

2 PRICES, PROFITS AND RENTS IN RESIDENTIAL DEVELOPMENT: FRANCE 1960-80

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Introduction

My starting point is one of the classic ideas in Marx's epistemology, that price is not an intrinsic property of an object or of merchandise but rather an expression of social relations in the sphere of the market and of money. I do not intend to discuss this proposition but shall concentrate on implementing it, on bringing it into play empirically in the area which concerns us here.

Before explaining the empirical methodology, however, I shall make a brief summary of the theoretical context and framework in which it is set.¹

The Formation and Division of Development Profits: a Theoretical Framework

The competition between capitals in their search for maximum profit brings about flows of value and of capital among the various branches of production and tends to create an average rate of profit. The capitals engaged in the various parts of the property sector cannot avoid this general tendency.

However, the characteristics of the relations of production and circulation in the sector are so particular that some very specific flows of value develop between it and the rest of the economy and upset the general tendency to harmonisation of rates of profit. In fact the excess profits which are shielded from this harmonisation process end up in the property sector mainly through the fact that, in housing, the price is above the price of production. On the one hand a proportion of the surplus value created in building projects is retained in the building sector (over and above the normal rate of profit); on the other hand the property sector draws heavily on the surplus value created in other sectors. This double flow has a depressing effect on the generally-prevailing rate of profit elsewhere.

