Divergent path dependence in two Nordic housing regimes – comparing the historical trajectories of Swedish and Norwegian housing policy

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Abstract

Path dependence is strong in housing institutions and policy. This paper compares the divergent developments of the Norwegian and Swedish social housing regimes in terms of path dependence and change. In both countries, universal housing regimes were introduced after World War II, where housing cooperatives played an important role – in contrast to other European countries. The Norwegian system was originally based on a price-regulated cooperative tenure, whereas the Swedish system had a dualistic character emphasizing both rental tenure in municipal housing companies and regulated cooperatives. In both countries the cooperative sector was later deregulated, in Sweden in 1968–69, and in Norway in the 1980s. Today the Norwegian system is virtually selective and dualist, with on one hand market-oriented individual and cooperative ownership and private rentals, on the other a small sector of municipal rentals for household of lesser means. In Sweden, the other institutions of the universal housing regime remained largely unchanged after the deregulation of cooperative housing until 2010, when new legislation on municipal housing companies and rent setting was introduced, mainly as an adjustment to EU competition laws.

The paper analyses these divergent developments in the two countries, with an emphasis on the critical junctures where the cooperative tenures were deregulated. The main driving actors of change are identified and the findings are discussed in terms of path dependence and change. Finally it is discussed whether a social housing regime based on cooperatives has an inherent tension that makes it more sensitive to market pressure than systems based on rental tenure.
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Bo Bengtsson and Jardar Sørvoll

‘If cooperative ownership is so desirable, why are there so few cooperatives?’ That question from the title of an article by Jon Elster (Elster 1989) could just as well be raised specifically about housing cooperatives. Cooperative housing has many advocates and strong ideological support in housing, as a third way between rental tenure and home-ownership, allegedly combining the virtues of both. Still, in most countries cooperative housing has always played a marginal role. (Bengtsson 1992 discusses this paradox in relation to cooperative housing.)

The Scandinavian neighbours Sweden and Norway stand out as the only real exceptions to this paradox. In both countries cooperatives represent about one fifth of the housing stock. Both in Norway and Sweden the dominant version of the cooperative tenure is based on so called ‘tenant-ownership’, where residents’ co-ownership of the estate is combined with the right of use of an individual housing unit. In principle, to live in a tenant-owner cooperative (TOC) one needs to be a member and, reversely, to be accepted as a TOC member one needs to live in its estate. Norway actually imported the TOC model from Sweden in the 1930s.

In this paper we focus on the role of the large cooperative housing sectors in Norwegian and Swedish housing policy and provision. Both countries belong to the ‘social democrat’ welfare regime (Esping-Andersen 1990) and, as mentioned, the dominant cooperative tenure is also rather similar. Furthermore, over the years there has been on-going collaboration and exchange of ideas across the border, both on cooperative housing and on housing policy more generally. Nevertheless the Norwegian and Swedish housing regimes differ quite considerably, and so does the political role played by cooperative housing in housing provision.

The purpose of this paper is to compare the role of cooperative housing in the Norwegian and Swedish housing regimes and to discuss, in more general terms and on the basis of this analysis, if granting cooperative housing a major role in housing provision may imply some specific problems. As a background to this discussion, and in order to provide a theoretical fruitful and generalizable understanding, we apply a perspective of actor-oriented path dependence to the historical trajectories of the two countries’ housing regimes.

The remainder of the paper is organised in five sections. After this introduction we present ‘weak’ path dependence as an actor-based theoretical perspective on stability and change in housing provision. Applying this perspective, we commence our empirical analysis by giving a general overview of the development of the Swedish and Norwegian housing regimes. In the following two sections we analyse in more detail one critical decision-making process in the Swedish housing history and one in the Norwegian, where the role of cooperatives in the respective housing regime was fundamentally changed. We conclude by pointing out some general implications on the possible role of cooperative housing in socially oriented housing regimes.
Path dependence in housing

The general idea of historical institutionalism and path dependence 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. Thus an interest in inertia (institutional, social, economic or technological) is the main feature of path dependence analysis. Interestingly, it is well established in housing economics that the material and social characteristics of housing as a good tend to create precisely strong elements of inertia, which should make a perspective of path dependence particularly fruitful in housing studies. However, applications of path dependence analysis on housing policy have been rather scarce, and only in recent years have we witnessed some studies based on this approach (e.g. Kleinman 1996; Kemp 2000; Lowe 2004, Ch. 6; Kay 2005; Holt-Jensen & Pollock 2008; Nielsen 2010; Malpass 2011; cf. also review in Bengtsson 2009). Both Sweden and Norway were included in a previous application of path dependence to the five Nordic national housing regimes (Bengtsson et al. 2006; cf. Bengtsson & Ruonavaara 2010 for a short presentation in English). The present paper to some extent refers to findings from that study. However, unlike the previous Nordic project, this paper makes use of primary sources explored and analysed by Sørvoll in his PhD thesis (Sørvoll 2013, forthcoming).

More precisely, as developed elsewhere (e.g. Bengtsson & Ruonavaara 2011), there are at least four arguments why path dependence would be stronger in housing provision than in other welfare state sectors. First, housing has some specific features as a consumption and investment good. Houses and dwellings last for long, they are tied to a specific place, slow to produce, expensive, not easily substituted with other goods, etc. (Stahl 1985; Arnott 1987). A housing stock produced over centuries and decades creates a powerful historical heritage to adjust to when making housing policy decisions. Second, the social importance of dwelling, and the emotional, social and cultural attachment costs of moving, have a stabilizing effect on the market (Dynarski 1986; Saunders & Williams 1988). Social exclusion and norms of eligibility add to the continuity of the residential structure and may also work as obstacles to institutional and policy change. Third, market contracts serve as the main mechanism for distributing housing, while state intervention typically has the form of correctives, defining the economic and institutional setting of those contracts (Bengtsson 2001; cf. Torgersen 1987, p. 116–118). Hence, the main political institutions in housing are tenure forms and other types of regulations, including the role of non-profit organizations in the market. Housing tenures help to define the basic rights of possession and exchange that are fundamental to a capitalist economy, so some political self-restraint may be expected. Fourth, housing ultimately being distributed in the market may in itself serve as a constraint to political change. For a new tenure form to be successful not only does it need political support, but consumers must also be prepared to pay for it in the market – and producers to supply it.

The core of the notion of path dependence is that ‘history matters’. Strong versions define path dependence as historical processes where contingent events produce institutional structures and event sequences with deterministic properties (e.g. Mahoney, 2000, p. 507–508). In the Nordic project mentioned above, a more open and actor-oriented ‘weak’ definition was used, where more or less contingent events only change the probability of subsequent alternative events or outcomes. This weak concept of path dependence, which is what we apply in this paper as well, transforms the firm demarcation line between contingency and determinacy into a matter of degrees, since actors
are assumed to have some room of manoeuvre. In this perspective the ‘path’ does not determine the development, only contributes to steering it in a certain direction instead of another (cf. Thelen 1999; Pierson 2004).

In consequence, weak path dependence cannot give a full explanation of events. To quote Jon Elster, explaining an event ‘is to give an account of why it happened as it happened. The fact that it might also have happened in some other way if it had not happened in the way it did, is neither here nor there (Elster 1989, p. 6). This is a price we have to pay for making more realistic assumptions about agency. In an actor-based historical analysis the typical case of (weak) 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 but do not completely exclude agency (cf. Bengtsson & Ruonavaara 2011).

An important concept in path dependence analysis is critical juncture, a point where an old path is abandoned and a new path entered upon, typically a ‘point A’ where contingent actions and events delimit the room of manoeuvre at ‘point B’. Another theoretically important discussion concerns what types of mechanisms produce the obstacles to change that are present at point B – and intentionally or unintentionally initiated at point A. (The study of the Nordic housing regimes discussed mechanisms of economy, legitimacy and power; cf. Bengtsson & Ruonavaara 2010.)

The origin and contrasting trajectories of the Norwegian and Swedish housing regimes

After World War II, both Norway and Sweden were led by Social Democratic governments. Both countries now launched ambitious post-war programmes aiming at comprehensive welfare state reforms in labour market, education, care, pensions etc. Considerable attention was paid to housing provision that was seen as defining the conditions also for other sectors like schools and social care. In both countries, the housing policies before the war had been rather ad hoc and directed towards solving upcoming problems of housing shortage, lacking physical and social housing standards and fluctuations in housing markets. Now time was seen as ripe for laying the ground to more comprehensive and universal policies, where ‘only the best is good enough for the people’ – to quote a Swedish Minister of Social Affairs.

Interestingly, however, despite similar background conditions, the two countries took out on different institutional paths for their new universal housing policy. Sweden chose a ‘dualistic’ system based primarily on rental tenure in municipally controlled housing companies (MHCs), but also supporting cooperative tenant-ownership. (In some periods private rentals and individual owner-occupation have also been enrolled in the Swedish universal housing regime under the slogan of ‘tenure neutrality’, indicating that housing subsidies and tax regulations should be so as to give neutral economic conditions to residents in all tenures; cf. Lundqvist 1988.) In contrast, the Norwegian social housing system was based on ownership, mainly housing cooperatives in cities and towns and individual ownership in the countryside. This post-war divergence can in itself be seen as path dependent and due to previous experience and existing institutions; e.g. the Norwegian pre-war experience with municipal rentals was seen as discouraging, whereas Swedish MHCs had played an important role in the 1930s, producing housing for poor families with many children (cf. Annaniassen 2006a; Bengtsson et al. 2006).
Despite these differences, in both housing regimes state-supported cooperative housing was given a central position. This made Norway and Sweden exceptions in a Europe dominated by public-rented and owner-occupied housing. Even though public-rented housing was the favoured tenure of the housing policy pursued in Sweden after 1945, cooperative housing also received patronage from the state, municipalities and the governing Social Democratic Party. Originally the tenure in both countries was meant to be non-commercial at the point of exchange and production. Cooperative organizations, like HSB and later Riksbyggen in Sweden and OBOS in Norway, built and managed housing in accordance with not-for-profit principles and enforced strict price regulations on second-hand transfers.

Between 1945 and 1980 the cooperative tenure increased its share of the Swedish housing stock from 4 to 14 per cent. When state subsidies ended in the 1990s, Swedish cooperative housing continued its expansion through market based construction and conversions of rented housing. By 2011, cooperative housing accounted for 22 per cent of the Swedish housing stock, a total which was significantly higher and has continued to increase in some urban areas, especially Stockholm (Bengtsson et al. 2013, forthcoming; Magnusson Turner & Andersson 2008, p. 14–15).

In Norway, from 1945 cooperative and owner-occupied housing were the favoured tenures of housing policy and the governing Labour Party. Cooperative housing was supported through the State Housing Bank’s construction subsidies and municipal land allocation. State patronage laid the foundation for the expansion in the post-war years; in 1980 cooperatives accounted for nearly 17 per cent of the housing stock (Kiøsterud 2005, p. 29). In Oslo the cooperative sector grew from 16 to 45 per cent of the housing stock from 1950 to 1980 (Hansen & Guttu 1998, p. 354).

To be true, the difference between municipally controlled rentals and cooperative tenant-ownership was probably not regarded as very dramatic when the new housing regimes were launched in the 1940s in Sweden and Norway. Both systems were universal in principle, without any formal means-testing. Residents in the cooperative sector did not own their apartments individually, but were members and held shares in collectively owned housing associations. And both Norwegian and Swedish cooperative dwellings were under price control since the war, and so were Swedish municipal rentals – as well as private rentals in both countries.

Regardless of this, however, the two housing regimes soon came to follow quite different trajectories and in time both the Swedish and Norwegian cooperative tenures were radically transformed. Whereas the power of the state and the cooperative organizations gradually regressed, the rights of individual residents were strengthened in both countries. Although by 2013, Swedish and Norwegian cooperative housing differ in some respects, a similar process of transformation has occurred. Formally, the cooperative tenures are still forms of collective ownership, where residents inhabit apartments and own shares in housing associations. Today, however, the cooperative tenures have evolved to market based and individual forms of homeownership.

In the following two sections we discuss the most important candidates for critical junctures (or ‘critical periods’) for the role of cooperative housing in the Swedish and Norwegian housing regime respectively. These are the abolishment of BoKol (the Cooperative Housing Control Act) by the Swedish parliament in 1968, and the de facto termination of paragraph seventeen in the Norwegian law of rent-regulation during the course of the 1980s. Both the Swedish deregulation in 1968 and the
Norwegian liberalization in the 1980s meant that cooperative shares, hitherto subjected to
government price regulation, could be sold legally at prices determined by the market.

In previous work, Bengtsson has claimed that it was relatively easy for the Swedish Government to
push through the lifting of cooperative price controls in 1968, since public rented housing had been
chosen as the primary tenure of housing policy directed at low- and middle-income families after
1945. In the Norwegian case, in his view, cooperative housing being the mainstay of the housing
policy established after the war, the cooperative price control had greater political legitimacy and
price regulated cooperative housing was even a tenure doomed from the start (Annaniassen 2006b,
p. 200; 203–204). Our following analysis, based on primary material related to central actors, gives
cause for problematizing this view.

The explanatory framework applied in the next two sections consists of four ‘hypothetical agents of
change’ behind the deregulation of 1968 and the liberalization of the 1980s. These agents are
described with four metaphors: Change ‘from above’ (political elites), ‘from below’ (cooperative
dwellers), ‘from within’ (the leadership of the cooperative organizations) and ‘from outside’
(business interests) (cf. Sørvoll 2012a; 2013 forthcoming). Focusing on primary material on real
actors belonging to these four categories makes it possible to trace the mechanisms of inertia and
change in an actor-oriented version of path dependence. By necessity, the following presentation
and discussion of the alleged critical junctures will be summary, without direct references to primary
sources. We refer to Sørvoll 2013 forthcoming, for a full account, and to Sørvoll 2012a for a more
comprehensive empirical presentation than is possible in this paper.

The Swedish deregulation of 1968

The Swedish price regulation on cooperative-housing shares was a stipulation of BoKol (Cooperative
Housing Control Act), which was enacted in 1942 as a supplement to the war-time rent control. The
stated purpose of the regulation was to prevent builders and residents from taking advantage of the
housing shortage, by making what was perceived as unjust profits on the backs of consumers.
According to BoKol, all transfers of cooperative dwellings, like all rent increases in the rental sector,
had to be approved by government rent tribunals.

Despite the institutional and organizational build-up of the new housing regime in the years after the
war, housing shortage still prevailed in the early 1960s, and was seen as a growing political problem
for the Social Democratic Government. The famous ‘Million Homes Programme’ was now launched,
and among the instruments used were state support to large-scale municipal planning projects, and
state housing loans promoting large and standardized building projects. One million dwellings –
rentals, cooperatives, and owner-occupied single-family houses – were indeed built over a ten-year
period, and this coordinated effort also contributed to the further institutionalization and
concentration of MHCs, cooperative organizations, construction companies, and tenant unions. It
was at this point that Sweden’s housing sector developed its long-standing character of large-scale
professionalism.

The wartime Rent Control Act had not been abolished after the war as originally intended, but
prolonged year after year, together with the BoKol price regulation on tenant-ownerships, always
with the explicit reservation that the legislation was provisional and should be discontinued once the
market had reached balance. However, only in 1968 a new permanent Rental Act was passed, and the rent control was replaced with a more flexible use-value system of rent setting (cf. Bengtsson 1994). In parallel with the successive phasing out of the rent regulation, the regulation of transfer prices of tenant-ownership dwellings was abolished in 1969.

The termination of BoKol from January 1st 1969 was the result of a proposal from the government appointed Cooperative Housing Commission, which gained the backing of the Social Democratic Government and a parliamentary majority in the fall of 1968. In 1972 parliament affirmed this deregulation by sanctioning a new law of cooperative housing. Cooperative dwellings could now be sold at market price, which deeply changed the social role of the sector. From this point on, tenant-ownership in Sweden largely came to fill the market segment corresponding to owner-occupation in multi-family housing in other countries. In consequence the Swedish housing regime changed from a dualistic housing regime based on both rentals and cooperatives to a rental-dominated system where MHCs took the centre stage of social housing.

Swedish political scientists have interpreted the abolishment of BoKol in 1968 as a pivotal moment in the history of the cooperative tenure. According to Svensson, it meant that ‘the tenure of tenant-ownership had finally […] broken those moral and ideological, political and legal shackles which had kept it fettered and made it resemble some kind of rental housing co-operative’. Furthermore, Svensson claims that the termination of government control of second-hand prices ‘was undoubtedly the key event which triggered off the evolutionary process of the tenant-ownership tenure’ (Svensson 1998, p. 53, 70). Similarly, Lundqvist considers the deregulation of 1968 as a precondition for what he labels a process of ‘privatization from within’ in the 1980s, where the ‘once “social” Swedish cooperative housing’ became ‘commodified to the extent that it provides an economic outcome similar to that of owner occupation, at least in large urban areas’ (Lundqvist 1992, p. 129; cf. also Bengtsson et al. 2006, p. 128; Gustafson 1974, p. 145–154; Ståhl 1974, p. 8; Ruonavaara 2005).

Svensson regards sections of the HSB leadership as the key agents behind the deregulation of 1968. He suggests that they engaged in rational institutional design in the late 1960s, and in the process changed the ‘rules of the game’ to suit the organizations long-term interests. He remarks that the tenant-ownership organizations of HSB and Riksbyggen could continue to use the old ideology and pose as a ‘non-speculative’ co-operative alternative after the deregulation. ‘Both organizations were to thrive by continuing to pose as co-operative and social movements while providing housing that was fully adapted to the market’ (Svensson 1998, p. 71, 84–91, 93, cit. 90; cf. Bengtsson 1992).

Arguably, the relative consensus of 1968 was the product of circumstances unique to time and place. The Cooperative Housing Commission seems to have convinced many that deregulation would not lead to substantial price increases, and that HSB and Riksbyggen in any case would continue their practice of self-regulation of transfer prices. As it turned out, however, HSB and Riksbyggen abolished their internal regulations and prices increased from the mid-70s. Actually the late 1970s and 1980s with rising prices on real estate, may have proved a much tougher environment for a government looking to terminate price controls. There was a political backlash against market prices in this period, and many Social Democrats and local governments proposed to reintroduce price regulation in different forms, and thereby strengthen the cooperative tenure as a housing policy instrument (Sørvell 2012b, p. 41, 44–46).
According to remarks made by a leading representative of Riksbyggen in early 1969, it would have been a serious drawback for the cooperative tenure if BoKol was prolonged in a situation where market prices were permitted in the owner-occupied sector. All other things being equal consumers would prefer individual homeownership if price regulations in the cooperative sector were upheld. Thus, deregulation was in the self-interest of HSB and Riksbyggen, in the view of this Riksbyggen leader.

Some representatives of the cooperative organizations also claimed that the majority of members were against price regulations. Many new members were ‘a different kind of people’, more individualistic and lacking in the proper cooperative spirit. The maximum price stipulations in the bylaws should therefore be terminated, for the sake of the cooperative tenure’s continued popularity. This claim, however, was not backed up with any statistical proof; the debates at the HSB conventions in the 1950s and 1960s show that some cooperative dwellers wished to be rewarded more handsomely in the marketplace. On the other hand, leaders did not face a large scale rebellion from local associations, and there is no evidence suggesting that pressure from below forced the hand of the HSB or Riksbyggen at this time. Although Bengtsson in previous work (Bengtsson 1992a, p. 37) saw membership opinion as the vital force behind the lifting of price controls in HSB, we now – on the basis of primary sources – find the decisions by HSB and Riksbyggen to terminate all internal price controls to have been a relatively autonomous decision, where the attitudes of cooperative dwellers were one of many factors considered (cf. Sørvell 2012b, p. 36–37).

Thus, the Social Democratic Government endorsed the Cooperative Housing Commission’s proposal in its entirety. Riksbyggen and HSB, who were represented in the Commission, also supported the decision to abolish BoKol. In addition, contrary to what was stated both by the Commission and the Government, the national cooperative organizations removed price controls from their bylaws, at first by replacing compulsory transfer regulations with non-binding recommendations, and then altogether from 1972–73 (Sørvell 2012b, p. 12).

To conclude, the Swedish deregulation of 1968 came primarily from above and from within, i.e. the prime movers were the national political actors and the cooperative leadership. The movement from below, i.e. the role of the membership, is less obvious and definitely not as crucial as has been claimed in previous research. Finally, business interests – ‘change from the outside’ – do not seem to have played an important role in the abolishment of BoKol. It is true that they were generally critical to regulations and that the private builders’ organization was represented in the Commission. However, the private builders seem to have viewed rental housing as the sector with the most potential.

The Norwegian liberalization of the 1980s

Many scholars have interpreted the Norwegian liberalization of the housing sector in the 1980s as a move away from the regulated capitalism of the post-war years towards a more individualized and commercialized society (Furre 1996; Benum 2005, p. 116; Olstad 2010; Ohman Nielsen 2011, p. 232, 235–236). Historian Berge Furre portraits ‘large, tightly regulated housing markets, strong cooperative housing associations [...] and subsidies for mass-construction’ as pillars of Social Democratic society in the decades after 1945 (Furre 1996, p. 225). On the other hand, according to historian Francis Sejersted, the liberalization of the 1980s did not represent substantial societal or
political change, but merely an adjustment of the “Social Democratic society” (Sejersted 2000, p. 119).

Scholars with an interest in the development of Norwegian housing policy have, however, not followed Sejersted’s lead. Erling Annaniassen interprets the lifting of price regulation in the 1980s, as the destruction of a ‘central pillar’ in the housing policy established after 1945 (Annaniassen 2006a, p. 14; 2006b, p. 212–213). Similarly, others have also depicted the liberalization of the 1980s as a phenomenon integral to the transformation of Norwegian housing policy from the 1980s (Stamsø 2009, p. 213; 2012, p. 25; Sørvoll 2008, p. 133–138; 2009b, p. 56–61; Holt-Jensen 2009, p. 121).

In the view of political scientists Torgersen and Gulbrandsen, the effects of Social Democratic housing policy after 1945, i.e. the growth of the cooperative tenure and the decline of rented housing in Oslo, led to a backlash against some types of state regulation. Ironically, the Labour Party therefore lost votes as a consequence of the success of its own policies. Most importantly, the most numerous and fastest growing category of residents in the capital, the cooperative dwellers, increasingly began to regard themselves as home-owners from the 1960s, and therefore turned against many of the regulations governing the Norwegian cooperative tenure (Torgersen 1984; 1988; Gulbrandsen 1980; 1983).

In any event, Labour governments in the first half of the 1970s were not inclined to place deregulation of the cooperative sector on the agenda. On the contrary, the Bratteli Government (1973–76) went in the opposite direction of their Social Democratic brothers in Sweden, when they seriously considered introducing price controls on all forms of cooperative and owner-occupied housing, as part of a wider plan to combat speculation on the housing market (Sørvoll 2008, p. 51, 70–73; 2010a, p. 19). Contrary to the Swedish case the leadership of the two most prominent cooperative organizations, OBOS and NBBL, were strong advocates for tougher government regulations of transfers on the housing market. Second, unlike its Swedish counterparts the Norwegian Social Democratic leadership was under pressure from the Left.

The commitment to ‘non-speculative’ housing in the early 1970s was in fact seen by many as a mere extension of the ‘non-commercial’ principles of cooperative housing, the Labour Party’s favoured tenure after 1945 (Sørvoll 2008, p. 59–63). In view of this, it must be considered if deregulation was kept off the political agenda because Norway lacked a public-rented sector directed at people with middling or low incomes. The logic behind this claim is that the cooperative sector’s unique role in Norwegian housing policy made deregulation a much tougher sell than in Sweden (Bengtsson et al. 2006, p. 348).

We notice how both the Norwegian and the Swedish cooperative housing movements were worried about the competition from owner-occupied housing in the late 1960s and the 1970s. Due to the divergent contexts of the two countries, however, they chose different coping strategies. The Norwegians argued for extended regulations, the Swedes for lifting price control on cooperative housing. Due to the attitudes of Norwegian key actors – the governments, the cooperative organizations and the Labour Party leadership – there was no deregulation or even mild liberalization of the price controls in the Norwegian cooperative sector in the 1970s.

Instead the lifting of price controls happened in the next decade, in a process of several stages. In 1982 the parliamentary majority voted to lift price controls in independent co-ops, namely housing
associations which were not connected to cooperative building and management organizations. The same year the Conservative Willoch Government introduced a new system of price regulation for associations that were connected to a cooperative organization, which was considerably more generous towards residents than the old system based on ‘historical production costs’ (Gulbrandsen 1980, p. 432–440; 1983, p. 184). What is more, the Willoch Government gradually reduced the number of municipalities covered by price regulation, and when they left office in 1986 only seven local governments enforced price control. The principle of market prices was thereby established in large parts of the cooperative sector. Regulated prices survived for some time in the capital, where the cooperative tenure had its highest relative and absolute importance. However, also in Oslo the price regulation was successively abolished and after 1988 it was a dead letter.

Who were the main drivers behind this change? First, we concur with Tranøy that the Conservative Party was a key actor in the liberalization process (Tranøy 2000, p. 226). Drawing on Brox’s line of argument (Brox 1988), we argue that the Conservatives and their then mouthpiece Aftenposten contributed to shaping the attitude of cooperative dwellers and the general discontent with price regulations (Sørvell 2008, p. 101–102). Moreover, the Willoch Government used its executive privileges aggressively to exempt municipalities from price regulation. In 1982 it sent a letter to all relevant local governments, asking for their consent to remove price controls in their municipality. If they refused, they were asked repeatedly until they consented. A less determined Conservative government would, at the very least, have meant a slower pace of liberalization.

Moreover, it seems clear that the liberalization of the 1980s would not have been set in motion if Labour had been in power. In all probability concessions would still have been given to the cooperative dwellers, but Willoch style deregulation was out of the question for Norwegian Social Democrats in the first half of the 1980s. Not before 1987-88, when enormous pressure was exerted from the Conservatives, newspapers and the cooperative organizations, did Labour change its position and support a compromise which de facto led to the abolishment of most price controls (Sørvell 2008, p. 164–177). Labour’s stubbornness on this issue clearly demonstrates the crucial role of regulated cooperative housing in post-war Social Democratic housing policy.

In our view, the determination of the Willoch Government did not only reflect the wish to accommodate Conservative voters. Their proactive approach was also motivated by principle. Deregulation of the cooperative sector was consistent with traditional liberal-conservative views on economic policy, and even in the 1950s the Party favoured abolishing all general subsidies and price regulations in the housing sector. The liberalization of the 1980s went hand in hand with the Conservative belief in a ‘Property-owning democracy’, where the homeowner was thought to play an integral part as the custodian of a free, virtuous and prosperous society (Sørvell 2009a).

Conservatives also questioned that the cooperative sector was indeed a refuge for youth and low-income households, a claim frequently made by politicians on the Left. Since apartments were allocated to members with the highest seniority, and not according to wealth or income, they saw the distributional effects of cooperative housing were haphazard (Sørvell 2008).

Thus we regard the cooperative dwellers’ uprising from below and the Willoch Government’s deregulation from above as the main agents behind the Norwegian liberalization of the 1980s. Like in Sweden, business interests played a negligible role. The association of real estate agents was a keen advocate of housing market liberalization, but the organization was relatively weak in this period.
Likewise, the cooperative organizations were not key actors behind the housing market reform. Admittedly, OBOS and other cooperative building and management companies gradually changed their positions in the 1980s. After 1982 independent co-ops were free to leave the organization and charge market prices. The fact that only associations connected to cooperative organizations were subject to price regulation was detrimental to the popularity of the sector and gave other producers a competitive advantage, according to NBBL. Consequently the cooperative organizations in the capital supported a compromise which led to the de facto abolishment of price regulation in 1988. Arguably, however, the cooperative organizations merely reacted to the actions of the Conservatives and the cooperative dwellers. What they did was to adjust their position to the fact that market prices, after ten years of intense political struggle, were finally accepted as the universal norm in the housing market.

Concluding discussion – cooperative housing and social housing policy

In this concluding section we will discuss whether the analysed reforms should be seen as critical junctures, what were the main drivers of change, and more generally how the processes can be understood in a perspective of path dependence. Finally, we will discuss if there are any general lessons to be learned from the two political processes: about mechanisms of path dependence and change or about the specific conditions of a social housing regime based on cooperative housing.

It is obvious that the Swedish deregulation of 1968 and the Norwegian liberalization of the 1980s should be seen as critical junctures for the cooperative tenure in the respective country. But were they critical junctures in the development of the national housing regimes as well? Were they ‘points A’ of housing policy, where an old path was abandoned and a new path entered upon? A problem with weak path dependence analysis – and also an asset – is that it is almost always possible to trace seemingly crucial events further back in history to other events that in retrospect can be seen as decisive for the later historical trajectory. With this general reservation, however, we claim that the studied reforms should indeed be seen as critical junctures also for the national housing regimes in general.

In Norway, most conspicuously, since the 1980s the former universal housing regime has successively developed into an almost completely dualist one, with market-priced individual and cooperative ownership and private rentals dominating the supply of housing, and a small municipal sector directed towards households with special needs. In Sweden, where cooperative housing played a less fundamental role in the housing regime, the other elements – the MHCs, the unitary rental sector, the corporatist system of rent negotiations, and the universal principle of neutrality between tenures – continued to develop after 1968. However, the virtual abolishment of state subsidies in the 1990s and 2000s made the universal system less universal in practice, and recently adaptation to EU competition law has altered the conditions of the Swedish housing regime considerably (cf. Bengtsson 2012). Another interesting development is that, particularly in the Stockholm area, large numbers of use-value priced public and private rental estates have been converted into market-priced cooperatives. This transformed role of cooperative housing, from a constituent element to an ‘external threat’, is a strong indication that the reforms of 1968 must be seen as a critical juncture for the Swedish housing regime.

Secondly, the Swedish deregulation of 1968 and the Norwegian liberalization of the 1980s were products of different drivers of change. Whereas the pressure for the Swedish deregulation of 1968
came primarily ‘from above’ and ‘from within’, the Norwegian liberalization of the 1980s came ‘from above’ and ‘from below’. Thus, in both cases, and perhaps not surprisingly, political actors played important roles. In Norway, the Conservative Willoch Government acted proactively in favour of deregulation in a way that would not have been possible for a Social Democratic Government at the time. In Sweden in contrast, the Social Democratic Government initiated the change, and the political opposition to the reform came mainly from within that party. This indicates that, already in the late 1960s, cooperative housing was no longer seen as a necessary building block in the Swedish social housing regime.

The most striking difference between the two processes is the role of cooperative leaders and cooperative grassroots respectively. In Norway the pressure from the cooperative membership on political and organizational leaders was immense, and due to the perceived competition with unregulated forms of ownership, the main political alternative discussed by the Social Democrats was actually to extend the regulation to these forms as well. Although to some extent similar member attitudes can be observed in Sweden, the decisions to abandon price control in the bylaws of HSB and Riksbyggen seem to have been autonomous, where member opinion was one argument among others.

Finally, despite being generally in favour of deregulation, in neither country did the building industry play any considerable part in the transformation.

In previous research it has sometimes been claimed that a system of social housing based on housing cooperatives is extremely fragile due to its built-in fundamental tensions between ownership and socio-political goals. As mentioned, Annaniassen claims the Norwegian system of price regulated cooperative housing was doomed from the very beginning. The state’s support for the cooperative tenure unintentionally produced antagonistic forces, namely a large number of cooperative dwellers, who allegedly tended to define themselves as owners, which lead to the destruction of the system. Bengtsson (2009, p. 7) speaks of ‘inherent contradictions’ in the Norwegian system and labels the liberalization of the 1980s as an example of ‘path-dependent change’. Moreover, he indicates that a similar process would have occurred in Sweden had cooperatives been chosen as the principal tenure of the Swedish housing policy after 1945 (Bengtsson et al. 2006, p. 348).

This seems to imply a general theory that ‘social housing’ – broadly defined as housing produced and consumed according to non-commercial principles – based on a strong element of individual ownership is vulnerable in the long run. Would it be possible to formulate such an ‘almost general’ theory (keeping in mind the assumption of weak path dependence), and could our actor-oriented analysis based on primary material be helpful in providing some input in that respect?

First, both the Norwegian liberalization and the Swedish deregulation have proved difficult to reverse. Admittedly, temporary price controls were reintroduced in some new cooperative associations by the Swedish parliament in the 1980s. Still, although both Swedish and Norwegian Social Democrats toyed with the notion of reintroducing price regulation in the entire cooperative sector, mainstream politicians consistently rejected that idea. Once granted, the privilege of market prices was not withdrawn from the cooperative dwellers (Sørvell 2008, p. 141; 2011, p. 255–256; 2012b, p. 50–51). This, at least points, to a relatively strong version of weak path dependence, with deregulation the as ‘point A’.
On the other hand, the observation that the main drivers behind the reform differ between the two cases implies that there is not one single mechanism that could account for the breakdown of cooperative-based social housing regimes. Furthermore, in both cases the timing of the reforms is to some extent contingent, in the Swedish case related to the parallel, and politically more controversial, reform of the rent-setting system, and in Norway to the consistent privatizing activities of the Conservative Willoch Government. If cooperative-based social housing regimes are doomed, it does not seem clear what agent or agents actually will step forward on judgement day.

Perhaps the problem is rather that there are no actors with a strong private interest in the regulation of cooperative housing who can stand up and defend it when it comes under attack. In both Scandinavian cases the defenders of continued regulation were politicians and other debaters referring to largely ideological arguments. And to politicians in a democratic system, ideology can hold out for just so long against a strong popular opinion based on private interest. If this is so, the mechanism might be that when, at some contingent point of time, and driven by some actor interest or other, a cooperative-based social housing regime comes under attack, it will have no strong defenders with a personal interest in the regime. This can be contrasted with the rental sectors in Sweden and Denmark that have successfully resisted ‘system shifts’ launched by Conservatives governments by gathering strong support both from individual tenants and from organizations that would stand to lose from proposed reforms. Certainly this does not mean that social housing regimes based on public rented housing are home free once they have been institutionalized. The recent adaption of the Swedish MHCs and rent-setting system to EU competition law gives witness of the opposite. Here, however, the threat has been largely external, although energetically mediated by domestic actors (cf. Bengtsson 2012).

Regardless of the generality of our findings, one may query whether the critical junctures that have been analysed in this paper are examples of path dependent change, e.g. in accordance with the dynamics proposed by Annaniassen and Bengtsson, based on ‘self-destructive’ instead of self-reinforcing processes. First of all, our emphasis on actors with agency makes it possible to sidestep one of the most frequent critiques of the theory of path dependence; that it is unable to account for change in a convincing manner, unless as the result of external shocks like war, natural disasters, economic crisis (and perhaps EU legislation!). Recently scholars have increasingly focused on the conditions of change in a context of path dependence (cf. Nielsen 2010 for a discussion related to housing). If explaining stability means telling us ‘exactly who is invested in particular institutional arrangements, exactly how that investment is sustained over time, and perhaps how those who are not invested are kept out’ (Thelen 1999, p. 391), the corresponding exactitude should be demanded from explanations in terms of path dependent change. This would call for meticulous dynamic analysis of tenure forms and resident attitudes over long time. Producing such an analysis may actually be the most exciting challenge in future study of housing and path dependence.

References


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