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Introduction

When comparing national housing systems, scholars tend to rely on classification systems, often employing typologies in order to make sense of the manifold intricacies inherent in our social world. The most influential of these systems of classification in the field of housing studies share in common their attempt to delineate housing systems in mature industrial economies along the lines of tenure composition (Kemeny, 1981; 1992; 1995; Schwartz & Seabrooke, 2009). Various expositions have been advanced to account for cross-national differences in tenure composition, and many of these have differentiated countries along typological lines in the process (Kemeny & Lowe, 1998). Most of the typologies generated through these comparative studies have been cross-sectional in nature, but few have been able to accommodate *longitudinal patterns* and trends¹, or regional dynamics below the level of the nation state (Matznetter & Mundt, 2012).

The most established of these housing typologies have drawn on typologies external to housing studies, namely comparative welfare literature, and, more recently, Herman Schwartz and Leonard Seabrooke (2009) have integrated this ‘welfare/housing regime framework’ (Stephens *et al.*, 2016, p. 1212) with varieties of capitalism research. The task of this paper is to critically, yet constructively, engage with these two approaches – which, following Stephens *et al.* (*ibid.*), we place under the banner of the *housing-welfare regime framework*² - and propose that housing typologies need more historical sensitivity. To support our case, we propose a typological example of our own, which has the potential to accommodate longitudinal, path-dependent dimensions, both within and between countries.

There are numerous exponents of the *housing-welfare regime framework*, operating under various different guises, but the most influential is assuredly Jim Kemeny (1982; 1992; 1995). The logic permeating his works, and others within this tradition, posits that the constitution of a country’s welfare regime - whether *liberal market*, *social market* or something else – provides the *contextualisation for its housing system* (van der Heijden, 2013, p. 6; Lowe, 2011, p. 140). The causal mechanisms by which this relationship ostensibly operates will be discussed in more detail below, but a central argument within the *housing-welfare state* tradition maintains that, ‘countries with high rates of home ownership tend[...] to be countries with poorly-developed welfare states’ (Kemeny, 2005). While Kemeny’s main focus is the complexion of rental markets, there are numerous iterations of the *housing-welfare regime* logic, which have both drawn from Kemeny’s work (Kemeny & Lowe, 1998; Castles, 1998; Allen, 2006; Schwartz & Seabrooke, 2009; Stamsø, 2010) and inspired it (Donnison, 1967). While nuances have developed between the two *liberal* and *social market* poles, these categories have assisted in organising the field of housing studies for decades, giving significance to single case studies, and helping to inform and structure comparative research on multiple aspects of housing system development (see: Doling & Horsewood, 2011; Wood, 2016; Stephens, 2016).

The inclusion of private mortgage debt into this *housing-welfare* typological field, as noted above, is more recent and results in modified typologies which are neither fully in line with Kemeny’s research, nor with the industry-based VoC approach, from which the varieties of *residential capitalism* (VoRC) approach derives its name, but only cursorily alludes. The

¹ John Doling and Nick Horsewood (2011), who analyse the trade-off effect between levels of home ownership and the generosity of pensions, are notable exceptions here.

² Mark Stephens (2016; 2017), also critical of this tradition, refers to it as the ‘welfare and housing regime literature’ and Peter Malpass (2008a) refers simply the ‘housing-welfare state relationship’.

underlying idea of this approach is that broader aspects of the politico-economic environment in which housing is situated inform the type of housing system a country develops, with mortgage debt being the new key variable. Both the welfare and the VoRC approach have in common their attempts to illuminate housing phenomena through broader societal typologies, developed outside of housing studies, and both assume that higher levels of homeownership will lead to lower public support for social expenditure. Moreover, on the methodological plane, both operate with snapshot pictures of national-level country data.

Organising comparative research along typological lines in such a manner can be fruitful. Indeed, all comparative research, across all social science disciplines, employs the use of such apparatuses - explicitly or otherwise - in order to develop coherent frames of reference. However, relying on the same typologies in perpetuity does not necessarily make for sound research. Wolfgang Streeck and Kathleen Thelen (2005, p. 1) have argued that, 'the most prominent theoretical frameworks employed in the analysis of the welfare state [...] seem singularly ill-equipped to capture significant developments underway in many if not all of them'; and this criticism should ring alarm bells for housing scholars who 'repeatedly recycle' (Blessing, 2015, p. 1) conceptual frameworks and typologies which causally link welfare state regimes to housing system outcomes, or *vice versa*. Indeed, the proclivity to obdurately reproduce typologies across *time* and *space* on the basis of methodological and theoretical convenience can become, if one is not attentive, a conceptual liability (see Wood, 2016).

We believe that housing typologies within the *housing-welfare regime* approach, based predominantly on the assumption that the type of housing system in any given Western society should generally reflect its welfare state and/or institutional industrial tradition, have now become such a liability in the field of housing studies. We argue that many of the assumed associations linking welfare and housing in much of this tradition are questionable, and as we show, many of the observed patterns of housing system difference – whether in terms of tenure composition or even building form - in mature industrial economies predate the modern welfare state (Kohl 2015; 2016). In many of the aforementioned works, the causal associations between housing systems and welfare regimes are seldom expounded or made empirically explicit beyond references to divergent hegemonic power structures (Ronald, 2008), ideology (Kemeny, 1995) or *varieties of capitalism*, however modified (Schwartz & Seabrooke, 2009). Indeed, many such studies invoke what Peter Dickens et al. (1985, pp. 59-60) have labelled a 'deterministic appeal to "privitism" and "collectivism"', and we find that their inferences are often based on mere snapshots of data relating to too few variables, with some studies lacking rigour and even failing to withstand robustness tests.

Taking the *long view*, this paper argues that typologies in comparative housing research should be operationalised with caution and not uncritically reproduced *ad infinitum*. Offering an alternative approach, centred on a path dependence framework, we propose that typologies should be historically informed and not merely based upon static cross-sectional portraits. We argue that temporal scope conditions and sensitivity to historical and regional specificities should be central to any such typology. As part of this proposed framework, we contend that the historical role of housing finance institutions in producing distinct housing system outcomes complicates the *housing-welfare regime relationship* (Malpass, 2008a), and that the institutional provision of housing finance should occupy a much more central role in housing studies than it has hitherto. Housing finance should not be treated merely as a functional afterthought, exogenous to housing system development, but as central to the study of housing in both explaining the historically variegated composition of national and regional housing systems *and* to understanding contemporary housing developments in an era of so-called *financialisation* (Aalbers, 2016).

To be clear, we are by no means censuring all studies seeking to understand the relationships between housing systems and welfare states; nor are we claiming that no such relationships exist; a *housing sector*, as Michael Harloe and Maartje Martens (1984, p. 268) remind us, ‘cannot be understood as something which develops according to a purely internal dynamic, in isolation from broader social developments and struggles’. However, our central charge is that much - although not all - housing scholarship embedded within the *housing-welfare regime framework* lacks a thoroughgoing historical perspective and, as such, the typologies proffered often fail to properly account for historical sensitivities such as how differences in housing systems emerged in the first place, why regional differences exist below the level of the nation state, and how these endure over time. Our argument is that this body of research, by all too often privileging short time horizons when constructing typologies, creates empirical blind spots, when reading typologies with a time index into the past and future. They often ignore core processes and relationships which exist beyond the composition of welfare states, or countries’ ostensive variety of capitalism. The central task of this paper is to methodologically and empirically illustrate these points using long-run data, and to provide an example of an alternative, historically informed account for the observable multiplicity within and between Western housing systems.

The main body of the paper is divided into three sections. We begin with a constructive engagement with the so-called *divergence school* (see Malpass, 2008b) and exponents of what we have termed the *housing-welfare state* tradition. Whilst we criticise the typologies adopted in this tradition for their lack of historical sensibility and empirical rigour, we argue that there are core insights, which, going forward, can be central to developing historically sensitive typologies. Following this, we subject the authors’ typologies and wider hypotheses to empirical robustness tests. Tracing the authors’ bivariate variables over a longer timeframe, we show how the associations they posit between housing systems and welfare regimes are largely contingent and ephemeral. We also show how modifications to this tradition via the transplanting of ‘varieties of capitalism’ literature, now turned residential, offer little in the way of improving this picture. Finally, we embrace the ‘long view’. We begin this section with a brief engagement with the so-called *convergence school*. Having criticised the divergence school for its lack of historical sensibility, we argue that the *convergence school* fails to properly accommodate the manifest differences within and between housing systems. Building upon insights from both these *schools*, and on the author’s previous research (2018a; 2018b), we propose an alternative, path dependence framework in order to elaborate our novel *longitudinal housing typologies*.

Review of Literature

This section examines the *housing-welfare regime* tradition in more detail. What this denotes is literature emanating from the field of housing studies, which views housing system outcomes (particularly tenure composition) as being reflective of wider welfare state relations and societal attitudes to social expenditure, and which *explicitly* utilises typologies based on these associations. The central logic underpinning this tradition is highlighted by Frank Castles, who notes that, ‘the extent of home ownership impacts on the form of the welfare state’ (Castles 1998, p. 17). This strand of literature is often grouped within the so-called *divergence school* and has produced arguably the most influential typologies in the field of housing studies. While we outline existing engagements with housing typologies and highlight their empirical shortcomings, this and the following section also aims to build a conceptual bridge in order to chart a course between the *divergence school* and the *convergence school*. For now, though, we begin with the former, and its principal exponent.

The housing-welfare regime framework

Kemeny (1982; 1992; 1995; 2005) is undoubtedly the most renowned and influential exponent of what we have termed the *housing-welfare regime* approach within the *divergence school*. One of his main contributions to the field of housing studies is his observation that different types of welfare state exhibit distinctly different types of housing system. Kemeny (1995) argues for the existence of two discrete typologies based on the complexion of a country's rental market: the mass welfare housing model (or *unitary rental system*) which he argues is apparent in much of central Europe and Scandinavia, and the so-called 'Anglo-Saxon' profit-maximising model (or *dualist rental system*). In the former, universally accessible public rental housing competes directly with the private rental sector under a system of 'corporatism'. Rents are mediated by the existence of this system and incentives towards homeownership are consequently diminished. The *dualist rental systems* of the Anglo-Saxon world, he argues, tend to *residualize* social housing, 'hiving it off' (1995, p. 51) from competition with the private rental sector and syphoning demand into commodified tenure forms, principally homeownership. Kemeny's argument links the complexion of housing systems inextricably to the composition of welfare states, and societal and predilections towards 'collectivism' (Kemeny, 1992) ostensibly explain differences in levels of homeownership and continuing housing system *divergence* throughout the OECD.

On the empirical plane, Kemeny's original thesis posits that a negative relationship exists between levels of homeownership and the *development of the welfare state* (Kemeny, 1982; 1995; Hoekstra, 2010, p. 86), with high rates of homeownership impacting on society through 'various forms of privatisation' (Kemeny, 2005, p. 60). Subsequently, however, following Castles (1998), he has modified this causal direction, arguing that if countries with unitary rental systems and low rates of homeownership begin to experience major declines in welfare 'we can expect them to begin to transform into monotenural [*sic.*] home owning societies' (Kemeny, 2005, p. 1). This implies that the constitution of the welfare state is directly linked to levels of homeownership.

The causal mechanism Kemeny uses to justify the relationship between housing systems and welfare regimes is the difference in the temporal distribution of housing costs between renting and owning. In societies where homeowners dominate, the costs of housing are *frontloaded* in the life cycle. As young households are 'burdened' with the cost of raising a deposit and meeting mortgage repayments, we are told to expect that they would naturally object to the high taxes necessary to run a comprehensive welfare state and, thus, favour a smaller welfare state (Allen, 2006, p. 271). By contrast, in societies comprised mainly of renters, costs are supposedly more evenly spread over the life-cycle and voters will be less averse to higher taxes to fund generous welfare programmes. We test this hypothesis shortly.

More recently, Hermann Schwartz and Leonard Seabrooke (2009) have developed Kemeny's approach to the study of housing systems under the banner of what they term *varieties of residential capitalism*. Although they update the findings somewhat, they draw intellectually on Kemeny and Gøsta Esping-Andersen (1990), in an attempt to construct new housing typologies for the post-Global Financial Crisis age. Crucially, for our inclusion of these authors under the *housing-welfare regime* banner, they make central claims linking housing tenure to societal preferences towards public spending and welfare (2009, pp. 1-3); albeit with the additional layer of levels of household debt, which serves as a proxy for housing finance systems in their analysis. Indeed, this seminal contribution to the divergence school infuses many of the logics of Kemeny's work with that of the varieties of welfare capitalism and VoC literature. This is perhaps not surprising. As Stephens *et al.* (2016, p. 1212) note of Kemeny and Esping-Andersen's work, whilst they may identify different causes for different regimes, their 'typologies reveal a remarkable congruence'. Some authors also show strong associations between the types of welfare and VOC of these two frameworks and even suggest collapsing the two into one integrated framework (Schröder, 2013).

In Schwartz and Seabrooke's analysis, relative levels of homeownership remain central (as in Kemeny) but this independent variable is explored in relation to the degree of private mortgage indebtedness, as noted above. The countries are grouped in accordance to their deviation from mean levels of homeownership and mortgage debt per GDP, and the authors argue for the existence of four distinct typologies based on this analysis: *corporatist market*, *liberal market*, *familial* and *statist-developmental*. In the 'corporatist market' grouping we find countries with low levels of homeownership, such as Germany, Denmark, and the Netherlands (akin to Kemeny's *unitary rental systems*). In the 'liberal market group', we find the so-called Anglo-Saxon countries, as well as Norway, which have high levels of homeownership and mortgage debt. In the 'statist-developmental' quarter, we find countries as diverse as Sweden, France, Austria, Japan and Finland, which apparently have low levels of homeownership and mortgage debt. Finally, within the 'catholic-familial' countries grouping, we find Ireland, Spain, Italy, and Belgium, where homeownership is high, but mortgage debt is low.

The authors acknowledge that the *housing groupings* do not quite conform to Kemeny's framework or to the VoC clusters, but claim that 'we can look to the welfare states and VOC literature to explain some of these dynamics' (*ibid.* p. 9). This contribution marks an important step in recognising that housing systems are perhaps not direct institutional compliments to other spheres of economic or welfare activity, as the authors (2017; 2017a) and others (Torgersen, 1987; Pierson, 1994; Bengtsson, 2001; Stephens, 2016; Aalbers, 2016) have argued. They also emphasize the importance of housing finance (as we do) for the sphere of housing. However, in their attempt to redraw the typologies which have been so influential in housing studies literature for so long, they recreate some of the same errors as Kemeny.

Whilst the focus and scope may differ slightly between the two studies considered thus far, what unites them is the central underlying assumption that the composition of a country's welfare system, or *variety of residential capitalism*, should, in some form or another, influence the constitution of its housing system, whether in terms of levels of homeownership and building form (Kemeny, 1992), or household debt. In the case of Kemeny, these assertions are based on what he has himself termed 'very general statistics' (Kemeny, 2005), whilst in the case of Schwartz and Seabrooke, the empirical analysis is a little more explicit, albeit unsound (Stephens et al., 2016).

Both studies present typologies based on snapshots of countries' housing systems, with little regard for historical conditioning factors or subnational dynamics and, significantly, both restrict their analyses to two variables studied over short timeframes. Despite acknowledging that policies are cumulatively formed over decades (Kemeny, 1995, p. 27), Kemeny's analysis presents a static portrait of institutional housing and welfare constellations fused to the housing systems of the 1980s. Meanwhile, Schwartz and Seabrooke do exactly the same for the 1990s in relation to household debt and linkages to welfare regimes and varieties of capitalism. Yet, these scholars are far from alone in privileging distilled timeframes in their analyses.

Ben Ansell (2012, p. 533), whilst focusing on asset price increases (house prices) makes a strikingly similar argument to Kemeny (1995) and Schwartz & Seabrooke (2009) about the relationship between housing and welfare; albeit without citing the former. Ansell (2012; 2014) avoids constructing his own typologies but he does relate his analysis to typologies commonly associated with Schwartz and Seabrooke's analysis. Ansell notes that, 'changes in house prices strongly affect individuals' attitudes towards social insurance programs' (2012, p. 533). To support this, he cites *the long housing boom between 2002 and 2007*, arguing that this, 'coincided with growing retrenchment in welfare spending in Europe and in the Anglo-American countries' (*ibid.*). Ansell's hypothesis sits firmly within the *asset-based welfare* tradition, which posits that the augmentation of home and asset-ownership has been supported by, 'coercive mechanism[s] linked to state retreat in the provision of welfare-enhancing

resources' (Watson, 2009, p. 61). However, as with much literature within the *housing-welfare regime* tradition, the selection of such a narrow timeframe to generate a hypothesis based on the assumption that, within a five- to six-year period of house-price inflation, household preferences for welfare retrenchment could translate directly into voter preferences is, plainly, problematic. Indeed, housing – and associated house price and mortgage cycles – usually follow short building cycles of business-cycle length and long cycles of between 15 and 25 years (Leamer, 2007).

What we tend to find with much of the *housing-welfare regime* tradition is a reliance on the circular logic of *welfare* typologies based on frozen portraits in which it is often unclear whether welfare regimes structure housing systems, or housing systems structure welfare regimes. Peter Dickens et al. (1985) highlight this circularity appositely when they note, in relation to comparative housing typologies, that 'it is assumed that the variations observed in the cases are simply and easily caused by the typology used to choose them in the first place' (p. 59). The folly of this logical circularity is further highlighted when one refers to the historical record. Indeed, claiming that, because homeownership is (ostensibly) the most commodified tenure form, we should expect countries exhibiting high levels of homeownership to display *liberal* welfare regime characteristics, or *vice versa*, is problematic as soon as one extends one's analytical time horizon beyond the 1980s and 1990s. Consider that, prior to the existence of any meaningful welfare state interventions – in the sphere of housing or otherwise – the vast majority of urban Europeans rented privately. This was not quite true of the USA or other settler societies, such as Australia and Canada, where nearly 50 per cent of the population lived in owner-occupied housing around 1900³, but how should *housing-welfare regime* explanations account for these pre-modern welfare state differences in tenure composition? If the answer is that they should not, then we need to ask what it is about the post-War era that makes *the housing-welfare state* nexus so historically unique.

We are inclined to look to more long-run processes and phenomena, following the lead of Evelyn Huber and John D. Stephens (2001, p. 36), who contend that it is *only by putting short term events in longer historical and broader comparative perspective that we can understand the determinants of said short-term events*. Broadening our times horizons, as we show in the following sections, allows us to better understand variability in and between cases, and also to understand the importance of institutional path-dependencies and how sectoral interests interact with these *through time*.

Housing typologies under the microscope

The task of this section is to empirically appraise the contributions reviewed above. While we are not the first to critique this strand of housing research and challenge the causal associations between welfare state and housing regimes (see: Somerville, 2005; Malpass, 2008a; Lennartz, 2011; Blessing 2015; Stephens, 2016; Aalbers, 2016) we are, as far as we are aware, the first to place it under systematic, longitudinal empirical scrutiny in order to demonstrate that housing systems, whilst never isolated from the prevailing politico-economic trends, do not necessarily perform to the logics which the housing-welfare state tradition and varieties of residential capitalism approaches imbue them with.

The two main studies surveyed above assume – explicitly or otherwise – that the nature of national housing systems broadly relate to the nature of national welfare regimes, with Schwartz & Seabrooke splicing an adapted *varieties of capitalism* logic to this assumption. We address

³ It is important to note that this is a national picture. The regional and inter-city pictures vary markedly, both in 1900 and today.

these two typological approaches because they are arguably the most prominent in housing studies, and also most suited for ‘long-run’ testing in terms of data availability⁴.

Figure 1. OECD social expenditure and homeownership (five-year average)

INSERT FIGURE 1 HERE

NB: 2010s go on average until 2013 only

Sources: OECD (2017)⁵ & Kohl (2017)

To investigate the relationship between homeownership and welfare in the longer run, we took decade averages of the OECD total social expenditure per GDP variable and the interpolated homeownership rates starting in 1960. The period-specific scatterplots are displayed in Figure 1 for 17 OECD countries for which data are available throughout all time periods. For each decade we added the linear regression line and the 95%-confidence interval shading. In the early post-war periods, the bivariate relationship of welfare and homeownership is indeed negative and shows a relatively good fit. Already by the 1980s, when Kemeny first made his observations, however, the association becomes weaker. It turns towards insignificance in the more recent periods with a bad fit: countries of similar homeownership rates can have largely different welfare expenditures. A similar tendency can be observed when replacing the total social expenditure by the pension expenditure only.

We apply a similar exercise for the same 17 OECD countries with respect to the second central housing typology, the varieties of residential capitalism (Schwartz & Seabrooke, 2009). Figure 2 displays, again, the decennial averages for homeownership and, this time, mortgage debt per GDP (taken from Jordà *et al.*, 2017), including linear regression lines and the 95%-confidence interval shading. A first observation is that it is difficult to locate a fourfold typology at all in any of the decades under examination which could be due to our different temporal framings, our different ways of averaging across decades or the alternative data sources used. The typology rather collapses into a negative correlation which itself is rather surprising: more indebted countries have lower homeownership rates. A second observation is that although this negative correlation is relatively stable over time, there is an overall tendency for countries to move towards the upper-right, as both homeownership and debt grow. For the majority of countries, however, this means moving from a low-homeownership, low-mortgage debt regime to a high-homeownership-low mortgage debt regime, while some even move to the high-homeownership-high-mortgage combination. Quite a number of countries clearly change their relative position in the chart: Spain and Denmark move to high levels of indebtedness and higher homeownership, leaving behind Canada and Japan. A negative correlation describes the scatter plot, rather than a discernible fourfold typology. Highest homeownership rates often go along with lower rates of mortgage debt, while countries with large rental stocks like Switzerland can equally have high mortgage debt. Further, the binary VoC typology does not help to sort the cases, as both CMEs and LMEs can have high debt levels or high homeownership levels.

⁴ These authors are far from alone in talking about housing mainly in welfare terms. Other pertinent works are, for example, Allen *et al.* (2004), Kleinman (1996), Ronald & Doling (2010) or Groves (2016). Barlow & Duncan (1994) prominently link welfare to urban land planning regimes (speculative, self-promotion, public), which is, however, difficult to operationalize across countries, times, let alone in the long run.

⁵ We connect Lindert’s pre-1980 OECD data collection category “social transfers” (Lindert 2004)) with the newer OECD “total expenditure” category to minimize the break in the two different series. For the homeownership series, we interpolate the existing benchmark years and take the decade average.

Figure 2. Averages of mortgage debt/GDP and homeownership (decennial averages)

INSERT FIGURE 2 HERE

Sources: Jordà et al. (2017) & Kohl (2017)

Thus, two central typologies within the divergence school of housing need to be read in light of their historical contexts, with Kemeny describing a situation most pronounced before the 1990s and the varieties of residential capitalism taking a snapshot of the much more volatile debt-measures in the late 1990s. In the long-run, the welfare-homeownership trade-off seems to slowly fade out, and that the mortgage varieties rather collapse into the two quadrants of a negative correlation with quite some outliers, and with little relation to varieties of capitalism (welfare or otherwise)⁶.

Towards historicised typologies?

This final section serves two purposes. First, we examine the so-called *convergence school*, which provides an explicitly historically-couched framework for understanding housing system development. This school is exemplified by the works of Donnison (1967) and Michael Harloe (1985; 1995), and has produced temporally sensitive typologies, in line with countries' phases of industrial development. Second, we seek to develop the theoretical insights from this school, in combination with those from the *divergence school*, in order to give an example of a historically informed typology based upon countries' traditions of housing finance provision.

The long durée

One of the first attempts to classify housing systems along comparative-historical lines goes back to the works of Donnison (1967), who made a distinction between the *comprehensive housing policies* of much of Western Europe, and the assisted free-market approach of the USA. The main variable Donnison deploys is the degree of government intervention in the provision of social housing. Donnison's work has been grouped within the so-called *convergence school*, which posits that solutions to housing and urban 'problems' are closely *tied in with the phase of economic and demographic development in which the society finds itself* (van der Heijden, 2013, p. 9). The proposal is that a continuum exists with the least economically developed countries exhibiting what he termed *haphazard policies*. As a country develops, it will adopt *residual* housing policies, until finally, at the zenith of economic development, countries will move towards what he terms *comprehensive* housing policies.

Stuart Lowe (2011) has referred to Donnison's thesis as a 'leaders and laggards' thesis. A country such as Turkey, then, is seen in the *haphazard* category, whilst we find Sweden on the opposite pole, with the USA somewhere in between. In many ways, this work fits into a broader tradition of mid-twentieth century thinking, which posits socio-economic outcomes as being contingent upon relative levels of economic development. Simon Kuznets (1955), for example, argued that, over the long run of industrial development, societies would gradually become

⁶ The existence of a welfare trade-off and the negative homeownership-debt link becomes more pronounced once we include less industrially mature countries of Eastern Europe because those have high homeownership, but low debt and welfare. However, an attempt has been made here to control for institutional variance. We follow the authors in limiting ourselves to a bivariate analysis only. The picture would look different if further control variables were added.

more equal; the inference being that that a higher GDP per capita would lead to lower the levels of inequality. This thesis has recently been challenged somewhat by the work of Thomas Piketty (2014), who notes that instead that the relationship between economic development and inequality is more of a U-curve shape. This is relevant for our purposes, as Piketty is to Kuznet what Harloe is to Donnison.

Harloe's work also sits firmly within the *convergence school* (van der Heijden, 2013). Harloe observes that countries begin with highly commodified housing systems where social housing is *residual*, as evidenced by the dominance of private renting prior to the First World War in much of Europe and the West. They then pass on to the next developmental stage of *decommodification*. However, rather than remaining in this decommodified *mass model* state, Harloe observed in the mid-1980s that there was a growing tendency towards *recommodification* and a return to the *residual model* (Harloe, 1985; 1995), as evidenced by the privatisation of state housing (Lowe, 2011, p. 143).

Harloe's (1995) *The People's Home?* links changes in tenure composition to phases of capitalist industrial development, arguing:

it is only when adequate [housing] provision in commodified form is not possible [...] and when this situation has some broader significance for the dominant social and economic order, that recourse is made to large-scale [...] state subsidised and politically controlled mass social rented housing (Harloe, 1995, p. 6).

Thus, the provision of social housing performs a functional role in sustaining and advancing capitalist modes of accumulation. Harloe argues that housing market failures produce political responses to correct the market and ameliorate housing crises and that such processes are universal to all capitalist societies. He argues that, 'housing provision [has] evolved, under the impact of major changes in social, economic and political structures', adding, 'housing will normally be provided in capitalist societies in commodified rather than decommodified forms' (*ibid.* p. 6). According to this view, it is only when private rental provision fails to meet the needs of the majority of the population, that the *abnormal* (*ibid.* p. 7) provision of social rented housing is advanced.

Clearly, Harloe's analysis of the evolution of housing systems is at odds with *divergence school* approaches. Harloe posits an inexorable logic of capitalism mechanism with its own causal dynamics, arguing that the provision of social housing is functional for the, 'maintenance and development of the capitalist social and economic system' (*ibid.*). Harloe, then, presents an almost teleological view of housing regimes, implying that we might expect broadly similar developmental trajectories within all advanced capitalist economies. His framework can explain broad historical housing trends but does little to explain differences between (and within) housing regimes and, significantly, how these differences persist.

Harloe's thesis has been widely criticised. Pointing the finger squarely at Harloe, Kemeny argues that social housing retrenchment and rising homeownership rates in the Anglo-Saxon world (as elsewhere) are the products of dominant neoliberal ideologies and not of what he terms, 'exogenous forces that cannot be reversed or even halted by policy measures' (Kemeny, 1995, p. 25). In many senses, this criticism is warranted. However, Harloe was, to all intents and purposes, correct about the direction of travel over the course of the twentieth century. Perhaps where he was wrong, though, was about the degree to which countries would move in the same direction.

Gertjan Wijburg and Manuel Aalbers (2017, p. 3) have noted about the most recent housing convergence thesis, financialisation and the growing influence of financial markets on housing, that this phenomenon is 'not a singular, teleological process that unfolds in the same way

everywhere, but is rather variegated across time and space and triggers alternative trajectories of change'. Thus, whilst homeownership has increased marginally in countries such as Germany and Austria over the past decades, they have essentially retained their core historical differences *vis-à-vis* large number of rental housing within multi-dwelling units in urban areas. This opens the door to the possibility that both the convergence and divergence hypotheses are correct, to certain extents, but that the frameworks in which they operate are ill suited to the task of analysing housing system change *over time*. We now propose an alternative, path dependence framework and suggest an example of a historically informed *longitudinal typology*.

Path dependence and historicised typologies – an example⁷

From the studies we have engaged with so far, it is apparent that an institutional disconnect exists between the study of housing and housing finance systems. Even though Schwartz & Seabrooke reference housing finance systems in their analysis, their discussion mainly centres on aggregate volumes of private mortgage debt, and their analysis of institutional housing finance configurations remains underdeveloped. Housing scholars, then, have generally paid little attention to the historical institutional apparatuses of housing finance – and still less to the implications of housing finance provision on tenure composition and housing form. Instead, scholars tend to lean towards purely politically driven explanations in order to explain patterns of divergence, or *logics of capitalism* to explain patterns of convergence. This, as we have shown, can lead to static cross-sectional typologies in the case of divergence analyses, and functionalist typologies in the case of the convergence school, both of which we have found to be empirically wanting.

Donald C. Hambrick (1983, p. 33) argues that taxonomies and typologies need not be solely cross-sectional, noting, 'One can classify pathways and routes just as readily as states' (*ibid.*). Analysing and classifying *pathways and routes* instead of static states provides a degree of methodological and conceptual flexibility which can allow us to view housing system development along the lines of broader continua, whilst also being sensitive to temporal and spatial specificities within and between national housing systems. Indeed, as Aalbers (2015, p. 5) notes, 'countries can move in the same direction while maintaining their essential institutional differences'. In this vein, we tentatively propose a historicised typology, based on the constitution of housing finance systems, their relation to housing systems, and their *path dependent* development over the long run.

The logic underlying path dependence theses is simple. As Bo Bengtsson and Hannu Ruonavaara (2010, p. 1) note: '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'. In essence, it is an acknowledgement that *history matters*, and that previous actions and paths taken can have 'long-term persistent impacts that continue to influence growth and development today' (Nunn, 2014, p. 349). Path dependence theses can either take the form of *strong definitions* (Bengtsson, 2007) – as in the case of Esping-Andersen's "frozen" welfare state landscape (cited in Matznetter & Mundt, 2012) - or *weaker definitions*, whereby 'one event that is more or less contingent considerably changes the probability of other subsequent events or institutional outcomes' (Bengtsson, 2007, p. 2).

⁷ We think of this exercise as a example, applying to housing research what other authors have done in historically informed typological work in other domains, such as Caroline Fohlin for the corporate finance typologies (Fohlin 2016) or Philip Manow for the religious origins of welfare typologies (Manow 2008).

In relation to housing system development, the implications of this are that cross-national and regional differences in institutional forms of housing provision which emerged decades – or even over a century – ago can leave enduring institutional and behavioural legacies, which can go some way in helping to account for differences in urban form and tenure composition to this day. Here, we adopt a *weak concept of path dependence*, as proposed by Bengtsson (2007), arguing that historically differentiated trajectories in housing finance provision, which emerged during the nineteenth century, have left enduring institutional heritages, which have had, and continue to have, *persistent impacts* on housing form and tenure composition, which are broadly independent of welfare regime configurations.

Adapting typologies from Boléat (1985) and Lea (2009), and drawing on previous research, we observe four distinct modes of housing finance provision⁸. These are, in order of the degree of credit centralization (least to most): the *direct finance mode*, the *deposit-based finance mode*, the *bond-based finance mode*, and the *state finance mode* (Authors, 2018a). The direct finance model is indicative of lending not mediated by institutions and all countries, at one point in time, corresponded to this mode, essentially making it a point of departure for all other housing finance systems (*ibid.*). Countries exhibiting this model often have low levels of financial development, recognisable in pre-industrial European societies, or in developing countries today (Lea 2009, p. 30), and cities which rely on this type of housing finance system, as Michael Lea notes, are generally ‘built as they are financed with a considerable and visible proportion of self-construction and slum proliferation’ (*ibid.*).

At the other pole, the state finance mode is the most centralised of all, using state resources from either centralised state savings bank capital, state pension funds, or treasury funds to provide subsidised finance. Commanding state involvement in national housing finance systems was particularly characteristic of later developers – in a Gerschenkronian sense – with underdeveloped capital markets and weak deposit bases in the nineteenth and early twentieth centuries during countries’ establishment phases, as a means of centrally mobilising capital. Subsequent state interventions in national housing finance systems during the mid-twentieth century took myriad forms, but were usually very much fused onto the existing institutional nexuses of housing finance provision. In the interests of brevity, we restrict our analysis to the *deposit-based* and *bond-based* finance modes and their impacts on housing and the built environment.

As the name suggests, in the *deposit-based mode*, deposit-collecting institutions are the most important. This includes a variety of institutions such as institutions specialising in housing, (for example, mutual building societies and *thrifts*), but also savings banks, who partake in mortgage lending, but whose activities are not solely geared towards mortgage origination. In the *bond-based* housing finance mode, on the other hand, specialised mortgage banks rely on the issuance of mortgage bonds in order to originate mortgages. These bonds compete on capital markets directly with other securities, and the banks issuing them proliferated in the urban centres in central, eastern and northern continental Europe during the mid-to-late nineteenth century. These bond-issuing mortgage institutions were well integrated into the overall capital market, competing with railroad securities and state bonds, quite unlike the building societies and savings banks, whose deposit bases, at least prior to the 1930s, were much more geographically contained (Authors, 2018a). While the specialised housing deposit institutions spread from Great Britain to the USA and parts of the Commonwealth over the course of the nineteenth century, the specialised bond-based mortgage banks spread simultaneously from the East of Prussia and Poland throughout the continent.

⁸ For more empirical detail, please consult research published elsewhere (Authors, 2018a).

These housing finance modes represent a continuum, whereby either deposits-based or bond-based mortgage institutions dominate *urban* mortgage markets. While it is possible to classify countries based on their relative *urban* mortgage market share (bond vs. deposits), this system also accommodates temporal and regional dimensions. Due to regional variations, few countries conform to an ideal type either historically or contemporarily (with the exceptions of bond-based Denmark and, until very recently, deposit-based Britain), and while the relative prominence of bond-based urban mortgage finance declined throughout the twentieth century, in Denmark and Sweden, bond-based mortgage finance remains dominant today, and few countries that were deposit-based throughout the nineteenth and twentieth centuries adopted bond-based housing finance systems; although since the early-2000s, covered bonds have played an increasingly important role in the British housing finance system (ECBC, 2018).

In terms of the historical impacts and legacies of these different systems of housing finance provision on housing and the built environment, each system engendered distinctly different types of urban development *vis-à-vis* housing form, urban concentration and tenure composition. Countries within the deposit-based mode (which include the UK & Ireland, the USA and other settler societies, Belgium and the Netherlands) tended to favour the construction of single-family dwellings when expanding and reconstructing their towns and cities prior to the Second World War. The member-based deposit institutions, in particular, issued mortgages in small tranches so as to finance smaller units with each transaction. Conversely, countries with a preponderance of bond-based urban housing finance institutions (which include Germany, Switzerland, Denmark, Austria-Hungary and, to a lesser extent, Sweden and France) tended to expand and reconstruct their towns and cities in more concentrated, multi-story tenement form. The more concentrated mortgage banks were able to give out credit in larger volumes and preferred larger projects to minimise information asymmetries and transaction costs. The more centralised form of housing capital in the bond-based system favoured the financing of multi-story buildings, historically in rental form, while informal and deposit regimes tended to favour single-family house buildings, often, although by no means always, in the form of owner-occupied residences.

The building-form heterogeneity, which scholars have observed in Europe and the USA (Kemeny, 1992; 2001; Allen, 2004; Kohl 2015) cuts Europe into a north-western and peripheral land of single-dwelling building cities, with central, eastern and northern European cities typified by their multi-dwelling building forms. However, these demarcation lines were observed by historical housing reformers (Eberstadt, 1920), the British Board of Trade (1908) investigations, as well as a Swedish Housing Commission which, in 1920, referred to a West *European single-family area* (Authors, 2018b). Importantly, these modes cut across the welfare regime topography of Europe, and while some geographical regions are distinct, in countries such as Italy or Germany internal patterns of building form variegation exist that only a subnational level of analysis can reveal.

While this housing finance typology is thus clearly historically situated, it still shows to be relevant in the historical legacy of the accumulated building stock and tenure traditions in cities and regions. Note that our argument is not simply about urbanisation or population density. Rather it refers to the type of urbanisation (building form) that was influenced, not by the financial sector *per se*, but by the types of institutional housing finance. The strong positive relationship, which exists between the level of bond-based mortgage banking and the degree to which countries erected multi-unit dwellings in their towns and cities is also visible in today's levels of homeownership. Indeed, bond-based, multi-dwelling building city countries of central Europe still display lower homeownership rates in the 2000s than other countries (Authors, 2018b).

Mortgage finance systems all moved through a phase state intervention during the mid-twentieth century, but no deposit-based regimes turned to covered bonds (at least prior to the 2000s), while all bond-based regimes maintained their mortgage banks to varying degrees. Only with the liberalisation of finance in the 1970s did the distinction of banks become blurred and the link of housing finance to building form and tenure less evident. The large-scale entry of commercial banks into mortgage markets and the proliferation of securitisation techniques, particularly in the deposit-based countries, makes the historically-informed typology somewhat less clear-cut today. It is, however, still informative as the remnants of these modes can still be found in countries' contemporary institutional mortgage-market composition, and particularly in the heritage of the accumulated housing stock, building traditions and behavioural expectations and norms, which the historical housing finance institutions assisted in creating in Western cities. Thus, cities with lower historical building densities still have higher shares of single-family houses today and, conversely, once bond-based mortgage credit maximised the use of urban land in the form of dense tenements, the land use was hardly anywhere scaled back again. Hence, while these typologies have an expiration date, of sorts, their social consequences still appear to transcend them.

The key to explaining the causality linking the type of mortgage institution and building form is the level of integration of housing finance within the capital market. In bond-issuing countries prior to the Second World War (such as Sweden, Denmark, Switzerland, Germany, and Austria) urban mortgage banks were competing for funding on capital markets (both domestic and foreign) in a broad field. As a Swedish government report from 1920 noted, credit was *scanty*, and when investment in housing was high, other areas of the economy suffered, and vice versa. In competition for credit from all sectors (canals, railroads, government bonds *et cetera*), housing needed to be profitable, and building big, dense, and compact was the means to ensure this profitability. Furthermore, in the absence of local branch networks (unlike countries with specialised deposit-based institutions and informal credit networks), these institutions relied on economies of scale. The results were densely populated tenement buildings.

Conversely, in countries where tenements were the exception rather than the rule, such as Great Britain, Ireland, Belgium, the Netherlands, and the USA (with the notable exceptions of Boston and New York), housing finance was generally a self-contained sector, little integrated into the general capital market. Dauntton (1990a, p. 11) notes of England that 'The building cycle determined the demand for capital rather than the supply of funds acting as a major influence upon the level of building'. These institutions thus constituted special circuits, which, although not completely isolated from prevailing capital market dynamics, were, to some extent, shielded from competition in the general capital markets.

Bond-based mortgage banks mostly focused their lending activities on large developers and landlords (Martens 1988), who constructed tenements solely for the purpose of generating rental income. Deposit-based lending institutions (including the savings banks and building societies), on the other hand, generally focused their lending on an altogether smaller scale, catering to petty landlords (who tended to live within the rental building) and prospective homeowners. The specialized deposit-based institutions in particular were more likely to lend to homeowners in the UK (Rodger 2001, p. 272; Samy 2008), the USA (Dauntton 1990b, p. 26), Australia, and New Zealand (Thomson and Abbott, 1998), than the continental European mortgage banks. As these institutions' market share expanded, so too did the homeownership franchise. These tendencies were not derived from cultural predilections to 'mass welfare' of 'collectivism', but from the institutional structure of housing finance provision.

Conclusion

The historical housing finance typology we have proposed here (and in other works) is meant to offer only one example of a historicised typology, which this paper has argued for more broadly. It has a clear historical origin, a time of validity and a period of historical obsolescence, which does not exclude it from having an enduring legacy in the contemporary housing world. It also shows that a housing typology independent of the welfare dimension has explanatory potential and, while describing the convergence-movement of organised finance entering housing, points to non-convergent path-dependent processes over time.

What it does by means of example, this paper has tried to do in general: we engaged with what we term the *housing-welfare state literature* in housing studies and the typologies various authors writing within this tradition espouse. The purpose has not been to dismiss the methodological act of employing typologies *per se*, but to urge caution when deploying them. Uncritical reproduction of typologies – as is evident from some strains of contemporary comparative housing research and political economy literature – is not helpful for the advancement of housing studies as a field, and we should, as Kemeny urges us, constantly be questioning their appositeness (Kemeny, 1995, p. xiv). The flaw we identified in this strain of comparative housing literature was an apparent reluctance to take history seriously. Often analyses such as Kemeny's, are mere snapshots, yet works produced by Kemeny continue to bear influence through uncritical reproduction.

Such uncritical reproduction is evident in much housing studies literature. Kemeny's social market paragon, Sweden, is all too regularly characterised as having low rates of owner-occupation, low mortgage debt to GDP, and a housing finance system marked by financial repression (Schwartz & Seabrooke, 2009; Wood, 2016). Yet levels of owner-occupation and mortgage debt in Sweden have been similar to, or higher, than in the UK for nearly a decade, and, in 2008, the IMF Mortgage Market Index characterized Sweden's mortgage market as more liberal than the liberal UK's (Aalbers, 2016, p. 86). Further, authors continually refer to the UK as a 'high ownership country' to contextualise declining welfare provisions (Matznetter & Mundt's, 2012, pp. 286-7), despite the fact that, in 2012, homeownership levels in the UK were well below the European average (and lower than any country classified as social democratic or unitary with the exception of Germany and Austria) and continue to decline. *Housing-welfare state* typologies, then, and the causal mechanisms which swathes of scholars have identified linking housing and welfare, cannot help us understand these trends. Changes in the composition of institutional housing finance, however, just might, and recent research into pension and mortgage systems is certainly promising in this regard (Schwartz, 2012).

While we found fading evidence for the much-vaunted welfare-homeownership trade-off when adopting the long-run view, the varieties of residential capitalism approach also rather described a particular moment in the volatile history of debt than extending over long stretches of time. Ulf Torgersen (1987, p. 1) noted 'housing always will occupy a special and awkward position in welfare thinking' and, as such, we should be cautious before reading too much into the relationship between housing systems and welfare regimes. Our analysis shows Torgersen had a point. The more unstable a typology-constructing measure over time, the more difficult it becomes to generalise it to more than the period under study. We thus rather found a negative relationship between mortgage debt and homeownership in various cross-sections. In longitudinal perspective, in turn, both established typologies do not seem to hold, as welfare, homeownership and debt evolved in co-movements in the long-run.

Having demonstrated the traps of relying on short time horizons, we looked to other scholars, whose approach to analysing housing system development has been to focus on the *longue durée*. Despite obvious merits to this approach, there is a tendency, we found, to create

structurally determinist logics, whereby history becomes a grand narrative, easily schematised. In this tradition (the so-called *convergence school*) national housing systems are reducible to the dynamics of capitalism and responses to different phases of capitalist development. Whilst our own empirical analysis found some support for the existence of sequential historical phases common to most mature industrial societies, we noted that this approach – as espoused by Harloe (1985; 1995) and Donnison (1967) – is unable to explain differences in and between mature industrial economies.

In order to overcome the shortcomings of both these approaches, we therefore suggested a path dependence framework which takes the long view seriously. As an example, we proposed a historically informed typology based on countries' housing finance system development during the late-nineteenth century, seeking to explain why certain countries and regions produced cities along the lines of low-rise single-family dwellings, whereas others expanded and reconstructed their cities in multi-dwelling tenement form, and we argued that these developments are associated with levels of renting and homeownership even to this day. Once these finance systems emerged and became institutionally embedded, they proved remarkably resilient – although by no means immutable – and countries developed along path dependent logics. Further, we noted a regional, sub-national component to these systems of finance, which challenges the logics espoused by the housing-welfare regime literature.

We are not saying that an analysis of the historical evolutions and machinations of housing finance – and the institutions that provide this finance – will necessarily provide housing scholars with all the answers they crave. However, when one considers that *housing finance is what allows for the production and consumption of housing* (King 2009, p. 3), it is surely not bad place to start and the variety and types of housing finance that countries exhibit, and how evolutions in these contribute to housing system change, should certainly play a more central role in housing scholarship than it has hitherto.

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