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Valua Terra IRP

Teaching the financialization of cities through the ongoing transformation of social housing policies

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Today, the financialization of cities is no longer just a matter for investment specialists or urban technicians and managers. It is now regularly at the heart of political debates and public controversies. For the academic sphere, this expansion means a new responsibility: beyond the need to understand and describe, today it is also a question of making accessible to as many people as possible the complex realities that are hidden behind the term now easily used as a slogan.

It is to this objective of supporting future urban or social science professionals towards this theme of the financialization of cities that the master's course that we present in this communication is dedicated to.

The canvas of texts presented and put into perspective here comes from a series of reading seminars that we carried out alternately at the IAU of the USP, in English, and at the ENTPE and the IEP of Lyon, in several times over the past eight years. The list of texts chosen was gradually adjusted over the editions, very often in connection with the more or less productive feedback that the texts received from students. The form of the seminar has remained stable, consisting of around twenty hours for around ten texts discussed. Each session begins with a presentation by the teachers of its theme and its issues. Then the text is presented in a synthetic way by one of the students, for about twenty minutes. This is followed by a discussion on the text first, then in connection with the overall theme of financialization.

Before presenting the various texts that make up the framework of this master's course which is intended to be adapted to an international audience, it is useful to say a few words of introduction again on the global dynamics of the academic field on questions of financialization, that of human and social sciences (SHS) in a broad way and that of SHS dedicated to urban or territorial issues in particular.

Financialization, an old affair carried by a new term

First of all, it should be emphasized that the mechanisms that we refer to today under the notion of financialization are secular. Whether it concerns the logic of financial investments in public policies, or the weight they have in these programs, the observations and analysis are old and nourished. They are

particularly linked to the study of the development of capitalism in Western societies, the origins of which go back more or less anciently depending on the authors (Braudel, 1979). But the use of the term "financialization" itself has only spread much more recently, according to dynamics to which we will come back, dating from the beginning of the 21st century in the particular case of the sociological field.

On the side of urban research, the situation appears somewhat specific due to the academic undertaking of geographer David Harvey, whose work carried out in the United States in the 1980s identified and described a shift in the activity of urban managers which announced this financialization which did not yet bear its name. As a result, the pioneers of urban research who embarked on the description of the new situation, following Harvey, sometimes have the impression of having already exposed at length this financialization which today raises controversy.

And yet, if this *avant-garde* has indeed produced a first panorama of the mechanisms of financialization at work in many geopolitical contexts (Halbert et Attuyer, 2016), the academy of human and social sciences is still largely left out of the discussion which continues to be seen as technical and austere by the majority of its members.

There also seem to be exceptions to this situation, such as in Brazil where the question of financialization has been the subject of widespread debate within the SHS community, and has been for many years. Is this specificity to be correlated with the South American political situation where the presence of North American investment funds weighs on public managers even more directly than on their European counterparts? Or should we consider the structure of the Brazilian academy in the SHS sector which has maintained a very powerful Marxist heritage, naturally oriented on the themes of capital and value?

Brazilian exception or not, the situation of the French academy is on the contrary revealing of a difficulty of the academic field of SHS to approach this theme of financialization that the teaching module which is the subject of this communication intends precisely contribute to overcoming.

The list of the ten texts of the seminar is presented below. It is organized into five series of two texts gathered by theme and in a chronological perspective.

1. Financialization by Numbers		
	(Van der Zwan, 2014)	
	(Chiapello, 2015)	
2. Figures and Societies		
	(Desrosières, 2003)	
	(Bourdieu, 2005)	
3. Figures and Cities		
	(Amiot, 1986)	
	(Harvey, 1989)	
4. Cities and Finance		
	(Aalbers, 2012)	
	(Weber, 2015)	
5. Social Housing Development: The New Professions		
	(Bardet, Coulondre et Shimbo, 2020)	
	(Shimbo, Bardet et Baravelli, 2022)	

1. Financialization by Numbers

The first theme is dedicated to the presentation of the theoretical perspective of the sociology of financialization that we defend: a sociology of financialization through that of the colonization of the world by the calculations of financial profitability. Behind the calculation tools, there are representations of the world that are forged, or not, and that organize new social divisions¹.

The first text, by Natacha Van der Zwan, offers both a presentation of the academic dynamics that contributed to the development of the field of sociology of financialization in the early 2000s, as well as an overview of research in the field, organized around the presentation of three academic schools with established recognition: the school of the study of the new "regime of accumulation", the school of the study of the prevalence of "shareholder value", the school of the study of the "Financialization of the everyday".

The historical part of the text, very rich, makes it possible to underline the importance that played, in the institutionalization of the sociology of financialization, an academic meeting between "British social accountants and French regulation theorists" whose convergent reflections were published in 2000 by the prestigious journal *Economy & Society*.

The text then presents the three schools of thought that have allowed, according to the author, the institutionalization of the sociology of financialization. The first school, known as the "regime of accumulation", appears very largely marked by the heterodox economists known as regulationists whose tradition is very powerful in France, in the wake of the work of Boyer and Aglietta first, then of Orléan. Even if the links of these authors with the sociological field are numerous, since the origin of these schools of thought (Desrosières, 2014), this school remains largely marked by its original economist imprint.

The two other schools of thought identified by Van der Zwan have more directly sociological roots and dynamics. On the one hand, it is that of the "financialization of the everyday" which insists on the weight of financial calculations in the movement of generalized household indebtedness with a view to fueling the economic engine of societies.

The second school, known as "shareholder value", refers not to households but to the productive capitalistic organization and in particular to the reform of corporate governance which took place on a planetary scale at the end of the 1990s (Supiot, 2015). It was a question of starting in the opposite direction the pendulum movement which had contributed, during the 20th century, to tilting the power of banking circles towards that of the executives of the largest capitalistic companies in the world. The "corporate governance reform" that took place at the end of the 20th century aimed to restore the power of capital providers *vis-à-vis* their industrial partners. Calculations of the financial profitability of investments were at the heart of the implementation of this reform.

Our research perspective stems very directly from these two schools in which financial calculations appear to play a powerful leverage role in placing financial investors back at the heart of economies and increasing their influence in all sectors of the economy, not only via productive organs, but also via the circuits of consumption.

The second text, by Eve Chiapello, establishes the theoretical perspective in which we place this teaching module, by developing three aspects that deserve to be specified here. She first insists on the

¹ We have in mind what Pierre Bourdieu described on the motivations of his first research carried out in Algeria on the distinction between proletariat and under-proletariat, very directly linked to the incorporation of capacities to the projection in the future living conditions ; (Bourdieu, 1987)

importance of distinguishing financialization, apprehended through the colonization by financial figures of economic and social activities, from the financial sector itself. So she points out that there are financial activities that are not financialized (such as traditional accounting models known as historical costs accounting) in the same way that there are many non-financial activities that are financialized (such as by example of the social or environmental sectors of activity which are today the subject of very intrusive calculations of financial profitability). The case of social housing falls within this framework in many respects.

In a second part of the text, Eve Chiapello presents the main tools of financial calculation which are gradually colonizing all economic and social activities: the calculation of the "Net Present Value" (NPV), the calculation of the "Probability-based Estimate of Value" and the use of "Market Prices as the True Value". If the three tools are the subject of an equivalent presentation, the NPV tool holds a prominent place in the movement of colonization of societies by financial calculations. This is shown in the third part of the article, in which Chiapello reviews the sectors of activity in which colonization by financial calculations is observed. As such, it begins with the financial sectors in which the transformations have been particularly marked. She is particularly very specific about the accounting sector in which she taught for years in the most famous French business school.

2. Figures and Societies

Once the framework of our definition of financialization has been set, it is a question of presenting the scientific perspective in which we wish to study this phenomenon. How to study the colonization of societies by financial figures? A first way of answering consists in mobilizing the analysis grid produced by the French historian and sociologist of statistics Alain Desrosières who identified numerous and strong correspondences between the five successive forms of State which can be characterized over the modern period and the statistical tools mobilized by these public authorities with distinct objectives, also very different in their conceptions as well as in their forms or their implementations. He made the link between States and statistics. We propose to make the link between societies and financial figures in the same way.

From his point of view, the engineer State that prevailed before and during the Revolution of 1789 corresponded in particular to the first censuses or the development of the first administrative statistics developed by the new statistical offices whose science was still only in its infancy. Then came the liberal State which dominated most of the European 19th century, in which the State's statistical apparatus developed with tools for monitoring national markets responsible for ensuring their proper functioning, for example for guarding against the constitution of a monopoly or against soaring prices on tight markets.

With the development of socialist movements on European soil, it was then at the beginning of the 20th century the advent of forms of the Welfare State which were accompanied by the development of a number of surveys or statistical registers aimed at monitoring the conditions of life of households or employees in the booming industrial sector.

Then came the global economic crisis and stimulus policies that gave rise to what was called by many the Keynesian state. And there again Alain Desrosières remarks that it is associated with the development of an entirely new statistics which takes the name of national accounts.

The historical picture ends with the contemporary period, naturally qualified as neoliberal, about which Alain Desrosières once again notes that new forms of statistics have emerged, in connection with the concern of public managers to introduce forms of regulation market where the market had not naturally introduced itself. We can give the striking example of the market for rights to pollute,

which is undoubtedly one of the most emblematic marks of the forms of contemporary public power, on a global scale.

By taking up this grid and extending it to forms of quantification other than statistics (in particular by considering forms of accounting and financial quantification) as well as at levels of public power other than the State (by considering both the scale of international, regional and local public action), we defend a perspective of sociological analysis of the modes of governance of societies that place quantifications at the heart of the issues.

In this first analysis tool, very effective in placing at the heart of the analysis the functional link between the forms of governance and the forms of quantification of the world, one aspect nevertheless remains not very explicit: the nature of the links between the worlds of the conduct of public action and those of the quantification of the world. It is the purpose of the following text to suggest the importance of combining this first very broad focus with another much narrower focus on the specific contexts of the exercise of public governance.

To carry out this operation of tightening the analysis on the precise contexts of public action, we rely on a text by Pierre Bourdieu which constitutes a piece not very similar to all the others which constitute his masterful and widely disseminated sociological work. This text is the one in which he proposed an analysis of the system of social agents and institutional actors which was at work in the reform of the social housing policy which was passed in France in 1977. A first version of this text was published in the journal *Actes de la recherche en sciences sociales* (Bourdieu et Christin, 1990). A completed version of this text was published in 2000 in the book *Les structures sociales de l'économie* (Bourdieu, 2016).

This text in which Pierre Bourdieu applies his favorite tools of data analysis (matrix analysis of data collected on the agents surveyed and concerning both their social, academic and institutional position, and their positions in the reform process) to the field of the reform of the housing policy of 1977, including its public, private, ministerial, corporatist, associative, banking, entrepreneurial, formal or more informal actors. Its main result is that we discover that it is not possible to develop the classic analytical grids that would oppose public actors and private actors. On the contrary, it is shown how the neoliberal logic acts on agents beyond these institutional borders. We thus discover an objective alliance between a part of the State represented by its civil servants in the Ministry of Finance and banking players or those linked to them, such as real estate developers whose economic model is based on the application to the real estate sector of investment logic proven in the financial sector (Bardet, Coulondre et Shimbo, 2020). Faced with this alliance, the engineers of the ministry in charge of social housing construction programs were quickly circumvented and the replacement of construction aid credits by aid credits for people looking for social housing operated.

For our reflection on figures in society, this text is particularly useful. It shows that the struggle at work in this reform does not oppose supporters of an effective quantification of the world against a crowd of retrograde opponents who would refuse the evidence of rationality. Conversely, the text clearly shows how the group of engineers from the historic and famous *Corps des Ponts et chaussées* defends a quantification of the world, that of civil engineering, which no longer manages to impose itself against that defended by the alliance of financiers, which notably brings together civil servants from the Ministry of Finance, whose scientific training is nevertheless much less extensive than that of the engineers of the *Corps des Ponts*, who at the time were all from the prestigious polytechnic school.

Beyond this unexpected lighting of a war of figures of the world in a way, this text also makes it possible to underline the need, within our framework of a sociology of financialization through the processes of colonization of societies by financial figures, not to stick to too macroscopic a perspective of things. Beyond the very useful inaugural grid of Alain Desrosières, it is necessary to implement a closer focus

of observation on the specific contexts of the management of public affairs. Only such a focus makes it possible to grasp the specific links between quantifying agents of the world and operating agents of the management of public affairs, between quantifiers and politicians.

3. Figures and Cities

After this double theoretical framework on the sociological perspective of financialization, it is a question of approaching the terrain of cities strictly speaking. We have already mentioned in the introduction the pioneering role played in this respect by the work of David Harvey, and we will come back to this shortly. But we would first like to take a detour through a sociological work largely forgotten by contemporary research and which nevertheless played a pioneering role for French urban sociology which seems to us to deserve to be re-examined.

The founder of the French school of sociology, Emile Durkheim, is sufficiently taught in the sociology faculties of the planet to be presented here again. On the other hand, the dynamics of the institutionalization of his school are perhaps less known and deserve a quick mention. Among his indisputable heirs and capital for the extension of his business, many know the name of Maurice Halbwachs. For a generation of colleagues to which the authors of this text belong, he is associated with the inaugural chapter of Michel Amiot's work on the history of French urban research: he is undoubtedly the first founder of urban sociology in France.

Michel Amiot's text presents the way in which Maurice Halbwachs seized on the invitation of his master Durkheim to quantitatively found sociological reasoning in order to seek to understand the profound nature of the processes that had just unfolded to lead to the realization of Haussmannian Paris. And perhaps against intuition, Amiot demonstrates how Halbwachs took his friends from the rear (he was notably an adviser to Jean Jaurès who then led the French socialist movement) to suggest that the true intelligence of the expropriations that had been made to achieve the great Haussmannian boulevards was probably not exactly where the powerful high officials or their friends, historians looking for great men, had first suggested. Amiot tells how Halbwachs protests against the idea that the merit of these operations would go to town planners and architects who engraved their names on the street signs or the stone of the beautiful buildings. On the contrary, he defends the idea that the intelligence of urban phenomena, both demographic and economic, fell first to speculators (today we would say real estate developers) who were those who had listened to the quantitative social phenomena characterizing the beating heart of society.

This observation in no way deprives Halbwachs of nurturing his socialist fiber. He thus concluded his reflection, as Amiot points out, by enjoining his friends to reflect on the means of taking over the intelligence of speculators to place it at the service of all, by "pooling" this land rent that speculators capture for their own account.

This detour naturally produces a direct echo with David Harvey who, nearly a century later, was also interested in the analysis of the mechanisms of this Haussmannian Paris (Harvey, 2004). The text of Harvey that we retain in this module nevertheless predates this one. This is his 1989 paper, which is arguably his most cited. Despite this notoriety, which makes the exercise of presentation delicate, we would like to take the time to mention the reasons why it seems to us to be particularly suited to our research perspective.

For the purposes of our proposed analysis of the financialization of cities, Harvey's 1989 text can be summarized in two of its main results. The first is naturally the one hiding behind this title which is not always grasped in all its depth. When Harvey stresses that the primary objective of urban managers (elected officials and technicians) is no longer "managerialism" but "entrepreneurialism", the dialectic

is all the more subtle as these two terms are often perceived by students in particular, as being very close, both linked to an objective of profitability which primarily characterizes the private sector. And it is precisely this reason that makes this title so useful.

In the 1990s in Europe, elite training institutions trained the younger generations in management. The modern business executive had to be experienced as a “manager”. The movement quickly reached the public sector whose executives had to experience themselves as “managers of change in bureaucratized organizations”. This is the trend of “New Public Management”. In France, through the networks of sociologist Michel Crozier, it is deployed in particular in the ministry in charge of equipment and territorial development, which becomes the “good student” of the public service (Vallemont, 2004). The manager embodies the figure of the modern executive. In this context, the idea therefore emerges that local elections are now won on the basis of urban managers operating well (“managing”) local public services, water distribution, public transport, collection waste, etc.

And it is Harvey's strength to describe, before all the others, how this modernizing paradigm was reversed in the United States from the 1980s. Success in the management of urban services was, there first, gradually submitted the ability to attract the budgetary means to operate this optimal functioning of the services. Before being good managers, the urban elites were subject, in the new context of scarcity of public budgetary resources, to the imperative of attracting capital to their territory. Without financial means, there is no managerial capacity. The attractiveness of capital therefore took precedence over everything else. Before being good managers, local managers had to become entrepreneurs of their territory and attract different types of capital.

The second merit of Harvey in this text is to produce, from that time, a typology of capital that urban managers have the mission to attract to their territory, a typology of remarkable topicality, to tell the truth. To sum things up here, Harvey proposed to point out that urban managers could work in four distinct directions: attracting businesses, attracting consumers, attracting information and data outlets of all kinds, attracting public redistributive resources.

4. Cities and Finance

In the wake of Harvey, a considerable amount of research has been produced which today feeds the heart of the research field of urban studies, not only in the United States but in the majority of countries on the planet. We should add that in Harvey's typology of capital, one form of capital in particular has taken on an importance in recent years that perhaps no one, including him, had envisaged: the capital constituted by financial information.

In the field of French social sciences, a renowned urban policy analyst, who has long been interested in the weight of large private companies in cities, very early on established the new role played by financial information in the context contemporary (Lorrain, 2011). This text would have its place in the list of our supporting texts². This perspective opened up by Lorrain invites us to return to this theme of financialization with which we began before presenting the specific terrain of cities.

To do this, it is easy to resume the presentation made by Van der Zwan of the two schools of research that have developed on the most firmly sociological bases: “Financialization of the everyday” and “shareholder value”. The first refers to the financialization that affects consumers, the second the companies producing the products and services that are consumed. We have chosen two texts, one of which refers to the first school and the other to the second. Manuel Aalbers' text focuses on real estate

² For the English-speaking public, this text available in English on the site of the *Revue Française de Science Politique* could replace the text by Amiot, which is unfortunately unavailable in English.

loans that allow the consumption of real estate production, focusing in this case on the crisis in the US real estate markets of 2006, known as "subprime crisis" at the origin of the global financial crisis of 2008. That of Rachel Weber studies the mechanisms of contemporary real estate production on the land of the city which is perhaps the historical model of the regional and world metropolis, the urban myth par excellence: Chicago.

Manuel Aalbers' text is the introduction to the collective work he edited and published in 2012, shortly after the subprime crisis. He himself was not until then a specialist in the phenomena of financialization. He was interested, in his field of Dutch cities, in the phenomena of cultural or ethnic segregation. The counter-model that the United States constitutes from this point of view had naturally urged him to take a close interest in the numerous studies carried out on this subject. His research had therefore led him to take an interest in the structure of the controversy around what is called there "redlining". The financial structure of this national controversial subject surprises the eye when one looks at it for the first time: this term is in fact very directly linked to an explicit (and to say the least bewildering) strategy of the banking players involved in the financing housing loans granted to households.

The red line in question actually separates the so-called "white" neighborhoods from the so-called "black" neighborhoods in reference to skin colors and with this American ability to sum up identities by these terms. And the banking actors apply an entirely explicit commercial logic around this line: the mortgage is higher in the so-called black neighborhoods than in the so-called white neighborhoods. Due to the economic and social difficulties associated with the former, its inhabitants are subject to higher credit rates (hence the term "subprime") to compensate for the risks taken by the financial lender.

The text opens more precisely on the reinforced financial logics which had developed during the years which preceded the crisis, intermediary financial actors gradually settling on the intermediation market with very fragile households and therefore forced to accept even worse financial conditions (kinds of sub-subprime) in order to be able to access the mortgage market. A financial market installed on the greatest social precariousness, therefore at high risk, and therefore at high returns expected by investors. These deadly mechanisms are gradually being the subject of life-saving research, which allows the dating of the processes, no doubt a distant echo of Bretton Woods (Durand, 2014), their qualification also in the sense of denouncing their profoundly authoritarian dimension (Benquet et Bourgeron, 2021), but whose audience today obviously remains insufficient.

On the side of the processes related to real estate production, the work produces a very similar apprehension of things, very worrying here again (...).

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