a discourse of consumer rights" — and in how they were eventually resisted by positing a free market in housing as the natural remedy to government regulation (pp. 257–8). In the interwar period, a similar dynamic played out when the government sought to extend wartime regulations: "In seeking to regulate the market for housing … Legislators found themselves engaged in *creating* one, or at least establishing one whose conditions were amenable to public intervention" (p. 258).

There is a tendency in thinking about the history of markets to either anticipate some future point in time at which the abstraction of pure exchange value might finally become hegemonic or to reject any history of market abstraction as a utopian ideology imposed upon the reality of an unyielding social reciprocity. More perfect markets, we are told, are a thing of the future, but not yet of the period in question. It is time to abandon this tired framework and instead ask when, where, and why certain configurations of commodity practice work to mobilize power in some moments, but not in others. *Selling Paris* offers a ground-breaking and imaginative contribution to this effort.

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