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Bruun, Maja Hojer

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The financialization of Danish cooperatives and the debasement of a collective housing good

Maja Hojer Bruun
Denmark

Abstract

The article tells the story of Danish cooperative housing's radical transformation from a collective housing good and commons to a financialized asset during the 2000s when neoliberal housing reforms were introduced and the mortgage finance market was deregulated. Processes of financialization of collectively owned housing have to be understood not only in relation to the dynamics of the surrounding housing market and political-economic changes but also to the communities and social relations that they presuppose and feed off, often in contradictory ways, as people are motivated by both solidarity and private interests. Housing cooperatives have existed as a form of collective housing throughout the 20th century, balanced, on the one hand, between the reproduction of kin, family and local communities and the common good and, on the other, between the market and the reproduction of the base for both families, local communities and the larger public sharing the housing commons. During the 2000s, processes of financialization brought the market and the cooperatives' base so close together, primarily through new mortgaging opportunities, that families and communities have lost their savings and the base has been undermined, both in a material and an immaterial sense.

Keywords

Housing, moral economy, financialization, cooperatives, gentrification, Denmark

Corresponding author:
Maja Hojer Bruun, Department of Learning and Philosophy, Kroghstræde 3, 9220 Aalborg Ø, Denmark.
Email: mhb@learning.aau.dk

> I thought of it [the incorporation of her rental estate as a housing cooperative] as an investment. I thought it could be a stepping stone for me, because I thought: now I sit in this rental apartment and I have my salary, but what if I want to move on at some point? We [she and her former partner] were about to buy a house and had looked at many houses, right? We were in a completely different situation, and we were two in it. And when I became single I thought 'God, now I am stuck in a rental apartment!' and 'What are my future prospects?' And then this initiative came up, and I thought 'Yes, there are some people who are lucky, and I am one them!'
>
> (Dorte, June 2008)

Dorte is a member of a housing cooperative in Copenhagen, a distinct form of tenure that has had a volatile history since they started in 1912. In a housing cooperative, the members own their property collectively as an association, and members do not have ownership but user rights of their apartments; what they own is a share of the whole property. Since 1975, sitting tenants of rental apartment blocks have been offered the right to buy their estate *collectively* and take it over as a cooperative, whenever blocks of apartments have been put up for sale. This happened in 2006 to the estate that Dorte lived in, and a majority of the estate's tenants decided to form a cooperative.

While this transformation from rental to cooperative property held promises of both social and economic security, the story of Danish housing cooperatives is also one of losses and insecurity. This became clear to Dorte and the other members of the cooperative a few years later when the global financial crisis revealed how vulnerable their newly established cooperative was. They had financed the purchase of their estate in an overheated market, through short-term interest-only loans, but the value of their property subsequently plunged. In short, the financialization of housing had become central to Danish housing cooperatives.

This article tells the story of cooperative housing's radical transformation as a collective form of tenure during the 2000s when neoliberal housing reforms were introduced and the mortgage finance market was deregulated. Housing cooperatives, which, for almost a century, had managed a collective housing good, saw their principles being undermined and their wealth sapped. The interesting irony of the financialization of housing cooperatives is that the moral ethos of cooperatives has historically acted against market speculation, but the very sense that cooperatives provide 'bulwarks against the market' and collective ways of engaging in the market also *enabled* people to borrow while feeling secure and protected by the community, and this eventually undermined the economy of many cooperatives.

I extend Gudeman's (2008) concept of the debasement of community economies to explain how financialization integrates the market and the base in new, subversive ways, nevertheless ending with the debasement of the collective good. The shared materials of cooperatives' buildings and common spaces together with the activities, rituals, traditions and knowledge connected to their maintenance (meetings, work parties, etc.) constitute the base (cf. Gudeman, 2008) of hundreds of

local cooperative housing communities in Denmark. Moreover, all cooperatives taken together also function as a collective good or base for larger Danish society that is often conceptualized as a community too (Bruun, 2011, 2015). In Denmark, cooperative associations evoke popular images of nation-building, collective struggles for rural modernization in the late 19th century, the urban labour movement in the early 20th century and egalitarian communities. This intertwined moral economy of cooperative housing can be traced back to its entanglement with the establishment of modern Danish welfare society.

As Laura Bear (2014) has recently re-emphasized, capitalism generates and consists of many ethical forms and social relations, and one of the tasks of ethnography is to surface these concealed relations. Financialization processes, like other capitalist economic relations, are not exterior to but presuppose and feed off communities and social relations, as other anthropologists working on the relations between financial debts and community bonds have also demonstrated (Guérin, 2014; James, 2014; Palomera, 2014).

Financialization is 'the increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households' (Aalbers, 2016: 2). It is the process by which something, e.g. an apartment block, is managed as a fund: A financial asset and investment vehicle for other projects or purposes. Housing has become increasingly important as a form of capital asset that contains risk and has to be managed, and this changes the role of housing in people's lives. Homeownership and the accumulation of private housing wealth has been promoted across much of the world since the second half of the 20th century, but the expansion of credit facilities, the deregulation of mortgage markets, the introduction of reverse mortgages and other financial products have made housing an increasingly flexible asset that people are encouraged to use to boost their consumption or to pay for their welfare (O'Mahony and Overton, 2015). The global financial crisis from 2008 onwards revealed how widespread and powerful the financialization of housing has become. In fact, the financial crisis was triggered by the bursting of the US housing bubble that caused the values of securities tied to real estate to crash, and debt crisis in housing spread all over the world.

Urban sociologists, geographers and political economists have described the macro processes behind housing financialization (Aalbers, 2016), mortgage securitization (Gotham, 2012), credit scoring of aspiring homeowners, predatory lending and foreclosures (Immergluck, 2009). However, while creditors and financial experts assume that people accept risk into their lives when they take loans, we lack ethnographic studies of communities who dwell in financialized housing, including their notions of risk and indebtedness and the moral economies of housing, including social and economic values, that they enact. A growing number of ethnographic studies have analysed mortgagors' own narratives about and experiences of indebtedness and foreclosures (Corsín Jiménez, 2017; Jefferson 2013; Stout, 2016). Most of these studies focus on private homeownership, particularly

in countries like the US, UK and Spain, where private homeownership is promoted by governments and constructed as a token of recognition of citizenship or national belonging, of personal freedom or of 'having arrived' in life, in the recipient country or in the middle class (Perin, 1977; Sabaté, 2016).

Housing financialization, however, goes much further than the promotion of private homeownership through predatory lending schemes for low-income households and impoverished groups. As Aalbers (2016) points out, there are many mechanisms of financialization. Public and semi-public social housing associations increasingly rely on housing bonds and financial products, and, even in countries that have traditionally safeguarded affordable housing for all citizens, states have been the drivers of financialization through neoliberal housing politics. In many European countries much social housing is, or has been until recently, collectively owned and/or democratically controlled by active tenants' associations, but we know very little about the processes through which these collectives too have accepted, and sometimes actively promoted, financialization. The concept of moral economy opens up such analyses. As argued in the introduction to this volume, the concept of moral economy does not just refer to particular entanglements of social relations, values and norms, often in contradictory ways, but is embedded in the dynamics of the surrounding housing market and political-economic changes.

Cooperatives have always been related to markets and were already partly commodified, but the neoliberal housing politics and processes of financialization in the 2000s penetrated the moral economy of cooperative housing in new ways and began to undermine it, leading to a debasement of the collective housing good. After an introduction to Danish housing cooperatives in general, and the processes of neoliberalization and financialization in the 2000s, in the second part of the article, I investigate how the financialization played out in Dorte's cooperative, a cooperative that was founded at a precarious moment during the 'bull market' and plunged in the following 'bear' period.

The ethnography is based in fieldwork I conducted in 2008–2011 in eight different housing cooperatives in Copenhagen. Some of the housing cooperatives I have known since the 1990s. This long-term engagement enables me to document people's hopes and dreams before the crisis set in and to follow their lives during the economic crisis and in its aftermath when they had to re-orientate their beliefs.

The moral economy of Danish housing cooperatives

The history of Danish housing cooperatives is closely tied to the development of social housing and the welfare state in the 20th century. The first efforts to improve the housing conditions for workers in the industrializing cities were philanthropic projects and mutual building societies. The building societies that relatively affluent workers joined were, however, wound down when the workers had paid off their loans, and the members became private owners of their houses. In 1912, the

first *cooperative* housing associations were established as a speculation-free, non-profit alternative to the building societies.

Housing politics and the provision of housing for the growing urban population was a crucial battlefield in the interwar period and a cornerstone in the process that led to the establishment of the Danish welfare state. The Social Reform Act of 1933 that laid the foundation for the development of welfare state institutions was a compromise between the Social Democratic and the Liberal Party. Part of this compromise was an *association-based* model of social housing, originating in the cooperative movement that was a unifying democratic institution in the modernization of Danish society (Richman, 1995). As a result, unlike many other European welfare states, social housing has never been owned by the state or state agencies in Denmark but by cooperatives and non-profit housing associations that balance between the market and the state and guard a collectively owned common good .

The Scandinavian countries adopted a universal welfare model, which means that welfare benefits, including access to affordable housing, are for all citizens regardless of their economic situation. There is no separate housing market for social housing, but there is a notion of a fair price (cf. Thompson, 1971), and the state provides correctives to the general housing market, e.g. through rent regulation (Bengtsson, 2001). This also implies a recognition that all types of tenure are subsidized one way or another by the state,[1] and that state, market and third sector housing associations are imbricated. Approximately 20% of all dwellings in Denmark are owned by non-profit social housing associations, 7% by private housing cooperatives (the subject of this article), 15% by private landlords and 58% by owner-occupiers (Kristensen, 2007). In the city of Copenhagen, one third of all housing is owned by private housing cooperatives.

Housing cooperatives are a form of 'collective private property' (Larsen and Hansen, 2015) between rental and owner-occupied housing. In 1975, tenants received a collective right of first refusal when private landlords put their rental estates up for sale. If the majority of tenants form a housing cooperative, they can buy the estate at the market price[2] on the same terms as any other buyer and take over their estate as a cooperative. The estate's purchase is financed by members' deposits (which, in turn, secure them shares in the cooperative) and a collective mortgage loan taken out by the housing cooperative as a legal entity. The members pay off their collective mortgage through monthly housing fees that also cover interest and the management and upkeep of the building. This represents a kind of collectivization of private property, but is not without social consequences for the old working-class neighbourhoods where the estates were typically located. The remaining tenants, if there are any, continue as tenants in the housing cooperatives, with the same rights and rent payments, but, when they move out, their apartments are turned into cooperative apartments and sold to new cooperative members. Tenants who join the cooperative are no longer eligible for rent allowance from the municipality, and the value of their share can be offset against their pensions, so the most vulnerable citizens often do not join the cooperatives.

This has over the years led to a 'gentle gentrification' (Larsen and Hansen, 2008) of the old working-class neighbourhoods in Copenhagen.

Though cooperatives have been an active part of processes of urban renewal and gentrification since the 1970s, with new groups of citizens, particularly students, moving to the de-industrializing cities, they also build principles of democratic participation and self-organization. One of the characteristic features of housing cooperatives were work parties when the members got together to paint, build and clean up their buildings and yards, to save money and to build an egalitarian sense of community that cuts across social classes and social hierarchies. Participating in a work party is an activity that not only symbolizes helping out one's neighbours in the cooperative but also signals an attitude toward participating in society at large (Bruun, 2011). Housing cooperatives, with their ideals of collective living and the cooperative ideology, function as a model of, and model for, modern Danish welfare society and national identity, though many of my informants at times found it quite claustrophobic to live in a cooperative being watched over by their neighbours. The moral economy of Danish housing cooperatives thus echoes the larger political economy of housing in Danish society as they take care of a valuable housing good and perform ideals of democratic and egalitarian citizenship. They also make space for local cooperative members' life projects, plans to secure their kin and individual acquisition, but are balanced against the long-term reproduction of the collective and its moral order (cf. Parry and Bloch, 1989).

Housing cooperative members meet once a year at the general assembly, the highest authority of each housing cooperative, where all members have a vote, the executive board is elected, and the accounts and the budget are adopted. At the general assembly, members settle on the price of shares in their cooperative, the *andelskrone* named after the Danish currency the Crown (*krone*). The *andelskrone* is a development index of the members' pro rata shares of the whole cooperative and relates to the original deposits at the time of the cooperative's incorporation. The *andelskrone* embodies the value of the cooperatives in a double sense: The compound term points to two aspects of value, the cooperative community (*andel-*) and the exchange value (*-krone*, which is the name of the Danish currency). The *andelskrone* thus reflects the 'two sides of the coin' (Hart, 1986): It is simultaneously the product of political authority and the specification of value for exchange.

In the 1980s and 1990s, most housing cooperatives used the original purchase price of their building or the comparatively low public valuations to calculate the *andelskrone* and share prices, in line with the original non-profit ideology of cooperative housing. When cooperative members, usually those who were planning to sell their shares and move out, proposed to raise the prices, a majority in the general assembly argued that 'cooperatives should offer affordable dwellings for all' and voted against this on the basis of the cooperative ideology. With the rising property prices in Copenhagen at the end of the 1990s, more and more members suggested using the market value of the property as assessed by a real estate

appraiser. Yet, as long as only those who moved out of the cooperative could realize some capital gains, other members had no economic interest in higher share prices. Another mechanism that kept share prices below market value was the fact that new members were often recruited among existing members' friends and kin, a nepotism for which cooperatives were regularly criticized. These mechanisms were effectively dismantled by neoliberal reforms introduced in the 2000s.

Neoliberalization of the cooperative housing commons

A Liberal-Conservative government came to power in 2001 and presented its new housing policy as a 'reduction of the state's role in housing provision' (Regeringen, 2002). This way of introducing political reforms point to an important contradiction inherent in neoliberalism: 'Neoliberal reform "arrives" through state institutions yet as a commitment to dismantling the state in some respects (by delegation, deregulation, and privatization in particular)' (Greenhouse, 2010: 5).

One of the programme's objectives was the market orientation of cooperative housing that included allowing members to take out mortgages to buy their individual shares in the cooperative. Cooperative associations should no longer be able to forbid their members to borrow against their individual shares. The original 'mortgaging ban' that associations could impose on their members was lifted in 2005. This, presumably small amendment to the Cooperative Housing Act, caused little debate in the Danish parliament, but had enormous repercussions in the housing cooperatives: Now it was no longer only those members who wanted to sell their shares and move out who got advantages of high property valuations, but also those who wanted to stay in the cooperative and could borrow money from the bank against their share. Moreover, new members could obtain a cooperative apartment by borrowing against their share. This meant that they had two mortgages: A collective mortgage together with the whole cooperative and a mortgage on their private share. Share prices rose tremendously, and cooperative property was effectively transformed from an illiquid, spatially fixed housing wealth held collectively by a community to a liquid security for individual members (cf. Gotham, 2012).

Moreover, interest-only loans were introduced for homeowners, including housing cooperatives as legal entities in 2003. This means that cooperatives can defer payments on their collective mortgage loans up to 10 years, and the monthly fees that the members pay are no longer used to bring down the loan but to pay for interest. Before 2003, mortgage loans in Denmark were based on repayments over 30 years and cooperatives would therefore accumulate wealth by paying their collective loans. Cooperatives that had existed since the 1920s, or were incorporated in the 1970s and 1980s, were more or less debt-free, unless they had refinanced their 30-year mortgage loans to raise money for building improvements. The older cooperatives were thus guardians of real wealth that generations of cooperative members had saved up.

Since 2003, however, many of these older, affluent cooperatives began to think about their community economies in financial terms and take interest-only loans for new renovations or just to keep their monthly payments down. Housing cooperatives were seen as broader investments before financialization turned them into capital assets. They were a base and security for the future, but not in financialized terms. Cooperatives represented a collective housing good in Danish society and, ideally, secured affordable dwellings for all citizens, even if new members in many cooperatives were in fact not recruited from all layers of society but primarily among the members' kin and acquaintances. Moreover, cooperative property was an investment in the local community, and members could also pass on their apartments to their children, if they chose to live in the cooperative, and in this way, they could secure their kin's future. With new opportunities to restructure their community economies, however, the nature of these broader investment possibilities was displaced by a more singular instrumental end. Via individual loans against the shares, capital became liquid and mobile and could be invested elsewhere than in the cooperative's property itself.

In one cooperative, that had to finance a large renovation of their roof and façade, a member of the board argued for interest-only loans in front of the general assembly in the following way:

> [The renovation] is a long-term investment in our property that many of the future residents will benefit from. Therefore, it would not be fair if only we who live in the cooperative today have to pay for it and therefore we think it is all right to take interest-only loans for some years (. . .) Then we can see in some years' time if we have become richer and can start to make payments on the loan.

If property is defined as relationships between people through things (Hann, 1998), the range of different relationships that cooperative property express changed during these years. The financialization of cooperative property severs the relationships between present cooperative members and creates potential relationships with imagined wealthy future members. It also eliminates the possibility for cooperatives to provide affordable dwellings for all. New significant relationships are those between cooperative members, banks, financial and legal advisers who now play a prominent role in the day-to-day management of cooperatives and the decisions made at general assemblies.

In the older, affluent cooperatives, the mechanisms that kept share prices down were undermined. As one chairman of a housing cooperative explained to me:

> If we now kept the prices of cooperative shares [*andele*] really low, this does not preclude the possibility that people at the next general assembly will decide to raise the prices. We cannot decide a principle today that 100 years from now the *andelskrone* must be 80 percent of the public property valuation in order to ensure cheap dwellings in Copenhagen. And if we have cheap apartments here and sell our

> apartments cheap, it will be difficult for people to get on in the system. It would be to bond people to this place.

The bond (*stavnsbåndet*) was a serfdom-like institution that existed in Denmark in the 18th century and bonded men between the ages of 14 and 36 to live on the estates where they were born, similar to tied accommodation in rural England after the Enclosure Acts. Many members of cooperatives used this metaphor of the bond to argue for raising share prices in their cooperatives. Thus, neoliberal policies that aimed to make cooperatives' capital liquid had a powerful discursive parallel in the popular metaphor of 'abolishing the bond'. Just as one of the distinct logics of capital accumulation is the tendency of capital to eliminate spatial and temporal barriers to the realization of exchange value (Marx in Gotham, 2012: 25), so the opportunity to mortgage individual shares eliminated those barriers in the cooperatives, and cooperative housing apartments became mobile capital.

When it came to financing new cooperatives, major changes arrived in 2003 too. Due to the general appreciation of the housing market, the purchase prices of housing estates were very high, and new cooperatives bought their properties at inflated prices that later collapsed. Cooperatives as legal entities and collective owners could borrow up to 80% of their property's appraised value as a mortgage loan to finance the purchase and raise the remaining 20% through ordinary bank loans that banks were more than willing to give in the mid-2000s. In this way, new cooperatives were established based on precarious calculations, but nobody realized the risks, as leverage and booming markets was the order of the day in the early 2000s.

Establishing a cooperative in 2006: Money in the pocket

Dorte's estate is located in a deprived neighbourhood in Copenhagen called 'Nordvest' (Northwest), as it lies northwest of the city centre. In the mid-2000s, the neighbourhood was not yet affected by 'gentle gentrification', but nicknamed 'Nordværst' (North*worst*), implying that it was the city's worst neighbourhood. Ironically, the estate and the area around it were originally planned and constructed in the 1930s as a progressive family-orientated working-class neighbourhood based on the planning philosophy 'from cradle to grave'. The area offered a kindergarten, a school, apartments of different sizes for different life stages, workplaces and shops, a nursing home for the old, and even a crematorium and a graveyard, so that the inhabitants could stay in the same area their whole lives (and after). The estate's rectangular red-brick construction, built around an open courtyard, was large and airy compared to the damp and dark tenement blocks that dominated the city back then.

In the 1980s and 1990s, Nordvest absorbed many of the city's social problems related to unemployment, alcohol and drugs when other districts went through large-scale urban regeneration programmes and tenants were rehoused in Nordvest. The municipality stopped investing in the properties, allocated

apartments to homeless people and cash welfare recipients, and the estate became known as the Danish equivalent of a British sink estate characterized by economic and social deprivation. Young people in search of affordable housing could 'always find an apartment here', my fieldwork informants told me, including students who came to the city from other parts of the country like Dorte.

When I met Dorte for the first time in 2008, she recalled that one of the reasons why the tenants wanted to form a cooperative was because they wanted to create a sense of community and local solidarity in the old estate:

> One of the things I thought about when we founded our housing cooperative was that it might lead to more social cohesion out here. Because this [the lack of cohesion] was problematic. There was no sense of community here at all. It has become better now, and it is a large apartment block, but [the cohesion and the sense of community] is still not like it is in small cooperative associations.

Housing cooperatives were known for 'community' among their members, and, during the first years of the cooperative's existence, traditions like work parties and commons meals did indeed bring about a stronger sense of community. Yet, as reflected in the epigraph above, Dorte and others also counted on making a profit from becoming members of the new cooperative. Such contradictory aspirations are integral to the moral economy of cooperative housing; it was never just a matter of altruism but of providing housing for members who also wanted to make a life for themselves and their families. With financialization, however, members' hopes were inflated during the housing market's 'bull' period. The previously small profits that members could make when they sold their cooperative apartments turned into large profits, and the cooperatives as collectives simply became stepping stones in this process.

In 2005, a property administration company had contacted the tenants' association and offered its services in setting up the cooperative. According to the company's financing model based on the deferred payments of an interest-only mortgage loan, the tenants would not have to put down any money up front, but could exchange funds from their mandatory saving accounts for shares in the new cooperative. The cooperative would be incorporated in January 2006, and already at the cooperative's first general assembly, the same year (they said) the cooperative could raise their share prices and the members' shares would multiply. Dorte told me that she had calculated that it would always pay to join the cooperative. It was a mystery to her why some of her neighbours chose not to join the cooperative but stay in the building as tenants: 'Are they unable to understand the most basic economic mechanisms?' she asked me repeatedly, 'They can get money right in their pocket'.

A quick equity

Most of the tenants decided, after all, to join the cooperative. Ken was in his 50s when the cooperative was incorporated and he became a member. When I met him

in 2008, he worked as a social worker and expressed strong opinions on the government's and municipality's lack of 'a real social housing policy'. He also criticized his cooperative for having become 'a new stock market' where the members speculated on rising housing prices, and he told me that many of the old tenants had got into trouble by mortgaging their shares:

> I know many of the old toughs out here. Some of them thought 'I can get a quick equity' and went to the bank and mortgaged their cooperative share and lived on the fat of the loan in the local pub for some time. [He laughed] And now they owe the bank 400,000 DKK (appr. 60,000 USD). They are the losers of the housing lottery, and housing should not be a lottery; having a home is way too important for that.

A local social worker confirmed to me that some substance users became cooperative members when new cooperatives were incorporated in the neighbourhood and subsequently lost their apartments and ended up homeless, because they failed to pay their fees to the cooperative or defaulted on the loan borrowed against their share.

Later, in the same conversation, Ken told me that since he could not prevent his cooperative becoming a new stock market, he figured he might as well join in. At that time everyone was talking about home equity (cf. Sj⊘rslev, 2012), and Ken wanted to partake in equity-based consumption and a middle-class lifestyle. For the money he borrowed against his cooperative share, he and his wife celebrated their wedding and went on holidays abroad. He recalled how eager the banks were to lend him the money: 'You just went on the internet and wrote the bank such and such, and then you received an answer within five minutes that, sure, they agreed and asked you to come down to the bank for a personal meeting'.

Affective hedging

Laura and Morten belong to the 'new generation' that moved in after the estate became a cooperative. They bought their share from the cooperative when an old tenant moved out. They do not remember if she died or just moved to a residential home, but they know she had lived in the apartment for many years, because the old cupboards in the kitchen were still intact. Laura and Morten were looking for a place in the city they could afford and where they could start a family as soon as they had finished university. They had mortgaged their share when they bought the apartment in 2006 and borrowed the down payment from Morten's parents. Two years after they moved in they had their first child. They were happy that more and more young families had moved into the cooperative in the last couple of years. Morten became a member of the cooperative's board, because he wanted to learn about the process of setting up a cooperative.

When the cooperative was founded, an overall renovations plan for the building envisaged that a new roof would be needed within the next decade. This meant that the cooperative would have to take a supplementary bank loan, but, with the

financial crisis in 2008, this became practically impossible, because the cooperative was no longer credit worthy. A new appraisal in 2009 showed that the cooperative's liabilities by far exceeded its assets. The property had been bought at an inflated price in 2006, and its value was now 15–22 million USD lower. In the autumn of 2009, the board had to call for an emergency general assembly to inform all members about the financial situation. The share prices were set at 10 times less than those of the previous year, and the members' monthly fees increased to pay for the rising mortgage interest. New cooperative members like Laura and Morten who had bought their shares at the peak of the market were now technically insolvent.

When I visited Laura and Morten in 2011, they had postponed their plans to have another child, because they could not afford a larger apartment and would suffer a large loss if they sold their apartment now. Ironically, Laura used the same metaphor that so many members of older cooperatives had used to argue for raising share prices, namely that they were stuck and 'bonded' in their cooperative. They were happy that they had good jobs and expected further salary raises in the future.

> It is much worse for those people in our cooperative who are unemployed or live off a pension that does not increase. They may have counted on staying in their apartment and cannot afford any further rises of the monthly fees which will surely come.

Laura and Morten concluded that they had no regrets when they looked back on their decision to buy the cooperative apartment, because there was no way they could have foreseen their present problems:

> *Laura*: The whole understanding of housing cooperatives was that it was not a risky thing.
> *Morten*: I had seen the cooperative's annual reports and noticed that it was an interest-only loan with deferred repayments, but I thought: 'Things will turn out fine'. And that we had to run the risk of rent increase because there was a great demand for apartments at that time, so we did not have so many other options.

Like Laura and Morten, most members of housing cooperatives in Copenhagen saw cooperatives as bulwarks against the housing market and a safe way to enter the housing market, because they thought the collective hedges its members against the market's risks and fluctuations. However, as the story of their cooperative testifies, this kind of affective hedging only worked before the financialization of cooperatives. Housing cooperatives that have turned their base into a financialized asset depend on the swings of the market and no longer function as bulwarks against it.

Sustaining losses

In 2011, many members' earlier hopes of what the establishment of a cooperative would bring them have been dashed. Dorte was disillusioned with the cooperative's

inability to bring people closer together: 'It was utopian to think that we could achieve social cohesion with so many people'. She told me that the last work party was held in 2009. A large number of cooperative members did not live in the building anymore but were subletting their apartments, and none of these sub-tenants showed up for the work parties, so they decided to cancel them.

> When I look back on the whole process, I should have been more suspicious. 'If so many vote for this, we can sell our shares at a higher price'. That alone should have set the alarm bells ringing! But the mortgage bank assessed the building at the same high valuation as the real estate appraiser. That was the reason we could borrow the whole purchase price. (...)
>
> Maybe I had just hoped that at least I would get the economic profit that was held out as a prospect. I must conclude that we have been seduced into something by our own greed. I have calculated that I have lost around 240,000 DKK (appr. 36,000 USD) in these five and a half years if I don't get back the money I paid for the share and count the extra monthly fees I paid. All this money went to the property administration company and the mortgage bank.

Dorte tried to sell her cooperative apartment, but a real estate agent told her that there was 'no market for this kind of cooperative housing'. Finally, she found a buyer, but she described him as a 'deeply criminal type' who wanted to pay for the share in cash. However, she could not be picky and was happy just to get rid of it. For her, the building had gone full circle and was now becoming like the old sink estate again, just that people had shares in the building, shares that they would eventually have to give away for free, while the cooperative, effectively, rented the building from the mortgage bank.

By 2016, the whole cooperative was declared technically insolvent. It owed approximately 12,000,000 USD more to the mortgage bank than the building was worth. The inspection report said that the roof had passed its 'technological lifetime' (70 years for a tiled roof), so the roof was living on credit too. Ken no longer lived on the estate. He had divorced and left the cooperative and the city. He still owed the bank a lot of money (he didn't want to say how much), and even though he would only get a nominal price for the share he would still be liable for the loan.

Conclusion

When Dorte and her fellow tenants established their cooperative in 2006, they thought they would continue the historical ethos of cooperatives, the long tradition of housing cooperatives providing affordable housing and secure tenure for ordinary citizens, and build a strong community economy, member solidarity and local democracy. And, on top of that, as a new feature of cooperatives in a booming housing market, they thought that they would also earn individual profits to fulfil

personal dreams and life projects, such as buying a house and starting a family in Dorte's case. But financialization has transformed the moral economy of housing cooperatives. As a consequence, some of the central features of cooperative housing are disappearing: There are fewer work parties, and instead of bringing down collective mortgages, making savings for the future and thus investing in the collective wealth, cooperatives are taking out loans and general assemblies are increasingly bound to these loans. In many cooperatives, leaking roofs and neglected façades testify that the material structures of the communities' base are being undermined and that what should be the base of thriving, historically even wealthy housing communities, has been debased. This is particularly clear in cooperatives like Dorte's cooperative that was incorporated at a precarious moment, but is also true for already-existing cooperatives which became mortgaged. Although there are still many well-functioning cooperatives, financialization poses a fundamental challenge to the moral economy of cooperatives in general. If local communities do not invest in the long-term reproduction of affordable housing the collective housing good that was safeguarded by cooperatives is undermined. The financialization of cooperatives thus reaches further than the fragmentation and anxieties within the local communities when their property values plunge; the total moral economy of housing in modern Danish welfare society and the association-based model for social housing are destabilized.

In economic theory, debasement refers to the practice of lowering the value of currency, e.g. gold or silver coins where the quantity of the precious metal is reduced. Similarly, the *andelskrone* in housing cooperatives is debased, and the materials and activities that make up the value of cooperatives' base are not preserved for the future. Financialization has changed the members' time frames for broader investments in the cooperatives preventing them from accumulating collective wealth and reproducing their base. In this way, financialization processes consume the base on which they rely. If cooperatives are seen as an index for the modern Danish welfare society, the horror of the story of their collapse is the symbolic implication that the same is in store for Denmark.

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Notes

1. Private homeownership is indirectly subsidized too through tax reliefs on housing mortgage interest payments.
2. One of the major problems, especially during the housing bubble, is how such 'market prices' are determined. It can be discussed from the perspective of the sociology of markets (Callon, 1998), what 'the market for housing estates' is and how it is performed, particularly during the overheated years of the housing bubble, abound in investment capital.

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Author Biography

Maja Hojer Bruun is Associate Professor of Anthropology at Aalborg University, Denmark. Her main research interests concern housing and urban development, political economy, welfare societal institutions and organizations, and science and technology studies. She recently edited the volume *Contested Property Claims: What Disagreement Tells Us About Ownership* (Routledge 2018, Social Justice Series).