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Using Esping-Andersen and Kemeny's Welfare and Housing Regimes in Comparative Housing Research

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Abstract: *This article provides a critique of the use of Esping-Andersen and Kemeny's typologies of welfare and housing regimes, both of which are often used as starting points for country selections in comparative housing research. We find that it is conceivable that housing systems may reflect the wider welfare system or diverge from it, so it is not possible to "read across" a housing system from Esping-Andersen's welfare regimes. Moreover, both are dated and require revisiting to establish whether they still reflect reality. Of the two frameworks, Esping-Andersen's use of the state-market-family triangle is more geographically mobile. Ultimately, housing systems are likely to be judged on the "housing outcomes" that they produce. However, it is suggested that current use of variables within EU-SILC in order to establish "housing outcomes" may be misleading since they do not reflect acceptable standards between countries with greatly differing general living standards and cultural norms.*

Introduction

Practitioners of housing studies have increasingly attempted to respond to the criticism that their scholarship is isolated from the mainstream academic disciplines, and that it is consequently overly descriptive (Norris and Stephens, 2014). Comparative housing research is nowadays more often pursued by academics who are sensitive to the need to place their work within conceptual frameworks in order to avoid either idiosyncratic juxtapositions or grand convergence theories (Kemeny and Lowe, 1998).

The typologies of welfare regimes provided by Esping-Andersen (1990) and their housing counterparts by Kemeny (*inter alia* 1995) have proved to be the most commonly adopted (or, in the case of Esping-Andersen, adapted). However, when they are adopted without apparent recognition of their meaning, they risk becoming merely tools of "mindless classification" (Kemeny, 2001: 61). Worse, if adopted either consciously or unconsciously as an independent variable, then much is being read into typologies with little critical awareness. Indeed Aalbers has suggested that because housing regimes may be different from wider welfare regimes, the in-group differences may be significant and their use "irrelevant and useless" as a means of generalising to other countries within the same welfare regime group (2016: 10).

Moreover, with the advent of readily available, Europe-wide household surveys notably the EU-Survey on Living Conditions (EU-SILC), which includes a range of housing variables devised to support the housing indicators agreed by the European Commission, have provided scholars with the means to establish the "outcomes" of different housing regimes. This is an important development, because otherwise we have no real evidence of whether a particular housing regime works better than another. However, the use of outcome indicators may also be adopted with little concern as to their reliability or appropriateness, especially in a comparative context.

This paper seeks to provide a critical assessment Esping-Andersen's and Kemeny's frameworks of welfare and rental regimes. It begins by providing a critical interpretation of these frameworks (Section 2), and moves on to critique their relevance and durability, and then goes on to discuss the use of indicators of housing outcomes (Section 3).

The two frameworks

In this section, I provide a critical assessment of the two frameworks. It begins with a short summary of each of the two frameworks, and the meaning of some of the key concepts. There follows a discussion of the causes of regimes, and the implications of these, and then a discussion of the role of the state, market and families as sources of welfare. This is important because it raises the question as to whether we should expect to "read over" the characteristics of housing regimes from wider welfare regimes. It also identifies differences in the treatment of markets in the two frameworks. This leads to a discussion on the application of Esping-Anderesen's typology to housing. The two frameworks are then assessed against two criteria: their durability and their wider geographical application.

Volume 3 | Issue 1 | 2016 | 19-29
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Summary of the two frameworks

In his study of 18 industrialised countries, Esping-Andersen (1990) suggests that power relations predicated on class and religion create distinctive clusters of welfare regimes, which he labels liberal, corporatist (or conservative) and social democratic. Within these regimes different interplays between the state, market and households (families) create distinctive systems that possess attributes relating to decommodification and stratification. Esping-Andersen's study does not include a consideration of the role of housing.

Decommodification is "… the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation" (Esping-Andersen, 1990: 37). Stratification relates to the way in which corporatist regimes differentiate (or segment entitlements) between occupational groups or occupations, liberal regimes in their promotion of "residualism" use of means-testing, individual responsibility and use of the private and voluntary sectors, social democratic regimes produce low levels of benefit differentiation (universalism).

Kemeny's (1995) study of seven countries suggests that the crucial determinant of rental regimes arises from whether power relations are mediated through corporatist institutions that seek to balance different interests. Such countries also share an ideological attachment to "ordo-liberalism" that sees the state as having an integral role in regulating markets. Corporatist countries facilitate competition between cost rental systems for-profit landlords in order to create unitary rental regimes, which provide an attractive alternative to home-ownership. In contrast non-corporatist countries permit only residual public rental sectors that are reserved for the poor, and separate from the for profit rental sector. These "dualist" rental regimes are unattractive and governments seek to promote home-ownership as the norm.

Regimes and their cause

The terms "regimes" and "systems" are often used interchangeably, but it is nonetheless useful to distinguish between them. A regime represents "a particular constellation of social, political and economic arrangements which tend to nurture a particular welfare system", (Taylor-Gooby, 1996:200). Each system exhibits particular distributional tendencies that Esping-Andersen terms decommodification and stratification (although one can foresee other "outcomes" being preferred).

Both Esping-Andersen and Kemeny identify causes of regimes. Esping-Andersen attempted to move beyond the "under-theorization of the welfare state" (1990: 107). He concurs with other scholars who see power as lying at the root of the difference between welfare state regimes in the countries being studies: "The nations we study are all more or less similar with regard to all but the variable of working-class mobilization" (1990: 29). However, he sees this approach as being one-dimensinal. He identifies economic development and demography as being important "non-structural" causes of social policy (see p. 137). But "structural" differences arise not only from the balance of power between labour and capital, but power is "a relationship, not… a thing" (1990: 107). Working-class mobilization may be opposed by "bourgeois" forces that are committed to "laissez-faire capitalism," but he also allows for the influence of Christianity (in particular Catholicism) which attaches importance to the role of the family in

welfare. In contrast to previous power-based theories he places more emphasis on the "structuration of power" (ibid: 107), and therefore interprets power as being "relational" (ibid: 138), with the possibility that some institutions (he gives socialist parties as a – speculative – example) play a mediating role.

Kemeny also seeks to use the notion of regimes to make up for the deficit in theoretically informed studies of housing systems. However, he eschews the working class mobilisation theory adopted by Esping-Andersen, instead placing an emphasis on the social and political structures that mediate power relations. In particular, he identifies "corporatism" as being the key institutional requirement for particular rental regimes too emerge. Corporatism is "a system of co-operation and compromise between capital and labour that is orchestrated by the state" (1995: 65). It tends to be linked to political systems founded on proportional representation that tend to require coalitions (and hence the balancing of interests) between parties to form governments, and a non-adversarial legal system.

Kemeny also suggests that corporatist systems are underpinned by a common ideology. He argues that ordo-liberalism, which was developed in Germany in the 1930s as a middle way between communism and free market capitalism as underpinning particular types of rental regimes. Ordo-liberalism is characterised by an attachment to markets, but with a recognition that the state has an important role in regulating markets in order to prevent abuses arising from vested interests such as monopolies. Ordo-liberals were influential in the early governments of the post-war Federal Republic which established the institutions of the welfare state and housing system. Their legacy is also reflected in the rejection of Keynesian macro-economics which is reflected in the design of the European single currency.

The state, market and families as sources of welfare

In Esping-Andersen's welfare regimes, there exist "qualitatively different arrangements between the state, market and the family" (1990: 26). The classic identification of state, market and the family as the principal sources of welfare provides a useful way of identifying regimes. In elaborating on them Esping-Andersen provides overviews of these "qualitatively different arrangements" in a way that captures the underlying values behind them.

Thus in liberal regimes the social security system is characterised as having a weak social insurance component and is instead dominated by means-tested benefits that are typically lacking in generosity and "[e]ntitlement rules are … strict and often associated with stigma" (26). In conservative/ corporatist regimes, the market is subordinated in order to preserve status differentials associated with class and occupation. This is reflected in the design of social insurance benefits which have a negligible redistributive element. The role of the family is promoted by the Church which seeks to preserve "traditional familyhood" (1990: 27). This leads to the exclusion of non-working wives from social insurance and the payment of family benefits. The family is the primary source of welfare as "the state will only interfere when the family's capacity to service its members is exhausted" (ibid.: 27). In the social-democratic regimes, equality is promoted by the state so that everyone can enjoy the highest of standards. Programmes are highly decommodifying and based on universalistic principles. The state "preemptively socialize[s] the costs of familyhood" (ibid: 28), whilst the high costs of state welfare require full employment among men and women leading to a "fusion of welfare and work" (ibid: 28).

Volume 3 | Issue 1 | 2016 | 19-29
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Kemeny's schema is focussed on housing tenures and their relationship with the state and market. Whilst the welfare regime most closely associated with decommodification and a rejection of stratification implies high levels of state provision in welfare in Esping-Andersen, Kemeny's view of rental regimes is rather different. In his typology, the market is viewed as being essentially benign provided that the state is involved in promoting competition between the cost rental and for-profit sectors. When a cost rental sector is small and immature (i.e. indebted), it requires subsidy and the for-profit rental sector regulating through rent control in order to allow them to compete. However, once the cost rental sector has grown and its debt profile has matured ("maturation"), the state can begin to ease its control over the for-profit sector, as the cost rental sector can compete without subsidy or strong regulation. In a later work (Kemeny, et al, 2005), a "unitary" rental regime becomes an "integrated" one when the cost rental sector can compete against the for-profit sector without regulatory and monetary protection. In contrast, although "dualist" rental regimes are associated with countries that support free market economics, the public rental sector is characterised by extensive state control and is compared to a "command economy", and home-ownership is also supported by the state.

Applying Esping-Andersen's framework to housing

Researchers seeking to employ Esping-Andersen's typology to the study of housing are faced with the unavoidable question as to how to apply it to their subject. The approach of simply assuming that the housing system will reflect the broader welfare regime has some logic if regime theory reflects *causes*. In other words, if power configurations in a country favour a social democratic welfare regime, then we might expect the same configurations to apply to housing. Kemeny suggests that the balance of power might vary in different sectors, which would allow housing to diverge. Other scholars may cite Bengtsson (2001) who argued that interventions in housing differ from those in other welfare state sectors such as health and education in that they are principally *correctives* to the market. This would seem to give the market a more dominant role in housing than in other sectors, and therefore might have different distributional tendencies. A further possibility is that different sectors might be more or less prone to path dependency, or resistance to change. So although the balance of power may have changed uniformally, changes occur more rapidly in one sector than another. So at the very least, curiosity might lead the researcher to consider whether the housing regime can be "read across" from the wider welfare system. This will involve a study of the institutions that make up the housing system. (The dynamic relationship between the housing regime and the wider welfare regime is not discussed in this paper.)

The state-market-family triangle is one way to approach it. Immediately, one sees that the market is likely to play a much larger part in the provision of housing than is the case in the "classic" pillars of the welfare state: social security; school education; and health – hence the oft used characterisation of housing as being the "wobbly pillar" of the welfare state. Nonetheless, the qualitative, as well as quantitative, role played by the state, market and families in both the production and consumption of housing is feasible.

There has been a tendency to associate the level of public housing with decommodification (e.g. Harloe, 1995), but this conflates the spheres of production and consumption. What is decommodified in the sphere of production may nonetheless be highly stratified and even

commodified in the sphere of production. The allocation of public housing according to party membership and as a reward for management responsibilities in communist systems is a case in point (Szeleny, 1983; Stephens, et al, 2015). Conversely, housing provided by the market may be decommodifying in terms of its consumption – for example the imputed rental income enjoyed by retired homeowners without mortgages. Further complexity is added by the growth in the liquidity of housing wealth in many countries, which means that housing wealth can more readily be turned into income through equity withdrawal and release products (sometimes characterised as “asset based welfare.” – see the special issue of *Critical Housing Analysis*, Vol. 2, No. 1, 2015).

If the role of the state/ market/ family cannot be assumed to be associated with particular patterns of decommodification or stratification, it might be possible to make an assessment by other means by adapted Esping-Andersen’s typology to housing. For example, Hoekstra (2003) made recast decommodification as “the extent to which households can provide their own housing, independent of the income they acquire on the labour market” (Hoekstra, 2003: 60). His method involves the creation of a scheme deductively from Esping-Andersen’s ideal types. (Esping-Andersen’s “ideal types” were in fact empirically grounded.) So decommodification is represented by housing subsidy and price regulation, and stratification by the rules applied to social housing allocations. He suggests that a social democratic housing regime would involve large production subsidies, housing allocation on the basis of need, and the market would be highly regulated. In contrast a liberal housing regime would primarily allocate housing by the market, a small public sector would be reserved for the poor, production subsidies would be small and regulation would be light. Whilst more elaborate than the simple conflation between public housing and decommodification, the approach is nonetheless focussed on process. Process is important to understand how housing systems work, but it does not identify (although it may assume) the “housing outcomes” that are associated with different housing regimes. These are discussed below.

Adapting to change

The core works of Esping-Andersen and Kemeny are now dated, and it is important to ask whether they are still relevant. The statistics used by Esping-Andersen relate mainly to 1980, whilst Kemeny’s core text reflects housing systems as they were in the early to mid-1990s (although there is some consideration of change in his later works up to 2006).

There are strong reasons for believing that wider welfare regimes may have changed since Esping-Andersen’s assessment of them. Full employment in the traditional sense has ended and with it the “male breadwinner” model has broken down as labour markets have become more “feminised” and employment contracts more heterogeneous with the growth of part-time work and (in some countries) zero-hours contracts. The centralised systems of setting wages that were a feature of corporatist and social-democratic countries have generally been weakened or abandoned. The German social security system and labour market have been overhauled (the “Hartz” reforms) and Sweden underwent a reorientation of its economy in the 1990s. Demographics, including rises in the number of lone parents, the rise in single person households (especially among women), and the ageing population represent further significant changes. The rise in the numbers of asylum seekers and other immigrants in previously ethnically homogenous countries (notably the Nordic countries) has presented a new potential line of stratification, that already existed in countries which experienced post-colonial

immigration. Political de-alignment suggested by the decline in support for traditional political parties of the social democratic (centre) left and Christian democratic (centre) right signals declines in class identity and solidarity (Dassonneville and Hooghe, 2016). Anti-immigrant parties have garnered significant electoral support in many European countries. The influence of the Church has declined as Europe has become more secular.

Housing systems, too, have changed. In the European Union and other post-industrial countries, social renting no longer attracts financial subsidies to support new build. In general home-ownership (or co-operative ownership) has risen, including in countries where renting was meant to provide an attractive alternative to ownership. In countries including Australia and the UK, home-ownership has entered a decline as younger households have been priced out. Where home-ownership has grown, in general so has mortgage debt, and where it has fallen, it has also become more mature with significant proportions of owners living without mortgages (e.g. Sweden, the Netherlands). "Financialisation" has become an unavoidable issue (Aalbers, 2016), although many countries in southern, central and eastern Europe have very low levels of mortgage debt (Stephens et al, 2015). Access to housing has become more difficult for younger people, and more of them are now living with their parents. Generational divides introduce another line of stratification into the system.

Although Kemeny was keen to emphasise that superficially similar trends between countries (such as the reduction in social housing subsidies) should not necessarily be interpreted as representing the same phenomenon (the so-called "Romeo error"), he does concede that the typology is centred around the "fairly unique" circumstance of the response of industrial economies to post-war housing shortages. We have clearly gone beyond the point whereby changes can be assumed to be inconsequential to the operation of housing systems.
Certainly they may reflect the "old" regimes and path dependence is a character of all systems. However, there is sufficient evidence to suggest that both welfare and housing regimes require reassessment and should not be adopted without question.

Wider geographical application of frameworks

Esping-Andersen's study attempted to assess 18 industrialised countries. It contains six English-speaking countries including the United states, the UK and Australia (which all fall in the liberal cluster on his decommodification score); five countries in the middle corporatist group, including Germany, France, Finland, Italy (the only southern European country) and Japan (the only Asian country in the study); and six in the social democratic cluster (including Sweden, Norway, Denmark and the Netherlands). The book was published in the year after communism collapsed in central and eastern Europe and these countries are excluded, as are those in Africa and Latin America. Other than Japan Asian countries are also absent. Whilst the triangle of state-market-family is capable of being applied in other countries and many contexts, the underlying political philosophy or political economy that is captured by terms such as "liberalism" and "social democracy" may be lacking, in which case the classification may be limited in its explanatory power. We may be able to capture the nature of the system, but of the regime. Other models, such as the "southern European" (see Allen, 2006) and "productivist" (applied to some Asian economies, see Holliday, 2002) may be required to do this.

Kemeny's typology is more limited, and travels less well. Only seven countries are examined in any depth: Sweden, The Netherlands, Germany and Switzerland are classified as being

broadly "unitary" rental regimes, whilst "Britain", Australia and New Zealand were classified as possessing "dualist" regimes. Kemeny's typology is founded on the circumstance of publicly-funded building programmes to meet shortages in the post-war period, and the choices made by governments at the particular "critical juncture" when shortages are much reduced and cost rental systems move towards financial surplus. Moreover, it is the relationship between the cost rental and for profit rental sectors that drives the character of the housing regime as a whole. It is therefore inappropriate to attempt to apply the model to, for example, the countries of central and eastern Europe where the relationship between cost and for profit rental sectors are largely irrelevant to the dominance of outright home ownership. Similarly, the subsidised housing programmes in China and parts of Latin America are not conceived in terms of cost rental systems, and subsidised home ownership plays a much more important role.

Housing outcomes

Kemeny is curiously silent on the housing outcomes that he expects different housing regimes to produce, but ultimately a housing system is to be judged by the outcomes it produces. "Housing outcomes" usually refer to adequacy of housing in terms of its cost (affordability), physical size (avoidance of overcrowding), physical quality (whether it has the necessary amenities and meets minimum maintenance and insulation standards), and neighbourhood quality.

Encouraged by the development of a cross national household survey currently in the form of EU-SILC (Survey of Income and Living Conditions), and the agreement of a set of housing indicators by the European Commission, increasing numbers of scholars have assessed housing systems in terms of their outcomes.

This presents some problems. Among the variables themselves the tenure variable identifies "market rent" and "below market rent" – seemingly in deference to Kemeny's typology However, in its application in countries including the Netherlands, Germany and Sweden, almost all rental housing is categorised as being at "market rent." In the Netherlands and Sweden there are significant housing association and municipal housing company sectors, as well as highly regulated for-profit sectors where rents are normally understood to be below market levels. In Germany, for profit rents are at least regulated. Being unable to identify what is really below market rental housing, or indeed what kind of landlord presents researchers with a significant problem that cannot be resolved satisfactorily.

The EU's housing indicators are based on the variables in EU-SILC. Although researchers can devise their own indicators within the limits of what is available, often they are constrained. It is possible to devise a "Poverty After Housing Cost" indicator for affordability that many academics prefer to the EC's use of a threshold of housing costs as a share of net income (although many academics persist in using this, too). However, in terms of the physical quality of housing, researchers are constrained by a set of variables that include the availability of basic amenities such as lacking a bath or shower, or exclusive use of a flushing toilet. Such amenities are almost universally available in the richer countries, although they remain an issue in some of the poorer countries, implying that how wealthy a country is has a strong influence on "housing outcomes" independently of a particular housing system or welfare. One could also devise an overcrowding indicator that reflects the differences in acceptable norms between countries, as Sunega and Lux, 2016 have done). The situation whereby we compare *absolute*

Volume 3 | Issue 1 | 2016 | 19-29
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housing standards against a *relative* poverty standard amid a set of countries whose incomes (and cultural norms) now vary considerably, risks producing misleading results.

Conclusions

Housing researchers now largely recognise that their scholarship needs to be located within theoretical – or at least conceptual – frameworks. In comparative housing research it is common to compare countries selected as exemplars of either Kemeny's rental regimes or Esping—Andersen's welfare regimes, or – to the extent that they overlap – both. There are *a priori* grounds for the counter contentions that housing systems will either replicate the wider welfare system *or* diverge from it. Combined with the temporal limitations of both frameworks, we see that Kemeny's framework is also less mobile geographically than Esping-Andersen's state-market-family triangle. Although much analysis focuses on institutional structures and processes, greater use has been made of "indicators" of "housing outcomes. These, too, need to be selected with care to reflect context, otherwise they risk being as meaningless as country selections based on outdated or mis-specified typologies.

Volume 3 | Issue 1 | 2016 | 19-29
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Volume 3 | Issue 1 | 2016 | 19-29
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