

# Path Dependence in Housing

## Introducing a Perspective

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# Outline of presentation

1. What is path dependence?
2. What is path dependence in housing?
3. How can we apply path dependence to housing?

Bengtsson, Bo (ed.), Erling Annaniassen, Lotte Jensen, Hannu Ruonavaara & Jón Rúnar Sveinsson (2006) *Varför så olika? Nordisk bostadspolitik i jämförande historiskt ljus*. [Why so Different? Nordic Housing Policy in Comparative Historical Light]. Malmö: Égalité.





Qwerty vs. Dvorak Simplified

# Definitions of path dependence

## The keyword of historical institutionalism

(1) 'History matters' (NN).

(2) 'Historical sequences in which contingent events set into motion institutional patterns or event chains that have deterministic properties' (Mahoney).

(3) A historical pattern where more or less contingent events considerably changes the probability of subsequent events or outcomes (Bengtsson).

*Theoretical perspective* that focuses historical events and specifies the elements of the path between those events.

# The elements of path dependence

## **Two types of historical events:**

- \* Critical juncture ('point A')
- \* Historical focus point ('point B')

## **Three mechanisms of institutionalisation:**

- \* Efficiency
- \* Legitimacy
- \* Power

# Path dependence and housing provision

- Specificity of housing as consumption and investment good (efficiency).
- Political change must also be accepted in the market (legitimacy).
- Tenure forms as institutions (power).

# The Nordic housing regimes

## Tenure basis

## Policy orientation

	<b>ownership</b>	<b>ownership/ rental</b>	<b>rental</b>
<b>universal</b>	Norway	Sweden	Denmark
<b>selective</b>	Iceland	Finland	

# Tracing path dependence in housing (tenure) policy

1. Analysing major political decisions on tenure (point B, *political focus point*)
2. Identifying earlier critical juncture where potential tenure options were closed (point A, *critical juncture*)
3. Reconstructing the process of tenure institutionalisation (*mechanisms* between A and B)
4. *Counterfactual analysis* (what tenure options would have been available at B without A?)

# Why so different?

- Before WWII, different solutions were tried in order to deal with emerging, often local, housing problems.
- After the war, existing institutions were used to implement the national comprehensive programmes.
- Massive housing production between 1950 and 1980 consolidated the national housing regimes.
- Not since 1946 has there been a possibility of 'importing' a housing regime from another Nordic country.

# What did we learn from path dependence analysis?

- Value of 'writing history backwards'
- Importance of early institutions
- Understanding the obstacles to fundamental change
- Value of the concept 'housing regime'
- Understanding the difficulty to import ideas

Not deterministic – but says more than 'history matters'

# Other applications of path dependence in housing

- Housing benefits in Britain
- Low-cost housing in New Zealand
- Rent-setting in UK social housing
- Urban regeneration in Scotland
- Residential patterns in Estonia
- Neighbourhood identity in Scotland

Bo Bengtsson: *Applying path dependence perspectives in housing studies – review and discussion*

(WS 06, Social Housing in Europe)