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Political Economy in Housing Studies: Geography or History?

Callum Ward

Javier Moreno Zacarés makes a compelling case for a Marxist political economy approach to housing studies. He uses Robert Brenner's concept of 'social property relations' to put the competition dynamics of capitalism (and therein the tension between rent extraction and profit production) at the heart of explaining housing dynamics without losing sight of the historical contingencies of housing institutions. The result is a sweeping framework which trains our focus on rent-based class struggles at a level of theorisation which the housing literature has tended to shy away from.

However, while Moreno Zacarés (page 4) places his contribution within "the recent revival of rent theory (Ward and Aalbers 2016; Christophers 2020)", he dismisses the geographical political economy approach this revival has been rooted in. Moreno Zacarés offers two criticisms of the geographical political economy literature to justify the need for an alternative political economy framework in housing studies: 1) its focus on the treatment of land as a financial asset cuts out a necessary middle level of abstraction by abolishing the need for rent theory, and 2) its focus on finance and financialisation reflects an overemphasis on consumption. The first criticism appears to misapprehend the concept at hand, while the second belies an implicit productivism in the framework being proposed.

The Treatment of Land as a Financial Asset

Moreno Zacarés argues that geographical political economy lacks a middle level of abstraction connecting rent theory to housing institutions, because of its "retheorising land as a financial asset like any other - thus de facto abolishing the need for rent theory" (page 3). Here he is referring to Harvey's theorisation (2006 [1982]: 347) that there is a structural tendency in capitalism for land to be treated according to its exchange rather than its use value and ultimately be transformed into a 'pure financial asset' acting like interest bearing capital. This has been an important concept in much of the geographical political economy literature on land and housing which, for Moreno Zacarés, is a major flaw because it allows an abstract theoretical lens centred on capital flows, resulting in a lack of middle range theory with which to approach the institutions of housing provision.

This parallels a similar argument I made recently that the literature building on the concept of the treatment of land as a financial asset has remained split between deductive and inductive interpretations (see Haila, 1990, with the former being insensitive to institutional mediations that shape land use and the latter lacking a connective analysis to the wider dynamics of capital (Ward 2022: 1839 - 1840). Rather than drawing the conclusion that

the concept itself is fundamentally flawed, per Moreno Zacarés, I argued for greater attention to the socio-spatially embedded institutional contestation involved in making land an exchangeable asset subject to the dynamics of capital flows. This is an agenda for more nuanced analyses of the tendency for land to be treated as a financial asset as a process of struggle over its mobilisation as such (Kaika and Ruggiero 2013; see Ward and Swyngedouw 2018), but emphatically not a rejection of the concept.

Rather than abolishing the need for rent theory, the tendency to treat land as a financial asset is central to urban analysis exactly because it is the middle theory which connects a theory of rent to the sociospatial process. If land is treated according to its use rather than exchange value, then economic rent will not explain land use. The means by which land is treated according to its exchange value necessarily imbricates it with financial capital: land is valued according to future rents but bought in lump sums up front, so that potential future rents must be capitalised as present value through borrowing. This is only a tendency (see Haila 1990; Kerr 1996), but it is a tendency whose (partial) realisation is a condition of a functional capitalist land market and on which the explanatory power of land rent theory rests.

Moreover, as Harvey argues (1982), the struggles between rentiers and productive capital over land's assetisation enables capitalist competition itself. This is because the existence of the rent relation a) confiscates from the capitalist the particular advantages of location, forcing them to compete on productivity; and b) subjects landowners to imperatives of competition, driving them to reconfigure space in accordance with the needs of capitalist accumulation. As such, it is in this struggle over the mobilisation of land as a financial asset that rent and profit are put into tension in a dialectical contradiction in the proper sense: the existence of one is necessary for the existence of the other even as they are incompatible. Moreno Zacarés identifies these tensions as 'paradoxes' but cannot unpack their full implications as dynamic contradictions because they are internal to the tendency to treat land as a pure financial asset.

The 'tendency to treat land as a financial asset' thus provides the middle level abstraction connecting the analysis of capital's necessary tendencies with that of intra- and extra-institutional contestation over land, rooting an account of the tensions of rent and competition in the dynamics of capitalism as a system. Moreno Zacarés centres competition dynamics and therein the tension between rent and profit in his framework, but without this explanatory mechanism these dynamics are simply asserted. Indeed, replacing a focus on this tendency with the concept of 'social property relations' leaves us with something rather close to Ball's institutionalism (e.g., Ball 2003) which Moreno Zacarés is criticising: a framework descriptively outlining the reproduction of specific economic roles without a connecting analysis of the dynamics of capital.

Financialisation and the Consumptionist Skew

The second criticism Moreno Zacarés makes of geographical political economy approaches to housing is that their focus on the mediations of finance amount to a 'consumptionist skew' reinforcing an 'overemphasis on consumption and exchange' in the housing studies literature (page 3). Here he asserts that there is a skew without indicating what the correct balance between consumption and production would be. In this, we are being offered an implicitly productivist framework in which the centring of production over valorisation processes of circulation and exchange is taken to be self-evidently worthwhile. The decision to prioritise production over finance here, however, is arbitrary.

The production stage of Moreno Zacarés' framework (pp 14-19) starts with developers acquiring land from landowners and deciding to engage in either construction or speculative land banking. Given the need to capitalise imputed future rents as present land values in order to make this initial purchase, we are not starting from production here but are already in the realm of finance. This is immediately apparent in the need to account for land banking, something which only makes sense if land is an object of speculation. From the first point of analysis, we are confronted with property development chains which turn on financial and planning risks (Brill 2022; Raco et al. 2023; Taşan-Kok et al. 2021), and must account for the circulation of fictitious capital therein. To start with this as a moment of production is only explicable in the context of the implicit assumption that we should locate causality within relations of production. In this vein, this section gives an insightful overview of class relations in the actual process of building production but, again, it is not made clear whether or how they would matter for the shape and outcome of the overarching system of housing provision except by presupposition.

Moreno Zacarés' finance stage is then presented as downstream from that of production in his framework. Financiers are characterised as pure rentiers rather than playing some part in the valorisation process (page 22), and an agent-centred vision of financialization is offered as a transformation of financial social property relations (page 25) as opposed to a transformation of relations across the economy (per Aalbers 2017). Self-reinforcing financial bubbles are acknowledged but relegated to the end as an 'expression' of these relations (page 26). These are debatable assertions with varying merits but their cumulative effect in this mode of presentation is to place finance and circulation as epiphenomenal to the direct moment of rent extraction from housing production.

An important blind spot this creates in relation to the system of housing provision is the lack of attention to mortgage financing and the state's regulatory role therein (Aalbers, *ibid*; Blackwell and Kohl 2018). If it is the case that the housing rentier will 'pump up prices as long as demand can meet them' (page 12), then the main driver of house price inflation is the extension of mortgages to create effective demand which enable price rises in what Ryan-Collins (2021) characterises as housing-finance cycles. This is a key factor in

accounting for differences between and within any system of housing provision, so that finance, the state and the provision of fictitious capital must be central to any analysis of the political economy of housing which aims to have explanatory power. If doing so amounts to a consumptionist skew, then it is one which reflects the real skew of existing systems of housing provision.

History or Geography?

Moreno Zacares offers a compelling argument for Marxist political economy in housing studies and an accessible vision of how to approach this through rent theory. However, he does not substantiate the claim that a Brennerite 'social property relations' framework offers a major advance over established existing approaches. Indeed, when it comes to the substance of this framework we find an array of standard concepts from geographical political economy: for instance, that there is a tension between capital liquidity and spatial fixity in real estate investment (page 15; see Bok 2019), that capital enters into real estate under conditions of overaccumulation (described without being named as such on page page 12-13), that capital 'switches' into the built environment in cyclical waves (Harvey's 'capital switching' is described almost to the letter on page 23, but removed from any sort of explanatory framework and rebranded as 'rent waves'), that there is spatio-institutional variegation, rent gaps, and uneven geographical development. Having smashed the established conceptual framework of geographical political economy, Moreno Zacares puts the same concepts together again within the frame of 'social property relations' but the key connecting pieces which integrate them within an account of the circulation of capital are missing.

This relates to broader methodological debates between disciplines. One of the major contributions of Harvey's geographical Marxism was its driving of a 'spatial turn' across the social sciences, correcting an overfocus on history's linear temporal relations to acknowledge that spatial configuration has a causal power of its own as part of a broader socio-spatial process. While no less capital-centric than Harvey, Brenner's historical 'Political Marxist' framework favours a focus on abstract agents through time over the Marxist geographical political economy focus on the motion of capital through space. To some extent, an approach which repudiates the spatial turn and emphasises agents' historical path dependency is a natural extension to welfare-oriented housing studies traditions that have remained a-spatial in their focus on comparative trajectories of housing-welfare regimes (see Stephens 2020). However, the upshot of prioritising history over geography here is that Moreno Zacarés is asking housing studies to broaden its scope to address inherently spatial political economy questions around rent while reproducing the very limitations which has meant it cannot adequately account for these factors.

Having lodged these objections, I must emphasise that Moreno Zacarés' forthright argument for a Marxist approach to systems of housing provision (see Fine et al. 2018; Robertson 2017) is timely and the sophisticated clarity with which he puts forward a framework centring rent struggles is an important contribution to debates on the political economy of housing. While it cannot bear the weight of an alternative framework to that of geographical political economy, social property relations' focus on the reproduction strategies of specific institutionalised actors opens a potentially generative way forward for debates on the socio-political dynamics of rent. There is an important pathway being staked out here for political economy analyses of housing systems.

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