## Path Dependence in Housing

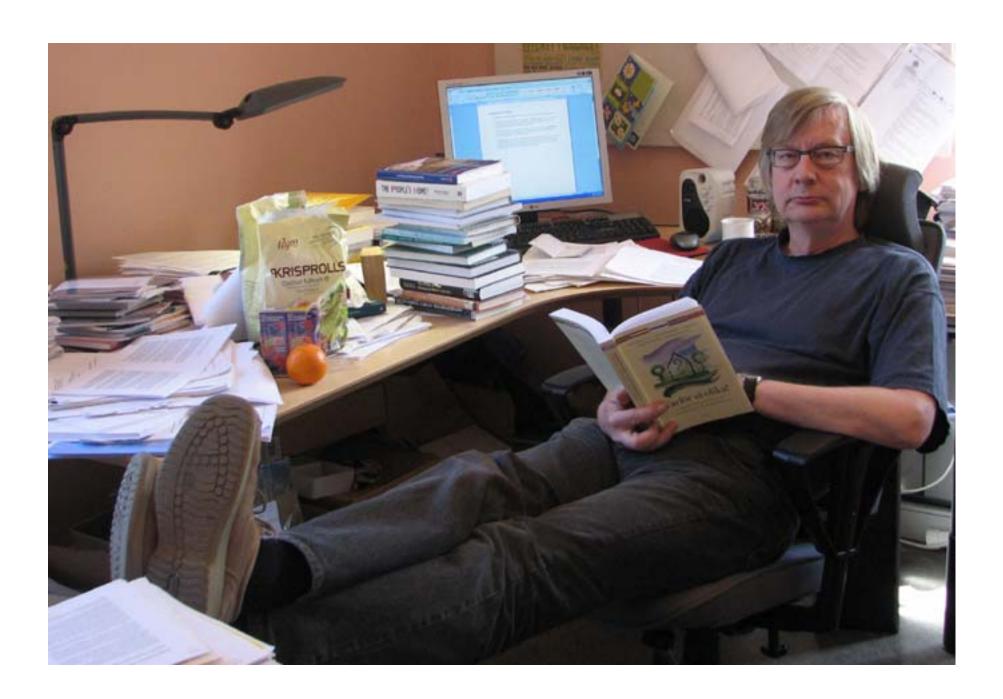
### Introducing a Perspective

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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 <u>contingent events</u> set into motion institutional patterns or event chains that have <u>deterministic properties</u>' (Mahoney).
- (3) A historical pattern where <u>more or less contingent</u> <u>events</u> considerably <u>changes the probability</u> 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

	ownership	ownership/ rental	rental
universal	Norway	Sweden	Denmark
selective	Iceland	Finland	

# Tracing path dependence in housing (tenure) policy

- 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 Zeeland
- 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)