

Convergence or divergence in post-socialist
housing systems?

...some theory

POLICY ANALYSIS

Macro-level ideas tend to be:

- universalistic/grand theories (eg logic of industrialism/Marxism) eg Wilensky – ‘leaders and laggards’

- deterministic (ie pre-determined outcome)

- convergence outcome (eg “workers of the world unite”)

 - (Donnison, Harloe, Lundquist, Priemus... all examples)

 -so called ‘East European Housing System’ (Ivan/Josef)

Meso-level tends towards ‘theories of the middle range’ (Merton, 1957 ‘Social Theory and Social Structure’) Key features: divergence theories (Esping-Anderson ‘Three Worlds of Welfare Capitalism’), typologies, emphasis on differences, mixed methods research with emphasis on historical narrative and case studies. Focus on institutions...

Micro-level – highly empirical, data sets, leads to convergence outcomes, danger of ethnocentrism because very under-theorised, tends to parallel cases with no real comparisons. “Can’t see the wood for the trees”

Hungary – mid-1980s

- 80 per cent of households were owner occupiers – strong rural/urban division
- State built flats were occupied by ‘white-collar’ workers/professionals (Szelenyi)
- Self-build was endemic and large-scale
 - second home ownership very high
 - various forms of state-subsidized self-building
- ‘owner occupier flats,’ state built but sold on a separate waiting list
- Informal cash/hard currency exchanges of state built flats became increasingly common
- State built flats were becoming more socially diverse in the 1980s

The so called ‘Stalin model’ provided very secure tenancies with strong rights (eg tenancy could be inherited).

All this creates a much more ‘market-sensitive’ system than the convergence idea of the East European Housing Model. (NB markets without mortgages)

‘transition to the market’ a critique - from what to what?

- The ‘Washington Consensus’ argued a convergence case that privatization would kick-start the market...
 - but Zavisca showed that in Russia the mortgage market was underdeveloped did not start owing to affordability; high home ownership but weak mortgage market; self-build, ‘family’ solutions. Tends to ‘familial welfare state’
 - Ray Struyk argued that housing was a ‘shock absorber’ for rapid economic change, high inflation, job losses etc

This was NOT leading to western-style mortgage markets/securitized secondary markets/mortgage-backed securities etc.

Emergence in the West of ‘Varieties of residential capitalism’ (Schwartz and Seabrooke) – mortgage market connected families to global capital flows – depending on whether mortgage market was ‘liberal’ or ‘controlled’. Key measure was % of mortgage debt to GDP.

In CEE states inequalities from the ‘old’ system persisted through privatization but weak mortgage markets but some evolution in some cases.

From divergence to divergence

- CEE states were different between themselves- a divergence of types?
- Creation of the super-owner occupied post-communist countries means the CEE countries became *more* different from west European nations than they were?
- In the West 'residential capitalism' took hold in a massive financialization of everyday life' but mediated by open or regulated mortgage markets. These 'capitalisms' are clearly different systems.
- In CEE mortgage markets still fragile. Still limited securitization in these markets?
- Housing in CEE connects strongly to the emergence of 'familial' – style welfare states. Hungarians in the 1980s were building their own houses and self-provisioning and they still are...
- 'theories of the middle range' tend to this conclusion... “from divergence to divergence”