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## **Applying path dependence perspectives in housing studies**

### **ó review and discussion**

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Paper presented at the ENHR International Research Conference *Changing Housing Markets: Integration and Segmentation*, Prague, 28 Juneó1 July 2009

## Perspectives in housing studies

Bo Bengtsson

### Abstract

*Perspectives of path dependence have received growing attention in the social sciences. The general idea is that if, at some critical juncture, the development takes one direction instead of another, some, otherwise feasible, alternatives will be difficult to reach at a later point. The paper gives an overview of applications of path dependence perspectives in housing studies. Housing has rarely been analysed in this perspective, despite the intrinsic sluggishness of housing provision. The main exception is a comparative study of the housing regimes of five Nordic countries. Other studies have been framed in terms of path dependence, though few explicitly identify and specify the nature of the critical junctures, or analyse the historical mechanisms at work. The paper ends up with a discussion about how an application of path dependence perspectives could contribute to our understanding of housing provision in general and the development of social housing regimes in particular.*

### Path dependence of the strong and the weak version

During the last decades the concept and the perspective of *path dependence* has been given growing attention in historically oriented social studies. Path dependence is often seen as the basic causal mechanism in historical versions of institutional theory (e.g. David 1985, 2007; North 1990; Putnam 1993; Hall & Taylor 1996; Sewell 1996, 2005; Thelen 1999; Mahoney 2000; Pierson 2004). The general idea is that if, at a certain point in time, the historical development takes one direction instead of another, some, otherwise feasible, alternative paths will be closed or at least difficult to reach at a later point. This can be analysed either as *self-reinforcing* or *reactive* sequences (Mahoney 2000: 508-509).

Critics of path dependence often claim that the concept is rather empty and says nothing more than 'history matters'. To avoid this criticism some authors claim that the concept should be defined rather strictly as something like 'historical sequences in which *contingent* events set into motion institutional patterns or event chains that have *deterministic* properties' (Mahoney 2000: 507-508; my italics). Such a strong definition, however, risks falling into another trap; since deterministic causation can seldom be claimed in the social sciences, the concept would be difficult to apply to analysis based on explicitly or implicitly on social action.<sup>1</sup> A weaker definition would see path dependence as a *historical pattern* where one event, which is *more or less* contingent, *considerably changes the probability* of subsequent alternative events or outcomes. This weak concept of path dependence would transform the demarcation line between contingency and determinacy into a matter of degrees (cf. Crouch & Farrell 2004).

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<sup>1</sup> Actors with intentions can be assumed to follow some logic of meaningful action which may be more or less rational. This means that the behaviour of political actors is to some extent explicable in terms of bounded rational action, though seldom in the formal terms of deterministic, probabilistic or contingent (cf. Somerville & Bengtsson 2002 and Bengtsson & Somerville 2002 for a discussion on social analysis based on a perspective of contextualised rational action). It is true that Mahoney only speaks of deterministic *properties*, but it remains unclear whether this makes his definition more applicable.

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history matters? The answer is yes, but that does not necessarily make the concept empty. In order to avoid this, path dependence in a social science context should be defined as an *analytical perspective*, and more specifically as a *historical pattern* where a certain outcome can be traced back to a particular set of events *on the basis of empirical observation and guided by some social theory*. Path dependence would then be a particular form of analysis that focuses historical events and specifies in theoretical terms the elements that build up the path between those events. It assumes that history matters but the empirical challenge is not to prove this general assumption (which is probably always true) but to identify in what respect and via what type of mechanisms history matters in a certain context.<sup>3</sup>

In an actor-based historical analysis the typical case of path dependence is where actors more or less deliberately design institutions at point (or points) A, institutions which at a later point B set the rules of the political game between the same or other actors.<sup>4</sup> In retrospect, the historical development can be perceived as an ongoing and self-reinforcing chain of games between actors, institutional change, new games, new institutions, etc.

The mechanisms of path dependence that have been suggested in the literature may be summarised as efficiency, legitimacy and power. This means that the (relatively) contingent events at point A would make some alternatives appear to be either more efficient, more legitimate or more powerful at point B. The *efficiency mechanism* of path dependence has to do with the coordinating capacity of established institutions and the transactions costs of changing them (cf. North 1990; Hall & Taylor 1996: 945; Pierson 2000). The *legitimacy mechanism* may influence either what political actors themselves see as legitimate or their perceptions of what is legitimate in the society at large. Correspondingly the *power mechanism* may affect either actors' own power or their perceptions of power relations in the larger society. The power mechanism may also have an impact on which actors are allowed to take part in the decision-making at point B (cf. Thelen 1999: 394-396).

One way to elaborate on the power mechanism is to apply Steven Lukes' well-known 'three faces of power' (Lukes 1974), and distinguish between different *forms* of power-based path dependence. Earlier more contingent events at point A may at point B have an effect on either (1) *decision-making* (actors choose other alternatives due to what happened at point A), (2) *agenda-setting* (other alternatives come up on the political agenda at point B due to what happened at point A) or (3) *perceptions* (other alternatives are conceivable to actors at point B due to what happened at point A).

## Path dependence and housing – some general conditions

As mentioned the application of path dependence perspectives in social science has increased considerable in recent years. In housing studies the general idea that history matters has

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<sup>2</sup> Sewell simply defines path dependence as a process where 'that what happened at an earlier point in time will affect the outcomes of a sequence of events occurring at a later point in time' (Sewell 1996: 262-263; Sewell 2005: 100-101). Even if there is general acceptance that history matters in social and economic phenomena this does not always entail that the historical nature of social phenomena would be taken seriously in the analysis. To Sewell path dependence is only one of several elements in his quest for an 'eventful' historical sociology.

<sup>3</sup> This approach would also take care of another line of critique against path dependence analysis, that a theory based on determinism has problems with explaining change (e.g. Thelen 1999).

<sup>4</sup> As Kay (2005) points out, not only new institutions but public policies can have this 'institutionalising' effect on future decision-making.

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er, analyses of housing framed in the explicit terms of This is somewhat surprising; considering the specific conditions of housing provision, it seems particularly fruitful to analyse precisely housing institutions and policy in those terms.

First, a well known characteristic of housing provision is related to the longevity and physical sluggishness of the housing stock per se, often discussed by economists as the peculiarities of housing markets (Stahl 1985; Arnott 1987). Since housing estates have an average lifetime of 50 years or more, only a marginal percentage of the stock is replaced by new production in a certain year. Because of this, political measures aimed at affecting new construction normally have their full impact on the supply of housing and on the urban structure in general only in the very long run. This would in itself serve as an obstacle to policy change, which can be seen as a structural example of the *efficiency mechanism* of path dependence.<sup>6</sup>

There is also a counterpart on the demand side to the physical sluggishness of housing provision, i.e. the social importance of dwelling and the high emotional, social and cultural transaction costs or *attachment costs* (Dynarski 1986) related to a household's transfer from one dwelling in one housing area to another. There are also non-economic constraints in the housing markets, such as conditions for access from politically defined norms of eligibility to individual and structural discrimination. Together such mechanisms could be they based on economy, legitimacy or power could add to the continuity of housing provision.

Second, housing policy in the Western countries can be perceived as *the state providing correctives to the housing market*. This means that market contracts serve as the main mechanism for distributing housing, while state intervention in the housing sector has the particular form of correctives, defining the economic and institutional setting of those market contracts (cf. Bengtsson 2001; Oxley and Smith 1996: 263, make a similar observation).<sup>7</sup> In principle housing is distributed by means of *voluntary contracts* between buyer and seller, between landlord and tenant, and so forth. Housing is perceived as an *individual good*, which, as far as possible, should be distributed in accordance with individual consumer preferences. In a policy field based on market distribution the main institutions are those that define the rules of the game in that market, in housing crucially *tenure forms* and other types of market regulations, including non-profit organisations acting in the market.<sup>8</sup>

In their capacity as market regulations, housing tenures define the rights of exchange and possession that are fundamental to a capitalist economy. Even if there are no formal or technical constraints against changing such rules virtually overnight, political self-restraint may be expected, e.g. avoiding to force through major changes with the support of only a

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<sup>5</sup> In particular the work by Peter Malpass on the history of British housing provision should be mentioned here (e.g. Malpass 2000, 2005). In a recent article Malpass stresses how history can help to explain current differences (and similarities) in (social) housing provision, in terms of the size of the social sector, its trajectory to change (growth or decline), organisational forms, methods of financing and role in the housing system as a whole (Malpass 2008: 15616), i.e. some of the key question of path dependence applied to housing.

<sup>6</sup> This form of sluggishness is of course physical and technical rather than institutional, but it has institutional implications as well.

<sup>7</sup> Cf. also Ulf Torgersen's idea about housing as 'the wobbly pillar under the welfare state' i.e. without clear standards, responsible state institutions or well-defined rights to take legal action for recipients (Torgersen 1987: 1166118).

<sup>8</sup> See Ruonavaara 1992 for a discussion on types and forms of tenure. 'Housing tenures are institutions, sets of practices that regulate a particular field of human action and interaction' (Ruonavaara 2005: 214).

ould be an example of the *legitimacy mechanism* of

Third, the fact that housing is ultimately distributed in the market may also work as a constraint to political change. E.g. for a new housing tenure to be successful it is not enough that it is supported by politicians and voters; consumers must also be prepared to pay for it in the housing market and producers to supply it. This can be seen as a variant of the *power mechanism* of path dependence.

These specific peculiarities of housing provision, combined with the three general mechanisms of efficiency, legitimacy and power, should make housing policy more path dependent than most other policy fields. Nevertheless applications in this field have so far been scarce. The following discussion takes its point of departure from a recent project where the housing regimes of the five Nordic countries Denmark, Sweden, Norway, Finland and Iceland were compared in a historical perspective.<sup>10</sup>

### Tracing path dependence in housing – a note on methodology

Three central elements of actor-based path dependence analysis are (1) the event or events at point or points A, where the historical path is –chosen– often defined as –critical junctures– (Collier & Collier 1991; Hall & Taylor 1996); (2) the decision-making process at point B, where the effects of the choice at point A become visible (called –focus points– in the Nordic project; and (3) the mechanism or mechanisms that explain the effects of the event at point A on the decision-making situation at point B. The logical way to identify these elements is to –write history backwards– starting at point B, which would typically be an important and visible political decision-making process. If we find that some, otherwise plausible, alternatives were not chosen or even considered at this point, this would be an indication both of where to find the previous point or points A and of what type of mechanism is at work between the two events.

*Counterfactual analysis* is an important element in a perspective of path dependence. What alternative development would have been possible at point B, if the event at point A had never occurred? The Nordic project included counterfactual analysis on two different levels. First, the individual links in the historical chains – the decision-making processes – were analysed counterfactually making use of records of the political discourse and interaction. Second, the counterfactual analysis of the overall development of the housing regime in one country was carried out by using the development in the other countries as contrasting relief. When and why were alternative strategies –discarded– that might have lead to a development closer to the housing regimes of the other countries? Did these alternatives at some point of time enter the political agenda, or were they even perceived of? This combination of process tracing and counterfactual comparison proved to be a fruitful method to analyse historical

<sup>9</sup> Another aspect of this mechanism is that the longevity of housing estates provides unique prerequisites of long-term financing, which in turn means that banks and other financial institutions have a strong interest in fixed and predictable rules.

<sup>10</sup> The results of the study are presented in a book in Swedish (Bengtsson et al. 2006; cf. Bengtsson 2008 for a very short version in English). Results from the study have also been presented in English in Annaniassen 2008, Bengtsson 2004 and Ruonavaara 2008. Results from the study have been presented in English in Annaniassen 2008; Bengtsson 2004, 2008; Ruonavaara 2008 and indirectly in Nielsen 2008. In the aftermath of that project a workshop on –Historical perspectives and path dependence in housing– was organised at the ENHR Conference in Dublin 2008, and the journal *Housing, Theory and Society* is planning a special issue on path dependence in housing in 2009.



policy, and the approach should be fruitful in the study  
ll.<sup>11</sup>

Another methodological tool used in the Nordic comparison was a chronological model with four historical phases of housing provision. An *establishment phase* with limited housing reforms in response to the early urbanisation, a *construction phase* with comprehensive and institutionalised housing policies aimed at getting rid of housing shortage, a *management phase* where the more urgent housing needs had been saturated and a *retrenchment phase* with diminishing state engagement in housing provision (cf. Jensen 1995: 229-230). The phase model was used to organise the material into periods, but, more importantly, it helped to identify structural challenges to the housing regimes in the transition from one phase to the next, which gives it some general validity for analysis of housing history.<sup>12</sup>

### Why so different? A comparison between five Nordic housing regimes

The point of departure for the Nordic project was the remarkable differences between the national systems of housing provision in the five countries. Though housing policy in all the five countries has been social in the meaning that an important goal has been to provide decent housing to households of lesser means, the institutional arrangements chosen to achieve this goal differ fundamentally.

In *Denmark* housing policy has been primarily directed towards rental housing, in particular in estates owned and managed by public housing associations, organised in small self-governed units where local tenants have a high degree of self-management, so-called resident democracy. In *Sweden* housing policy has also been implemented primarily by means of rental housing owned and managed by public housing companies, though, in contrast to their Danish counterparts, these companies are controlled by the local municipalities. Sweden also, together with Norway, has the largest share of co-operative housing in Europe. In *Norway* housing policy has been mainly based on individual and co-operative ownership, there are few professional landlords, and the social rental sector represents only a marginal percentage of the total stock. In *Iceland* too, owner-occupation has been used as a housing policy instrument, though in this case including strong elements of individual self build. In *Finland*, finally, housing policy has not been directed at any particular form of tenure, and state

<sup>11</sup> It should be pointed out that an analysis in a perspective of weak path dependence does not rule out explanations in terms of structure, ideology, traditions, party politics etc.; such factors may even be necessary conditions for a certain development. This type of general macro explanations are, however, notoriously difficult to drive home convincingly, and the point of departure of the Nordic comparison was rather that the five countries studied are very much alike in these respects. So it seems well justified to look for more contextual and contingent explanations in terms of weak path dependence, in particular since macro differences between countries can be expected to be visible in the form of preferences in an actor-based historical analysis.

<sup>12</sup> The same phase model (only with somewhat different terms) is used in a historical comparison between housing provision in four Nordic countries and the Baltic countries Estonia, Latvia and Lithuania (Holt-Jensen & Pollock 2009). Lévy-Vroelant, Reinprecht & Wassenberg (2008), who compare the history of social housing in Austria, France and the Netherlands, suggest five phases, dividing the establishment phase into three (origins, municipal commitment and great depression) and merging the management and retrenchment phases into one, individualisation and fragmentation. Another phase model based not on specific conditions of housing provision but on general stages of capitalism is suggested by Harloe (1995), who makes a distinction between the phases of liberal capitalism (from the emergence of industrialism to the economic recession in the 1930s), welfare capitalism (from post World War II to the global economic crisis in the 1970s) and post-industrialism. As Malpass points out most writers seem to agree that the mid-1970s represents a major turning-point in housing provision (Malpass 2008: 19). See also Lieberman 2001 for a general discussion on historical institutionalism and periodisation.

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means-testing, has been given to both rented housing and particular limited housing companies. Swedish, Danish and Norwegian housing policies have been described as 'universal' and directed towards all types of households and segments of the housing market. Finnish and Icelandic housing policies on the other hand are seen as 'selective' and oriented more directly towards households of lesser means and based to a large extent on individual means-testing.<sup>13</sup>

The huge differences between the housing regimes of five countries that share a number of similarities in other respects, cultural, economic and political, is truly a puzzle. We would rather expect some signs of convergence, in particular considering the collaboration and exchange of ideas that continuously takes place between Nordic politicians, bureaucrats and interest organisations. But the Nordic countries have retained their divergent housing regimes for at least 60 years by now.<sup>14</sup>

What is the solution to the puzzle of 'why so different'? Very briefly, in the formative period of the Nordic housing regimes, between the turn of the century 1900 and World War II, different solutions – more or less 'contingent' – were chosen in each country in order to deal with the specific, often local, housing problems that occurred at different points of time. When more comprehensive programmes of housing policy were introduced after the war, it was often seen as efficient (or even taken for granted) that the already existing, if still undeveloped, organisations and institutions should be utilized to implement the new programmes. With the massive production of new housing between 1950 and 1980, the respective national housing regimes were successively consolidated and institutionalised.<sup>15</sup>

In all Nordic countries housing provision has gone through the same historical phases of structural transformations due to industrialisation, wartime crises, mass construction, and subsequently maturation and privatisation. Some convergent developments might have been expected. Nevertheless, the differences have been remarkably persistent through the various challenges, the institutional changes that have taken place in each country have been incremental, and the new arrangements have retained distinct features of the preceding ones. This is true even in the cases where political actors have actually framed the reforms as 'system shifts'<sup>16</sup>

Counterfactual analysis gives further evidence of the strong path dependence in Nordic housing policy. Not since 1946, at the time of the post-war housing reforms, has there been or a plausible possibility in any of the five countries of 'importing' a housing regime similar to any of the other four. By that time, more precisely, the non-socialist parties in Denmark advocated a 'Finnish' system of selective support to both rental housing and owner-occupation, while in Iceland, in contrast, the parties to the left wanted to complement the support for owner-occupation by building social rental housing, which would also have led to

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<sup>13</sup> There are other interesting differences as well. In Denmark, Norway and Sweden, though not in Finland and Iceland, strong popular movement organisations have played a leading role in the provision of housing. Norway and Sweden have co-operative housing movements without comparison elsewhere, and Sweden also has a world unique tenant movement with an almost corporatist influence on the rental policy. In Denmark the national tenant movement is much weaker than its Swedish counterpart, but instead the democratic forms of local self-management in the public rental sector are unparalleled in Europe. This means that the powerful national umbrella organisation BL can claim to represent both the companies and their tenants.

<sup>14</sup> Kemeny & Lowe 1999 discuss convergence and divergence in housing.

<sup>15</sup> For the complete story (in Swedish) see Bengtsson et al. 2006.

<sup>16</sup> The exception is the institutional change that can be observed in Norway, where, beginning in the 1970s, the universal housing regime was successively transformed to what in practice is a selective system (cf. below).

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Over time there were discussions within the governing elites of a Norwegian system of socially oriented co-operative housing and supporters of the system based on rentals owned by municipal companies which was actually chosen. Even after that the other Nordic regimes have continued to be referred to as contrasting examples in housing debates, but the national regimes have grown so strong that no serious import attempts have been made (Bengtsson 2006: 3506355).<sup>17</sup>

Writing history backwards made it clear why apparently crucial housing policy reforms were so often seen as politically uncontroversial, except in details. It also helped explain why attempts to change fundamentally the housing regimes consistently come up against such strong resistance. It is true that the sluggishness of housing policy can be observed without the application of a perspective of path dependence, but identifying and analysing the chains of decision-making and institutionalisation gives a better understanding of the historical logic behind the development.<sup>18</sup>

Analysing the processes in terms of the three mechanisms of efficiency, legitimacy and power makes it possible to understand the basis of institutionalisation, and also the nature of the driving forces behind institutional change, as well as the obstacles against it. The analysis of the Nordic housing histories teaches us that the three mechanisms often work together and that it is not always easy to point out one of them as decisive. This could be observed in the build-up of the five housing regimes, in the successive breakdown of the Norwegian universal system, and in the resistance to the Danish and Swedish attempts to change the systems (cf. Jensen 2006a). Hence, exploring further the relation between the mechanisms further could well be a fruitful way towards developing the theory of path dependence both in housing and more generally.<sup>19</sup>

As mentioned Norway is the exception here, when, beginning in the 1970s, the universal housing regime was successively transformed to a selective system. This transformation did, however, largely take place behind the politicians' backs when the price control on co-operative dwellings was successively abolished due to strong market pressure from owner-occupation and unregulated co-operative dwellings (Annaniassen 2008). Since the development was a consequence of inherent contradictions in the Norwegian housing regime, this transformation may actually be seen as an example of reactive path-dependent sequences (Mahoney 2000: 5086509) or path-dependent change (Thelen 1999: 3946396).

When it comes to the three faces of path dependence it is interesting to observe the development over time. During the establishment phase, with its less far-reaching decisions, alternative solutions are often discussed explicitly. This is still true to some extent in the formative decision-making after World War II, even though the alternative paths that are now conceived as feasible are fewer. When we move further into the construction phase, the form of path dependence seems to change from favouring one alternative over another towards limiting the political agenda or even narrowing the perceptions of the decision-

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<sup>17</sup> Cf. Lipset and Rokkan's well-known thesis that the modern party systems have reflected political cleavages at the time of transition to democracy in different countries and continued to do so for decades after those cleavages had lost their political importance (Lipset & Rokkan 1967: 30, 50655).

<sup>18</sup> E.g. the legal and institutional obstacles to the recent attempts to launch market-oriented reforms in Sweden and Denmark can be traced back to the 1910s.

<sup>19</sup> In housing the mechanisms efficiency, legitimacy and power come in many forms, some of them of a general character and some directly related to the social and physical characteristics of housing provision.



ment phase. Even in the retrenchment phase, when governments go for system shifts, their proposals still lean heavily on the existing institutions and still meet with dogged resistance.

This pattern implies that the concepts of decision-making, agenda-setting and perceptual path dependence may be used to construct a ladder or *scale of institutionalisation*, with not perceived as the lowest level, via not on the agenda, on the agenda but decided against, on the agenda and decided in favour of, the only alternative on the agenda up to the only alternative perceived. Applying and refining such a ladder should be a fruitful development of path dependence theory.

## Other path dependence studies of housing regimes

As already indicated, so far only a few studies have been published that explicitly claim to apply path dependence analysis on housing. Even in these cases the term 'path dependence' is sometimes used only to indicate a general perspective of 'history matters' where previous norms, institutions or perceptions (or traces of them) have survived over a long time. Systematic analyses of critical junctures and discussions about the nature of different mechanisms of path dependence of the type attempted in the Nordic project are still seldom seen.<sup>20</sup>

Matznetter (2001) discusses social housing policy in Austria as an example of a conservative welfare state, in the terminology launched by Esping-Andersen (1990). Matznetter identifies the years after the reconstruction after World War II as a possible opening for a unified housing policy in Austria. However, the forces of tradition – through path dependence – led to a revitalization of the selective social and housing policies from before the Austro-Fascist takeover in 1934. While Matznetter, like the Nordic project, focuses on tenure and organisation (he is not explicit about mechanisms), Lawson (2008) bases her comparison between limited profit housing in Vienna and Zurich on 'coherence, crisis and adaptation' in terms of systems of property relations, financial investment relations and consumption relations, which may also be framed as path dependence mechanisms (cf. Lawson 2006).

Lévy-Vroelant, Reinprecht & Wassenberg (2008) interpret the history of social housing in Austria, France and the Netherlands through the combination of two complementary notions: path dependence and change. However, their conclusions are mainly presented in terms of change: The population living in social housing and their social milieus have changed, and so have the standards, needs and conceptions of good housing, as well as the relations between housing and the work force, the financing and the collective welfare or protection systems. Even though the authors claim that path dependence is still evident in the three countries it is difficult to identify how and why from their analysis.<sup>21</sup>

Holt-Jensen & Pollock (2009), discussing housing policy in the Nordic and Baltic countries, present a path dependence perspective, similar to the one used in the Nordic project. For the Nordic states the period 1946-48 is seen as the decisive critical juncture, whereas in the Baltic countries, not surprisingly, the decisions taken in the beginning of the 1990s, immediately

<sup>20</sup> The contributions to the special issue of *Housing, Theory and Society*, mentioned in footnote 10, will hopefully represent a new departure in this respect. These articles are, however, not referred to in this paper.

<sup>21</sup> Judging from the historical descriptions in the article the path dependence in this case seems to be embedded in the legal and social construction of tenures and other institutions – which would be consistent with the point of departure of the Nordic comparison.

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re awarded this denomination. At that point when  
ment were discarded, which is seen as crucial to  
subsequent incremental and minor changes in housing provision.

## Path dependence and change

As mentioned the strong determinist version of path dependence, recommended by Mahoney, makes change a paradox. Even in the weak version, where actors are assumed to have some room of manoeuvre, continuity is what is expected, and observed patterns of change are what needs an explanation, once development has set out on a certain path. Thelen points out that the mechanisms that explained stability should also be in focus when discussing consequent change: Different institutions rest on different foundations, and so the processes that are likely to disrupt them, will also be different, although predictable (Thelen 1999:21). In other words, when the mechanisms lose their strength the path that was once self-reinforcing may now turn into a cul-de-sac.

As mentioned an illustration to this is the remarkable decline, starting in the 1970s, of the Norwegian universal housing regime, which was based on a regulated cooperative tenure. Due to the, largely unintended, de facto subsidies to owner-occupation created under inflation from the rules of taxation and income deduction, tensions between cooperative tenant-owners and cooperative members queuing for a dwelling promoted a successive abolishing of the price control. This in turn finally undermined all possibilities for this tenure to serve as an efficient mainstay of a universal housing regime, and it also destroyed its legitimacy in this respect (Annaniassen 2006).

In Denmark, in contrast, the housing regime proved to be very resistant to the privatisation reforms launched in 2001 by a liberal-conservative government. Seven years after the introduction of a right to buy as regards social rented dwellings such transactions had been carried out for only 40 dwellings (Jensen 2006b; Gomez Nielsen 2008). However, Nielsen shows how in parallel other, less profiled, policy reforms have been slowly eroding the economic foundation of the social housing sector through (in the terms of Hacker 2004) drift, conversion and layering instead of elimination and replacement. Nielsen thus suggests a perspective of housing policy change within a generally path-dependent context (Nielsen 2008).

The tension between stability and change is the subject of the discourse on *welfare state retrenchment*, which claims that dramatic reductions in welfare programmes are almost impossible to make due to opposition from citizens and strong client groups (Pierson 1994) i.e. the legitimacy and power mechanisms of path dependence. Against this background Peter Kemp analyses how the ambition of the New Labour government to radically cut back and reform the so-called housing benefit system in Britain ended up in rather modest amendments, due to fear of electoral consequences and opposition from vested interests (mainly landlords who wanted to keep a system where benefits went directly into their bank accounts. Kemp also makes the important observation that analyses of welfare state retrenchment can be fruitfully examined in terms of individual programmes rather than just welfare regimes as a whole (Kemp 2000: 277; cf. Myles 1998). Adrian Kay provides another British example of discrepancies in path dependence between level. He points out that while the share of households renting council homes has diminished dramatically in the UK since the mid-1970s, central government has, consistently but in vain, tried to control rent-setting in social

obstacles in the form of institutionalised local policies

Thus change is difficult but not impossible. Lindbom (2001) analyses how radical state budget cuts of the 1990s could be carried out in Swedish housing policy with surprisingly little resistance; he explains the 'successful' retrenchment by the difficulty for citizens to observe financial cuts in a policy area that is so complex and non-transparent as housing provision. The fact that housing policy is implemented via the market also facilitates cutbacks, because the political responsibility for rising housing costs becomes unclear.

## Applications on other levels

The relevance of path dependence perspectives in housing should certainly not be limited to the national level. Housing policies are often implemented on the municipal level, and ultimately housing issues are local and very local. The repercussions of the constitutive sluggishness of urban structures and of housing demand and supply are first and foremost experienced by individual and groups of residents in their neighbourhoods and in the housing market.

Applications of path dependence perspectives on lower levels are, however, even rarer than on the national. An interesting exception is a historical inquiry over an eighty year period into the social arenas of three neighbourhoods in the Scottish city of Stirling (Robertson 2008). Here we can identify three critical junctures: the original planning of the estates, the introduction of the Right to Buy in the 1970s and current plans to regenerate one of the neighbourhoods. Though the trajectories were sometimes affected at these points, the relative social position of the estates, based on class and social attitudes, has not changed over the years. The mechanism here can be described as social identity *ó* which of course could also be translated into the well-known trio of economy, legitimacy and power.

Another study of Scottish neighbourhood regeneration policy, based on critical discourse analysis of policy texts, reveals the sustainability of a 'mega-discourse' where poor spatial communities have been continuously pathologised over the forty years that have been studied (cf. Furbey 1999). Discourse has framed the policy options that have been discussed. Although no particular critical junctions are pointed out, the author identifies instances where alternative perspectives have been launched, though they are never institutionalised (Matthews 2008). Here the main mechanism seems to be power, and more precisely the discursive power of framing and social construction.

Path dependence based on cultural norms and expectations was also the subject of a study of low-cost housing in New Zealand (Bierre et al. 2007). The authors analyse the persisting heritage from the 1930s and 1940s and conclude that while the socioeconomic and political contexts have changed, the institutions and ideas of the past linger and affect how policy issues are framed. Most conspicuously, the ideas about morality and housing quality, that 'some were more deserving than others' which were expressed in early housing legislation are still common stereotypes, in particular in private rental markets.

The political and economic transition in Eastern Europe has often been discussed in terms of change and path dependence. To what extent can continuities from the old system be traced in the new institutions? (cf. Kovács 1994; Alexander 2001). As mentioned Holt-Jensen & Pollock (2009) see the decisions taken immediately after the collapse of the Soviet Union as

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the housing policy of the Baltic countries. In contrast to spatial residential patterns in Tallinn and Tartu (Estonia) finds that even though transition to market economy has altered social stratification orders, the residential pattern in the late 1990s had strong resemblances with the socialist structure. It was still largely characterised by the socialist structure, however with some evolving pockets of wealth or poverty. A vast majority of the population still reside in large high-rise housing estates from the Soviet period, and the socio-economic residential status between these estates still largely reflected the old allocation principles. Thus, even after a complete breakdown of previous political institutions, the sluggishness of the physical urban structure and the housing markets may in themselves constitute path dependence. Even though Kährik is not explicit about it, this sluggishness seems to be the main mechanism here.

## Conclusions

Housing is a sector where path dependencies should be comparatively strong, due to the social and physical specificities of housing demand and supply. Although recently some studies in the field have been framed in terms of path dependence, in most cases the concept is used mainly as an alternative way of saying that history matters. Only a few studies explicitly identify and specify the nature of the critical junctures, or discuss what type of historical mechanisms have been at work. This type of analysis is what this paper suggests as the minimum requirements for a weak, non-determinist, version of path dependence.

Although the application of path dependence is mainly related to historical institutionalism, the crucial event at the critical juncture is not necessarily conscious and intentional institutional design. As we have seen discourses, ideas and policies may have similar path-breaking effects. Furthermore institutionalisation may be the unintended consequence of decisions and actions with other purposes.

The mechanisms of efficiency, legitimacy and power come in many forms, not least in housing, and it is not always easy to distinguish between them in empirical research. Weak path dependence does not rule out change completely, but far-reaching change still demands an explanation. This means that other dynamics must also be considered in the analysis. Empirically, the studies presented in the paper indicate that in the field of housing economic cutbacks may often be easier to accomplish than institutional reform, e.g. in terms of types and forms of tenure.

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**Acknowledgement:** I wish to thank Hannu Ruonavaara for valuable comments and inspiring discussions on path dependence in housing.