
The US mortgage and subprime crisis that began in 2007 and spiralled into a transnational financial and economic crisis has brought new attention to housing in various academic disciplines. While these crises have been unveiled the intertwinenement of housing with wider political and economic structures, this connection has hitherto been insufficiently studied. The discipline of political economy and research in financialization have largely ignored housing, while housing studies has failed to consider the politico-economic and financialized dimensions of its research object. Such is the starting point in geographer Manuel Aalbers’ *The Financialization of Housing*, the first book-length text attempting to rectify these shortcomings. The book is largely successful in foregrounding the inviolable links between housing and financialized capitalism and will serve as a good introduction to an inter- or multidisciplinary and non-expert audience, in spite of some shortcomings on its own part.

The housing crisis is not merely the outcome of a few years of economic boost but, rather, the culmination of decades of ideological and economic promotion of homeownership at the expense of the rental sector and the welfare state at large, a process which has been part and parcel of the neoliberal project. Eventually this has led to a wave of financialization, a transformation of the economy of which housing is not just any example but the key pillar. To account for this, Aalbers makes use of and develops David Harvey’s (1978) seminal framework of capital’s three circuits. Finance is used to facilitate capital switching from the primary circuit of production (so as to avoid overaccumulation and crisis in this circuit) to the secondary circuit of infrastructure, housing, and other forms of built environment. But the failure of neoliberalism to restore profitability in these circuits, and the ongoing deregulation and homogenization of financial markets, have installed a *quaternary circuit* in which financial products are exchanged relatively independently of the other circuits. As for housing, particularly, this has resulted in a globalized *secondary mortgage market* on which mortgage portfolios are repackaged and traded as mortgage-backed securities. While this has increased access to credit and homeownership it has also made
housing more expensive and opened up new spheres of “financial expropriation” (Lapavitsas, 2009), e.g. through predatory lending, and this was by and large the intention. Another important consequence to Aalbers is that house prices are not primarily determined by supply and demand of housing but by supply and demand of housing finance, to potential mortgage borrowers as well as housing producers. Like Harvey’s, Aalbers’ theoretical argument is very helpful for understanding the circulation of (finance) capital.

Another important theoretical contribution, found in Chapter 2, “Centring Housing in Political Economy” co-authored with Brett Christophers, analyses housing as three different forms of capital. Housing is, first, crucial to circulation, not just as simple commodities, but as a way to store value (in the second circuit), and as a way of enabling capital, e.g. through what Matthew Watson (2010) has called “house price Keynesianism” where a lowered interest rate can boost consumption without expansive fiscal policy. Second, housing as capital is a social relation that crystallizes around issues of social reproduction, exploitation along dimensions of class, race, and gender, as well as social conflict. And housing is, finally, an ideological construct linked to political participation, the entrance into adulthood, and so on. Combined with the book’s tracing of housing’s historical trajectories, this more synchronic framework gives the reader a clear understanding of the political economy of housing that, furthermore, can function as an analytical toolbox for further studies. I could only have hoped, however, that Aalbers had prioritized the three dimensions of housing as capital more equally throughout the rest of the book, which remains focused on circulation; or, insofar as it takes the other dimensions into account it does so from a structural and institutional perspective. This could perhaps have been obviated if housing was not just conceived through the lens of capital. The latter is, of course, crucial to capitalism but it’s only one side of the equation where the other is labour (see e.g. Lebowitz 2003). Conceiving housing through the lens of labour could perhaps have led to an important, to my mind, discussion of the extent to which the working class is recomposed under financialized capitalism and housing’s role in this.

While I found the ideas sketched above to constitute the most original and important contributions, much more is covered in the book—arguably too much, its brief nature considered (158 pages, all inclusive). Other chapters explore historical changes in housing policies further, look
at varieties of financial capitalism as it produces uneven developments in different national and institutional contexts (the focus remains almost exclusively on the global North, however), and show that housing financialization also affects the subsidized rental sector. At its best, the book balances and integrates theoretical discussion and empirical analysis and description well, but at times the latter take up too much space in which I would have liked to see further development of the politico-economic framework.

In the book’s conclusion, Aalbers attempts to answer “The 21st Century Housing Question”, or, at least, point in the direction in which such an answer might be found. He lists a series of proposals, such as regulation of mortgage markets and bottom-up, alternative forms of living, which might be employed as a way of de-financializing housing. They all seem good and their concreteness is indeed commendable. But they also seem insufficient in rolling back the financialization of housing if one considers the power and importance of finance to the contemporary accumulation of capital, as demonstrated by Aalbers throughout the book. “But there is, of course, an alternative”, Aalbers assures. “Housing does not have to be privatized, commodified or financialized. Is the idea of building, maintaining and renting out public or other forms of social housing really so appalling?” (p. 145). Perhaps not, but as Aalbers (and Christophers) have demonstrated, housing as an ideological construct is inseparable from the circulation of capital, and in the current conjuncture a de-financialization of housing would lead to a breakdown of this circulation, necessary from the perspective of capital. Furthermore, in less than two pages, Aalbers points to a series of actors who might initiate such a de-financializing of housing, such as alter-globalization movements and lobby networks. He doesn’t seem to have much faith in either, however, and to me, these few paragraphs read more as a reminder of how movements, resistance, and indeed class and class struggle are conspicuous in their absence throughout the book—a problem often seen in more structuralist versions of political economy (Huke et al. 2015). The brief appeal to the alter-globalization movement is, moreover, a bit peculiar as, first, this was mainly a phenomenon of the late 1990s and early 2000s and, second, the post-2011 scale of contentious politics has arguably been more local than global, not least due to the role of housing in people’s everyday lives and communities. The best example of this is the Spanish
Plataforma de Afectados por la Hipoteca ("Platform for People Affected by Mortgages") who throughout the crisis have been resisting the financialization of housing along its material as well as its ideological dimensions (see Colau and Alemany 2014) and provide plenty of inspiration for the rest of us. Hopefully future research in the political economy of housing will incorporate into its framework such resistance from below, crucial if today’s housing question is to be properly understood, let alone answered.

A final critical point is more to do with the form of the book than the content. The brief book consists of eight chapters: an introduction and a conclusion; four chapters, two of which are co-authored, which have all previously been published journal articles; and, after these, two largely descriptive chapters that “serve to make the more abstract reasoning in earlier chapters clearer and more accessible” (p.4). But as the best part of the book, as mentioned, already excels in clarity and accessibility I for one would have preferred a further, more rigorous development of the politico-economic framework, perhaps including some of the missing dimensions noted above. This could have amounted to more sustained and coherent argument unfolded throughout the book as one would expect from a monograph. It is, furthermore, striking that seemingly no edits at all (except for a postscript to a 2008 article) have been done to the previously published research. Apart from what this means for overall structure, the reader of the book will thus, for example, read passages addressing “the readers of this journal” (p.66). Taken together, this is all less than what one should expect from a £95.00 hardback book. The price, and partly the other formal aspects of the book, is, of course, to do with the political economy of academic publishing more than the authorship of this on most accounts timely, important, and well-written contribution to a political economy of financialized housing.

References


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