

Scandinavian Housing and Planning Research

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/shou19>

Changing welfare states and social housing: Consequences for spatial segregation - reviewed

Marianne Abramsson^a & Lars-Erik Borgegård^b

^a Department of Social and Economic Geography ,
University of Umeå , Umeå, SE-901 97, Sweden

^b Institute for Housing Research , Uppsala University , PO
Box 785, Gävle, SE-801 29, Sweden

Published online: 15 Nov 2007.

To cite this article: Marianne Abramsson & Lars-Erik Borgegård (1998) Changing welfare states and social housing: Consequences for spatial segregation - reviewed, Scandinavian Housing and Planning Research, 15:3, 149-173, DOI: [10.1080/02815739808730453](https://doi.org/10.1080/02815739808730453)

To link to this article: <http://dx.doi.org/10.1080/02815739808730453>

PLEASE SCROLL DOWN FOR ARTICLE

Taylor & Francis makes every effort to ensure the accuracy of all the information (the "Content") contained in the publications on our platform. However, Taylor & Francis, our agents, and our licensors make no representations or warranties whatsoever as to the accuracy, completeness, or suitability for any purpose of the Content. Any opinions and views expressed in this publication are the opinions and views of the authors, and are not the views of or endorsed by Taylor & Francis. The accuracy of the Content should not be relied upon and should be independently verified with primary sources of information. Taylor and Francis shall not be liable for any losses, actions, claims, proceedings, demands, costs, expenses, damages, and other liabilities whatsoever or howsoever caused arising directly or indirectly in connection with, in relation to or arising out of the use of the Content.

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly

Review Article

Changing Welfare States and Social Housing: Consequences for spatial segregation – reviewed

MARIANNE ABRAMSSON AND LARS-ERIK BORGEGÅRD

University of Umeå, Sweden; Uppsala University, Sweden

Abramsson, M. and L.-E. Borgegård: Changing Welfare States and Social Housing: Consequences for spatial segregation – Reviewed. SHPR 15: 149–173, 1998.

Most western countries have reached a peak of welfare and are facing cuts to their welfare programmes. Housing policies and the housing market are similarly going through changes with regard to ownership, rent levels and market prices. The process can be characterised in terms of privatisation, deregulation and a residualisation of the social housing sector. So far changes in Sweden have been slow. To understand the process of change a review of international studies involving Denmark, Finland, Germany (former West Germany), Great Britain, the Netherlands, Canada and Australia has been carried out. All countries have adopted a welfare state concept for their development after 1945. Since the 1970's there has been a change in attitude towards social housing. This study shows that the social housing sector seems to become smaller and/or more marginalised leading to an increase in spatial segregation and a polarisation between various socio-economic groups in society. When the sector becomes smaller the households that remain are low-income households. Even if the sector remains intact the increase in low-income households in society as a whole leads to a larger share of these households in the social housing sector. However, it seems to be the extent to which a social housing sector has become residualised rather than the size that determine the rate of segregation. Great Britain has a comparatively large social housing sector but it is to a greater extent residualised than the smaller social housing sector in Denmark. The willingness of various governments to reduce or change the social housing sector seems to be part of a change in the welfare state as such. Together with cuts in welfare programs this results in a growing number of poor households that are finding it difficult to find housing they can afford. With current government policies the housing situation for this group is likely to get worse.

*Department of Social and Economic Geography, University of Umeå, SE-901 97 Umeå, Sweden;
Institute for Housing Research, Uppsala University, PO Box 785, SE-801 29 Gävle, Sweden*

INTRODUCTION

The last two decades have seen a number of changes to welfare states. After the continuous growth in economy and welfare institutions in the decades following the end of the Second World War the countries have since had to face financial downturns and budgetary deficits. These changing economic conditions have led to changes in the welfare systems and to some extent even to the questioning of welfare institutions as such.

The reconsidered welfare states need to be looked at in the light of the ongoing processes of economic restructuring, globalisation and changing migration patterns.

Economic restructuring has brought about a change from traditional manufacturing to a rapidly expanding service sector. This change has created a labour market offering more high income professional and managerial jobs and more low income casual, informal, temporary and part-time forms of employment. This creates growing polarisation in the labour market as well as in the housing market as these groups to an increasing extent live in different neighbourhoods (Sassen, 1994; van Kempen, 1994).

A social housing sector was built up as a result of a housing shortage following the war and during the years of economic growth. In some countries it aimed at providing good housing for large groups of households whereas in others it only offered housing to households in need. Housing policies in the different countries supported the social rented housing sector to various degrees. For the last two decades there has been a general change in housing policies. Governments now wish to reduce their involvement in the housing market in general and in housing subsidies in particular. Thus, the social housing sector has had its special benefits reduced in several countries and is having to compete on the housing market together with other housing companies on market terms. This development has changed the situation for many households acting on the housing market.

A new social issue has emerged as regards housing for the marginalised groups; the single parents (mainly women), the poor immigrants, the young, the unemployed and the elderly. These low income households are experiencing growing difficulties in finding sufficient housing and homelessness is increasing (Danermark and Elander, 1994; Harloe, 1994a; Kemeny, 1995a; McCrone and Stephens, 1995; Murie and Priemus, 1994; Oxley and Smith, 1996). These are factors we know very well from cities in developing countries. However, with the current development in some of the richest countries of the world it is no longer a matter only for the poorest countries¹.

The basic assumption made in this review as regard the changes to the welfare state is that these changes lead to an increase in privatisation and a reduction in social welfare systems in general. Individuals will to a greater extent find themselves financially responsible for their own welfare as government institutions wish to reduce their financial commitments.

The *aim* of this paper is to give a brief review of the changes that have taken place in the housing market in Sweden and in some other western economies and what consequences these changes have had on spatial housing segregation. It is important to look at other changes in society as changes in housing policies might well be part of a more far-reaching process of change resulting in a transformation of the welfare system as such.

The countries selected for this work were Sweden, Denmark, Finland, Germany (former West Germany), Great Britain and The Netherlands as well as Australia and Canada. The countries were selected on the basis that they can all be considered to be welfare states with a welfare system being developed mainly after 1945. They are to some extent comparable to Sweden. In all the countries there has been some interest in research of relevance to this study.

THEORETICAL FRAMEWORK

A number of issues influence the development of the welfare states, the role of social housing and the degree of segregation. Below we present a theoretical framework for this study, the existence of different types of welfare states based on Esping-

Andersen's definition, the changes to the welfare systems as well as the structural changes to the labour market and immigration.

Different welfare systems

The post 1945 period has seen the development of different welfare systems in all countries. This has been done under different systems of stratification and with different principles of rights. Esping-Andersen defines three different types of welfare regimes; the liberal, the corporate and the universal (or social democratic) each having developed its own kind of welfare system. These systems have developed differently depending on the relationship between the state, the market and the family (Esping-Andersen, 1990).

The liberal welfare regime, as in Australia and Canada, directs its modest assistance only to low income households and the market is encouraged to provide private welfare schemes. It can be referred to as a residual welfare system as the support for what there is of universalistic social sector transfers is losing support from the middle-class. In this type of system a dualism is created where the poor rely on the state and other groups on the market. Great Britain and to some extent Denmark approximate this welfare regime according to Esping-Andersen. The corporate welfare regime as in Germany, has never questioned social rights. But rights were, and are, attached to class and status (power) and redistribution is therefore negligible. The market as a provider of welfare has been limited in this model. On the other hand the church and the family plays a major role as a safety net leaving a strong central state to interfere only when the family's resources are exhausted. Traditional family patterns are in this way preserved in these countries. The universal, or social democratic regime formed a comprehensive welfare system in which a majority of the citizens share in the welfare benefits. Equality between low and high income earners is a stated goal. This is the result of the strong power adhered to the labour movement and its ability to create a welfare system based on socialist principles. Services and benefits were raised to limits acceptable by high income earners. However, the highly decommodifying and universalistic programs are based on the different expectations of different groups and benefits are based on accustomed earnings. As everyone benefits and is dependent there is a will to contribute to the welfare system. Sweden and Finland are examples of this universal welfare regime. Esping-Andersen mentions Denmark as approximating the universal welfare regime as well as the liberal (Esping-Andersen, 1990). According to Esping-Andersen's definition we would place the Netherlands as approximating the social democratic as well as the corporatist welfare regime. Even though we find clusters of states belonging to each of these models of welfare state regimes the different countries have blended in parts of the other models into their welfare system as the case of the Netherlands and Denmark shows.

Kemeny criticises Esping-Andersen's definition of the Scandinavian countries as examples of universal or social democratic regimes. He objects to Esping-Andersen's definition of corporatism as a power structure where capital and labour are equal. Instead he wishes to distinguish between corporatist regimes that are labour or capital led. As a result he defines the welfare regimes of the Scandinavian countries as labour led corporatism. This Kemeny bases on the debate on labour movement theory versus corporatist theory that especially influences the discussion on the Swedish welfare model. Esping-Andersen's main mistake here is to ignore that debate (Kemeny, 1995b).

Lund (1996) writes about the ideal way of housing provision from the perspective of three different ideologies; social reformism, laissez-faire economics and Marxist political economy. Social reformism emphasise the need for extensive state involvement in housing as the market cannot guarantee sufficient standards of housing. Subsidies for production as well as consumption are necessary to ensure inequalities in housing do not endanger social solidarity. Laissez-faire economists on the other hand emphasise the role of the market. According to this ideology housing can be treated as any other good to be bought, sold or rented on the market. The arguments of an inelastic housing supply as well as the difficulties of low income groups to afford adequate housing are refuted in this ideology. The discussion on housing policies have not been developed to a large extent in Marxism. Housing policies should work under communism but how this is to be done remains unanswered (Lund, 1996).

We can from Esping-Andersen, Kemeny and also Lund conclude that there are different welfare state regimes. The formation of these regimes was, according to Esping-Andersen, the result of three interactive forces: the pattern of working class political formation; the structuralisation of political coalitions as there was a shift from a rural economy to a middle-class society and that past reforms have contributed decisively to the institutionalisation of class preferences and political behaviour. It is the extent to which the working class have succeeded in mobilising other classes behind its preferred model of welfare that determines which welfare regime will result (Esping-Andersen, 1990). This argumentation is based on a theory of power as the balance of power between different classes in society structures systems of welfare. The possibilities of these groups to use this power politically is crucial to the type of welfare state created (Kemeny, 1995b).

Welfare systems under global influence

The welfare states that developed under different welfare regimes are now changing. The continuous growth in welfare policies since 1945 has ended. A number of countries face large budgetary deficits. To combat these, cuts in the welfare system have become acceptable. Responsibilities for some of these areas are expected to be taken over by private enterprise and the free market will solve the problems when the welfare systems fail. The hardest hit by cuts in the welfare system are the already worst off and the income gap between the poor and the rich is widening (Forrest, 1987; Harloe, 1994a; Hulchanski, 1991; Krätke, 1989; Murie, 1987; Murphy and Watson, 1994; Paris, 1993; Power, 1996; Sahlin, 1996; Sassen, 1994; Turner, 1996 and others).

Structural changes at a global level have influenced the situation in most countries at a national level as well as the daily lives of the people at a local level. During the last 40 years a new international division of labour has developed (Hamnett, 1994). Labour market issues have become globalised as multi- and transnational companies use global rather than national networks for their production and distribution. As a consequence labour market issues are to a limited extent handled only by national governments. In addition there has been a shift from a manufacturing society to a business and service providing society. The accompanying changes to the labour market demand completely different skills of its workers.

In her work on the global city thesis, Sassen (1994) argues that this restructuring of the economy of dominant cities in a global urban hierarchy causes social polarisation. The changes in employment structure into two different sectors with strongly different

possibilities form part of this picture. The traditional working class has lost its jobs. At the same time as cuts in the welfare systems are taking place a growing number of people are left out of the work-force. This group thus receives less support from society at a time when such support is crucial. Economic growth today causes enlarging cleavages as there is a growing demand for highly educated professional and unskilled, compliant workers. This last group, Sassen argues, consists of migrants from Third World countries. Polarisation not only effects the labour market but increases in the housing market, in land use and consumer strategies. While incomes increase for some groups also homelessness is increasing in some of the richest countries of the world (Sassen, 1994).

That Sassen's polarisation thesis is applicable to all global cities is rejected by Hamnett. With evidence from the Randstad region in the Netherlands he argues that occupational and educational change in this area shows professionalisation rather than polarisation (Hamnett, 1994). Murie and Musterd (1996) have found that the emerging patterns of social segregation in the Netherlands and in Britain are very different. They emphasise the importance of relating globalisation and its influences to other factors in society such as variations in the degree of social and income inequality, housing finance and policy as well as the interventions of the welfare state in general. Another example is provided from Copenhagen (Hjarnö, 1996). Copenhagen does not fit the polarisation thesis as the welfare state supports those in need and is not allowing salaries to polarise to a great extent.

The welfare states and segregation

Despite the differences in the countries under different welfare state regimes three factors can, according to Murie, be distinguished that have had an effect on the rate of social segregation in all countries (1) the maintenance of full employment (2) provision of universal unemployment and sickness insurance, retirement pension, health services and (3) the development of housing and planning policies aiming to provide sufficient housing involving government subsidies (Murie and Musterd, 1996). When unemployment rates increase, cuts are made in unemployment and sickness benefits, pensions and health services and in addition housing and planning policies change directions the result may well be seen in the housing market as increasing spatial segregation.

In the Swedish case Bengtsson (1995) argues that housing policy is to be distinguished (although not necessarily separated) from other welfare policies such as health care, education, child care and social assistance. The role of housing policy has rather been to adjust the housing market as the market rather than the state constitutes the basis for housing allocation. The state has never intended to decrease the role of the market. Housing policies are based on political goals; that all households should be able to afford a dwelling and housing should be produced at reasonable costs. These goals constitute political intentions only and are not regulated by law (Bengtsson, 1995). But even if housing policies are to be distinguished from other welfare policies there is a connection and housing policies can be considered a part of the welfare system. McCrone and Stephens (1995) argue that the need for housing subsidies, to the production of housing as well as housing allowances, varies depending on the levels of welfare transactions. The higher the pension or social assistance the smaller the need for housing allowances, low rents and vice versa. Effects of different housing policies can be seen at different levels. At a micro-level changes in the regulations affecting the

housing market has a direct influence on the households' situation. However, on the macro-level it is a matter of resource allocation in a more or less equal system. If resources were allocated equally all households would be able to afford the type of dwelling they need (Hulchanski, 1990).

METHODOLOGICAL CONSIDERATIONS

Some methodological problems arise when aiming to do an international comparative study. Several problems arise as regard the comparability (definitions) between different countries as well as underlying explanations.

Here the term social housing is used to cover what is generally named public and/or social housing in the countries under study. The broad definition of social rental housing used by Harloe (Harloe, 1994b) to a large extent covers the type of housing studied. He adheres three major characteristics to social rented housing: "it is provided by landlords at a price which is not primarily determined by considerations of profit; it is administratively allocated according to some conception of 'need'; government control over social rented housing is extensive and has become more so over time" (p. 38). Some exceptions to this definition can be pointed out. In Sweden the term public housing would perhaps be more appropriate as housing in this sector is not allocated according to need. Instead anyone regardless of income can obtain a dwelling in this sector. In the Netherlands and Denmark the administration of the social housing sector has to a large extent been decentralised, limiting the government's influence on the sector. In Denmark this decentralisation process took place as the social housing sector was privatised in some other countries (Harloe, 1994d; Vestergaard, 1992). In the Netherlands this is changing as the state has increased its influence over the housing associations as of the year 1998 (Boelhouwer, 1998). In Canada there is a distinction between the terms public and social housing. Public housing was developed primarily between 1950 and 1975 and is only provided to households in need. In contrast, social housing (non-profit and co-operative) has been built since the mid-1970s and is occupied by households with a much greater diversity of socio-economic status (Hulchanski, 1990; Vakili-Zad, 1996).

The housing stock as well as the structure of the housing market differ between the different countries and this has to be taken into account. The development of the social housing sector varies depending on what type of welfare policy has dominated in the different countries. In some countries there are other types of housing providing alternatives to the social housing sector like co-operative housing in Sweden. Only looking at social housing will therefore not necessarily provide a comparable picture of the housing situation (see for example Oxley's discussion on private and social rented housing in Europe (Oxley and Smith, 1996)). Tenure is more than just private and social rental or owner occupation and does not tell us much about the quality of housing or about how people feel about living in different types of housing. Anyone living in a social housing unit in Sweden or the Netherlands can enjoy good standard housing and it is fully socially acceptable to rent. In other countries it is not considered the norm to rent other than for short periods of time, as owning a home is a primary goal and social housing is in many cases in disrepair and/or found in low status areas. Here we will neither focus on the quality of different tenures in different countries nor on the various social aspects, such as acceptability and feelings about living in different forms of tenures. However, it should be noted that there are, to some extent,

large differences regarding these matters and that this will influence the role of social housing in the countries.

Segregation is another concept to be discussed as it is not easily defined. Our concern here is spatial segregation. There are different types of spatial segregation such as demographic, socio-economic and ethnic spatial segregation. Who is to be considered spatially segregated? How do we measure spatial segregation, at what geographical level? Are measurements between countries comparable? This study focuses on spatial socio-economic segregation. However, other types of segregation are sometimes interwoven as often ethnic and socio-economic spatial segregation go hand in hand. The rate of segregation in society as a whole will not be explained by looking only at tenure and as in this case only at one type of tenure, the social housing sector. The group that experience the most severe forms of segregation might be the socially excluded, groups that have no access to housing at all, or households that are considered problematic and thus moved around to various housing areas. Even within one type of tenure segregation can be seen.

A comparative study can be pursued at different levels of abstraction. A low level focusing on differences while looking for variations; a medium level focusing on typologies based on a divergence thesis; and a high level of abstraction focusing on similarities between countries based on convergence (Kemeny and Lowe, 1998). According to these levels of abstraction this study aims to have a high level of abstraction where by focusing on similarities between countries directions for where the countries are heading might be discerned. In this respect we have a similar approach to that of Harloe described by Clapham as a tendency 'to minimise these differences and to emphasise the similar processes at work...' taking the stand that the underlying rationales are similar (Clapham, 1996)².

As indicated above there are several problems as regard comparability. Two different conclusions can be drawn. One is to conclude that a comparison is impossible. The second is to try and, despite the problems of comparability, try to do the best with what is available. After all there might be possibilities to discern patterns in the development. In this study we adhere to the latter of these two.

The general conclusion is that, despite the difficulties in making comparisons, the general development can explain the trends. In this case the details are not considered as vital for the understanding of the more general trends as regard housing policies, the political views on welfare policies and systems and the changes taking place in the different countries.

SWEDEN – THE CHANGING WELFARE STATE

In Sweden the government in 1947 made a decision about a new generalist housing policy. The aim of this policy was to provide good dwellings for all, regardless of income. This was a change from the policy of the 1930's which was targeted at especially vulnerable groups. In 1947 directions were taken to eliminate housing shortages, generally improve housing conditions, reduce overcrowding, develop modern housing and provide housing at low cost. The state and municipalities each contributed financially to production as well as to the consumption of housing but the municipalities alone were held responsible for the supply of housing. The social housing sector played a major role in meeting political goals (Alfredsson and Cars, 1994; Elander, 1991). In 1967 housing policy targets similar to the directions adopted in 1947 were set. The entire population was to be provided with healthy, spacious,

well-planned and properly equipped homes of good quality and at reasonable cost (Wiktorin, 1993 page 145). Thus housing policy at the end of the 1940s remained, albeit with some changes, practically unaltered until the beginning of the 1990s (Alfredsson and Cars, 1994; Elander, 1991). During this time social housing provided by non-profit municipal housing companies increased from two per cent in 1945 to 20 per cent in 1975 a level at which it has since remained (Elander, *et al.*, 1991). A large part of the municipal housing company stock was constructed during the Million Programme with the aim of building one million new dwellings between 1965 and 1974. Just over one million dwellings were built during this time, 40 per cent of these by the municipal housing companies (Lundqvist, 1992).

The municipal housing companies were price leading for the whole rental market as the Swedish utility-value rent setting system was introduced in the late 1960's. In this system the same rent is set on all dwellings of similar size and standard (Wiktorin, 1993). Dwellings in the social housing sector have been available to anyone regardless of income. There have been no restrictions on high income earners obtaining a dwelling in this sector (Häged, 1993).

The state and the municipalities in Sweden have through the years contributed with various forms of support or subsidies to the housing sector with the purpose of fulfilling the social aims of housing policy. Interest allowances, housing allowances and tax deduction on interest payments have been part of the support system (Alfredsson and Cars, 1994). In the last few years these subsidies have been reduced and new construction of housing have come to a halt. Changes to housing policies commenced during the social democratic government in 1988–1991 and were accentuated during the centre-right coalition government in 1991–1994. During these years discussions about cuts in housing allowances took place and the foundations were laid for a new housing policy. Despite severe criticism of this policy before they came back in government in 1994 the social democratic government has not proposed any changes. Rather further cuts have taken place as regard housing allowances and interest subsidies. (Government proposition 1997/98:119).

This situation is part of a new housing policy that involves changes to the municipal housing companies. Cuts in subsidies for construction as well as consumption of housing makes it more difficult for the municipal housing companies to cover their costs. They no longer enjoy special privileges as regard tax and other subsidies. To manage on the free market these housing companies have had to act as any private company (Andersson and Cars, 1993). They have had to cut their costs and this has to some extent meant the exclusion of some groups of tenants. This sector is no longer interested in taking social responsibility for tenants that are not welcome in other sectors, i.e., tenants with financial and/or social problems. This is a result of the growing demand on these companies to carry their costs and build up capital. The municipalities are no longer the obvious owners of these companies, in some cases municipal housing companies have been sold to private landlords. However, in total the sector has not decreased as the sell-outs to date have been replaced by other dwellings although not necessarily in the same area (SOU, 1997). Changes to the regulations in 1992 have made it easier to convert rental housing to co-operative housing. This has not happened to a large extent as still a majority of the tenants must agree to the conversion. Financially a conversion has in some cases proved to be a financial loss rather than a gain as many recent co-operatives were hit by the slump in housing prices that occurred in the beginning of the 1990's.

The changes to Swedish housing policy can be considered a part of the process where the Swedish government wants to reduce its influence and especially its financial commitments. For many years households have spent 20–25 per cent of their taxed income on housing. It has been a political target not to go beyond this level. Through changes in economy and deregulation the cost of housing has been allowed to increase. On average households now spend 30 per cent of their disposable income on rents (Turner, 1996; Wigren, 1997). Households in the rental sector spend more of their income on housing than any other group. Households under the age of 20 in rental housing spend 46 per cent and single mothers spend 41 per cent of their disposable income on housing. These groups have seen the largest increase in housing costs. The poorest 10 per cent of all households have seen their housing costs increase from 23 per cent of their disposable income in 1982 to 34 per cent in 1993. This is to be compared with the 10 per cent of households with the highest income. For them housing costs have only increased by 3 per cent during this period (Wigren, 1997). Changes in the housing market such as cuts in housing subsidies to the households and cuts in subsidies for the production of new housing directly increases households' costs. This together with a recession and high unemployment rates, decreases the possibility of many households to choose the type of dwelling they need. Instead it becomes a matter of what the household can afford and leads to a concentration of low income households in certain areas where housing costs can be reduced. This in turn increases spatial segregation. It becomes even more apparent as the Swedish utility-value rent setting system is changing as greater allowance is made for variations. Rents are negotiated depending on variations in standards, location, environmental quality and access to social and commercial services. This leads to increased housing segregation as households with higher incomes move to the more attractive areas and low income households are concentrated in areas with lower rents (SABO Rapport 4, 1992; Wiktorin, 1993). However, as a result of the Swedish welfare policy poor Swedish or immigrant households are not necessarily found in the older and deceased parts of the housing stock. As social assistance helps to pay the rent these families are often found in newly produced social housing as often housing in these new housing estates is readily available.

It is possible to discern patterns of spatial segregation in Sweden. In a study of housing segregation trends in Stockholm county 1975–1990 Biterman (1994) noticed a distinct polarisation process. Rich and poor inhabitants have to an increasing extent become separated in different housing areas. In the poor housing areas in the outer suburbs the concentration of low income households has increased but in the former poor areas in the city centre there has been a change towards a greater mix of households.

Economic, social and ethnic spatial segregation have all increased during the period, ethnic spatial segregation being the most apparent. The three types of spatial segregation seem to influence one another. Municipalities that have seen an increase in ethnic spatial segregation have also experienced an economic and social spatial segregation. During the period the share of immigrants have increased in general. Immigrants from southern Europe and non-European countries have had a tendency to congregate in certain housing areas, where they find others from their country of origin. This has contributed to large concentrations of immigrants in some suburbs (Biterman, 1994).

Increasing spatial segregation in Sweden is not due to a shrinking social housing sector as this sector has not decreased. However, the changes to this sector as regard

financial self-sufficiency, changes in the utility-value rent setting system and market orientation in conjunction with growing polarisation in society at large and high unemployment rates has increased the rate of spatial segregation. This has occurred in the housing market in general but also within the social housing sector as we find concentrations of different groups of people in certain areas. As in most western countries the rate of homelessness has increased in Sweden. One reason, albeit not the only one, for this is the change in attitude of the National Association of Municipal Housing Companies (SABO) as they declare they no longer wish to house tenants with social or financial problems (Sahlin, 1996). As reported in the news during the beginning of 1998 some municipal housing companies in an attempt to combat ethnic spatial segregation have denied immigrant households access to dwellings in certain areas. As the restrictions only apply to certain groups of immigrants and not to Swedish tenants seeking housing in areas inhabited mainly by other Swedes it is argued that this is a form of discrimination rather than an expression of desire to solve problems of spatial segregation.

CHANGES TO THE SOCIAL HOUSING SECTOR

After the second world war there was an acute housing shortage in all the countries studied. This shortage of housing generated a social housing sector. In some countries this was a new type of housing, in others it became a much larger housing sector than before the war. The sector developed differently in the different countries as regard size, ownership and state financing. In most of the countries a period of mass construction of housing took place at some point. Often they were high rise, concrete

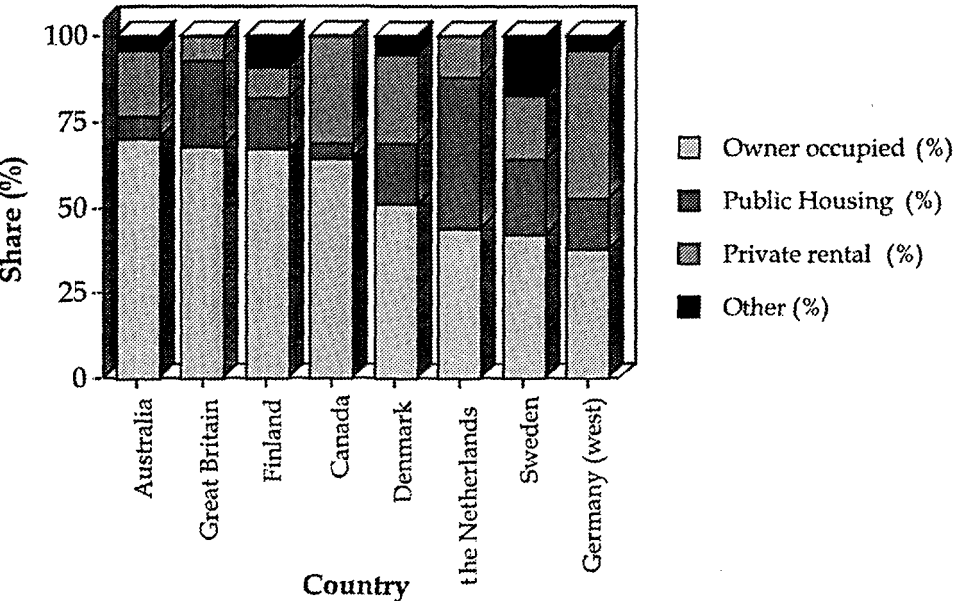


Fig. 1. Division of tenure status in the total housing stock for each country. Data is based on information from 1987–1992..
Source: National Board of Housing, Building and Planning, Yearbook 1993 (Hedman, 1993) and Skifter Andersen and Munk (1994) for Germany.

standardised constructions that later turned into socially as well as physically (depending on poor and cheap construction) deprived areas. Housing policies developed in the years just after 1945 remained to a large extent unaltered until the end of the 1970s or into the 1980s (Emms, 1990; Harloe, 1994c).

In the 1970s a change in attitude toward housing policies and the social housing sector in particular became apparent. One reason was the recession that suddenly struck the countries. The economic growth that had continued uninterrupted since 1945 came to a halt. This, together with the fact that there was no longer a severe shortage of housing was the start of a discussion about changes in housing policies (Burke, *et al.*, 1990; Emms, 1990; Harloe, 1994c; Hulchanski, 1990; Kleinman, 1995; Krätke, 1989; Paris, 1993).

Great Britain, the Netherlands and Sweden had developed a large social housing sector in the post-war years whereas other countries such as Canada and Australia had a very small social housing sector, its only task being to provide housing to households most in need. In these countries the rate of ownership was very high. Between these groups were Denmark, Germany and Finland with a social housing sector of 10–15 per cent. Great Britain has since had its social housing sector dramatically reduced although it still constitutes 20 per cent of the total housing stock.

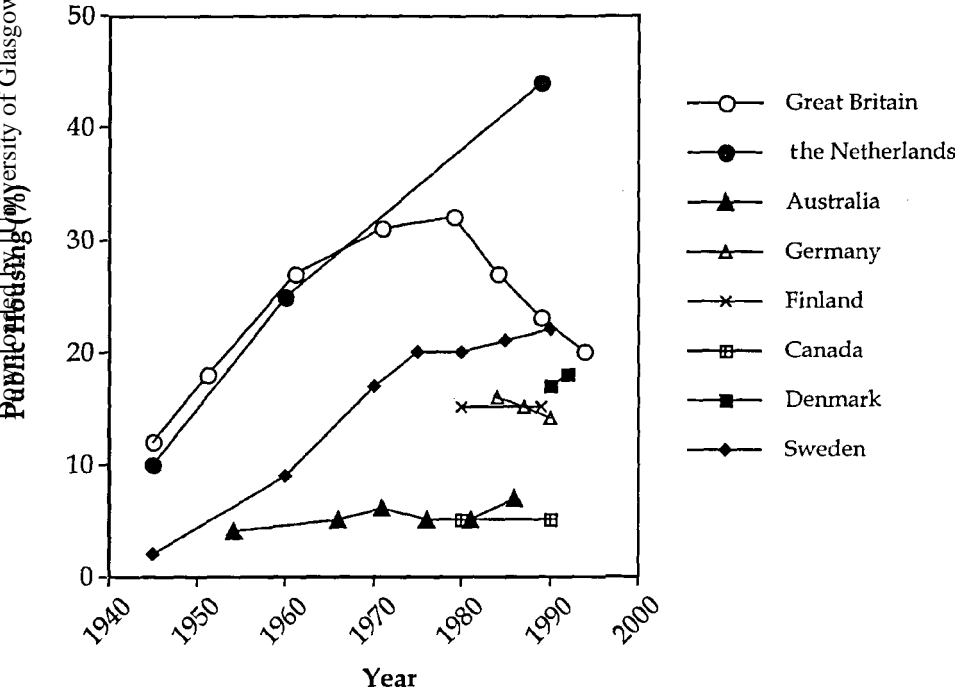


Fig. 2. Changes in the proportion of social housing. For some countries data have not been available for more than a few occasions. However, in these countries the social housing sector has not gone through major changes as regard size but has been kept around the figure presented above.
Source: Burke, *et al.*, 1990; Dieleman, 1994; Elander, 1991; Hägred, 1993; Kleinman, 1990; Murie, 1997; Skifter Andersen and Munk, 1994.

One of the most evident differences between the housing market in these countries was the type of tenure that had been supported by the different governments, in most cases with state financial support. Ownership came to be of importance for the changes taking place in the housing market in each country and for the consequences of these changes. Figure 1 shows the current division between different types of tenure. Figure 2 shows the changes in the proportion of social housing over time in the different countries.

The most evident changes in housing policy occurred in Great Britain already by the early 1980s. A large-scale privatisation of social housing took place as the conservative government made it possible for renters to buy their dwelling (*Right to buy*) with large subsidies from the government (Emms, 1990; Harloe, 1994d; Murie, 1994; Murie and Priemus, 1994). In Australia social housing has been sold out continuously for a long period of time and thus without publicity and discussion (Burke, *et al.*, 1990; Paris, 1987). When dwellings in the social housing stock are sold they are subsidised and the cost is reasonably low also allowing low income households to buy. However, when these dwellings are brought back to the market, as the first buyers decide to sell, they are part of the general housing market and prices are set accordingly. Once sold off these dwellings become out of reach of low income households and as a consequence the amount of dwellings available to this group has decreased (Forrest and Murie, 1994; Williams and Twine, 1993; Williams and Twine, 1994).

In Canada where the previous governments had emphasised the importance of a social mix within the social housing sector (rent-geared-to-income housing built before 1975) the conservative government elected to parliament in the middle of the 1980s changed the policy of socio-economic variation making the social housing sector available only to households in need (Hulchanski, 1990). In 1995 the premier of the state of Ontario in Canada proposed to stop funding the development of non-profit and co-operative housing as well as to sell social housing units to sitting tenants according to the British model (Vakili-Zad, 1996).

In Germany the social housing sector was deregulated in 1990 making it liable to the same taxes as private landlords. Having lost its special tax privileges rents are increasing. A problem in Germany is that there is a shortage of inexpensive housing available to low income households. One reason is that a large share of the housing stock is rented out to households with incomes just below the cut off level for social assistance (in this case in the form of subsidised housing). The sector thus provides housing for middle income rather than low income households. Some private landlords provide social housing to be able to get government loans. However, as soon as these loans are paid off the dwellings disappear from the social housing market. Thus, as new construction decreased dramatically the shortage of subsidised housing has become even greater than before the deregulation. For socially deprived households it is difficult to find housing. Landlords are becoming more and more selective and it is debatable whether landlords fulfil their social obligations (Jaedicke and Wollmann, 1990; Krätke, 1989; Oxley and Smith, 1996; Skifter Andersen and Munk, 1994). Since the end of the 1980s new forms of housing assistance have been developed. These are targeted to lower income households in need. According to Dorn these new forms of assistance can correct the problems of the traditional types of assistance that were supporting higher income groups (Dorn, 1997). The assistance will be directed to a smaller group of households instead of being available to a more general group.

In the Netherlands and in Denmark changes have been introduced at a later stage and so far have not been extensive. The social housing sector in these two countries have tenants from various socio-economic groups, including high income earners. It has a decentralised administration and has enjoyed state support longer than most other countries (Dieleman, 1994; Harloe, 1994d; Vestergaard, 1992). In the Netherlands an official change in policy was presented by the government in 1989 in the white paper on Housing in the 1990s. According to recently presented research the most pronounced changes as regard the role of the social rented sector occurred in the 1980s prior to this. The process of change has continued during the 1990s after the government's policy change but to a lesser extent (van Kempen, *et al.*, 1998). A recent change is the fact that as of the year 1998 the supervision of the housing associations is an issue for the state (Boelhouwer, 1998).

In Finland the social housing sector is a rather recent phenomenon. It was not really introduced until the 1960s and is available exclusively to low income earners. In the last few years the Finnish social housing sector has increased its importance as unemployment increases and households can not afford the home loans (Bengs and Koikkonen, 1991; Juntto, 1992).

During the last few years due to the cuts in production subsidies only a small amount of new housing has been produced (Dieleman, 1996a; Feddes and Dieleman, 1996). This production has taken place in a few growth areas; large cities and cities with expanding universities, in attractive locations where higher rents can be charged. As only a limited number of dwellings are constructed the possibilities to change housing are restricted as can be shown by a study of the links in the vacancy chains making it harder for low income households to get access to better housing. An effect is socio-economic segregation. This decrease in the rate of production, especially as regard social housing can be noticed in all the countries.

SEGREGATION AND MARGINALISATION

In the countries under study there are to some extent clear indications of increased spatial segregation. In Great Britain, mainly in England, the rate of segregation has increased despite the fact that the social housing sector after a major sell out of housing still holds 20 per cent of the social housing stock, a large share compared to most of the other countries (Murie, 1997). In the Netherlands, with a social housing sector of 44 per cent, segregation has been limited (Dieleman, 1994). However, the development during the 1980s shows evidence of increasing tenure segmentation. Affluent households move out of the rental sector into owner occupation and low income households remain and become more dependent on inexpensive housing (van Kempen, *et al.*, 1998). In countries where the social housing sector for a long time has been very small and only open to certain households the rate of segregation is by definition high, as in Australia, Canada and Finland. In Germany where social housing to a large extent is supplied by private landlords high rates of segregation could be expected. However, due to the variations in forms of tenure of the housing stock socio-economic polarisation by tenure is not as evident (Blauw, 1996; Dieleman, 1996a). In countries where the changes have only commenced, such as in Denmark and Sweden the rate of segregation has not increased due to changes in size of the social housing stock, however, there is a clear tendency towards marginalisation. As the social housing sector decreases the rate of spatial segregation increases (Figure 3). An exception here is Germany (thus not included in the model) where no increase in

segregation is evident. This can be explained by the fact that social housing to a large extent is supplied by private landlords resulting in a greater mix of households. In Denmark, the Netherlands and Sweden the social housing sector has not become smaller but there is a tendency to an increased marginalisation, i.e., the concentration of low income households within the sector increases and as a consequence the rate of segregation will increase. A study using segregation index values in cities in the different countries could be expected to give a better picture of the rate of segregation and how it differs between countries, such as between Germany and the Netherlands. A higher rate of segregation would be expected in Germany but current studies show that is not the case. (Musterd and Ostendorf, 1998; Musterd, *et al.*, 1998).

In most countries the social housing sector to an increasing extent seems to house a growing share of low income households; the poor and households that cannot access housing in the private rental sector (Atkinson, 1996; Dieleman, 1996b; Forrest and Murie, 1988; Harloe, 1994c; Murdie, 1992; van Kempen, *et al.*, 1998). In England and Australia where a large part of the social housing stock has been sold out it is evident that the better parts of the housing stock in the most attractive areas have been sold out. What is left is mainly high rise buildings and bad quality housing in the least attractive areas (Burke, *et al.*, 1990; Forrest, 1987; Murie, 1997). In Great Britain it can be noticed that most households on social assistance are still renting their dwelling (Murie, 1987; Murie, 1997). Encouragement and the right to buy has only allowed a limited number of households from this group to buy. Thus, the socio-economic differences between different forms of tenancy have increased (Atkinson, 1996; Murie, 1987). The politically, socially and economically marginalised that cannot afford to buy their dwelling pay higher rents for low standard housing (Forrest, 1987).

In the 1970s Canadian housing policy emphasised the need to have a socio-economic variation of the tenants in the social housing sector to avoid segregation. Parts of the housing stock had to be let at market rents. However, the conservative government of the mid-1980s withdrew this requirement for community and private non-profit housing companies. Instead these dwellings should be rented out only to low income households at the expense of socio-economic variation³. The co-operative housing companies provided an alternative to owner occupation for households slightly above a low income. Some, 30 per cent, of the co-operative dwellings receive rent subsidies allowing them to be rented out to low income households providing a more varied socio-economic variation of households (Hulchanski, 1990). A study in Toronto shows that the social housing sector particularly the high rise housing areas of the 1960s and 1970s, is becoming marginalised, as a concentration of low income households in this sector is taking place (Murdie, 1992). From Toronto Murdie also presents evidence of increased segregation within the Metropolitan Toronto Housing Authority housing stock where the proportion of black tenants has increased from 4.2 per cent in 1971 to 27.4 per cent in 1986. The reasons given are factors such as an increase of immigration of black Caribbeans, income constraints, family composition and supply, cost and discrimination in the rental housing market. Within the Metropolitan Toronto Housing Authority housing stock concentrations of these groups are found especially in suburban high rise developments (Murdie and Borgegård, 1994).

The sell out of social housing units as suggested in Ontario based on the British concept is criticised by Vakili-Zad as the characteristics of the social-housing tenants in Ontario are different from those in the UK. The housing stock is much smaller and the variety of socio-economic differences among the tenants is not as significant. They

are in general much poorer and would be, based on a low income, unable to maintain the unit and carry the costs. The units that would possibly be sold during such a process would certainly be the best, the ones that are easy to maintain and that houses the highest-income tenants, i.e., resulting in higher average operating costs for the remaining units (Vakili-Zad, 1996).

In Finland the shortage of social housing has lead to segregation as only households in need have been admitted to a dwelling in the sector (Bengs and Loikkanen, 1991; Juntto, 1992). Currently the demand for rental housing is growing, as it becomes difficult for more and more households to enter the owner occupier sector and virtually all subsidies provided are directed to the social housing sector. On the other hand a great deal of effort has been placed on mixing different forms of tenures. Even on the same floors apartments may be rented or owner occupied increasing the mix of different households. Housing areas have been built up with enough room to later fill in with the type of housing needed for a social mix (Borgegård and Andersson, 1998).

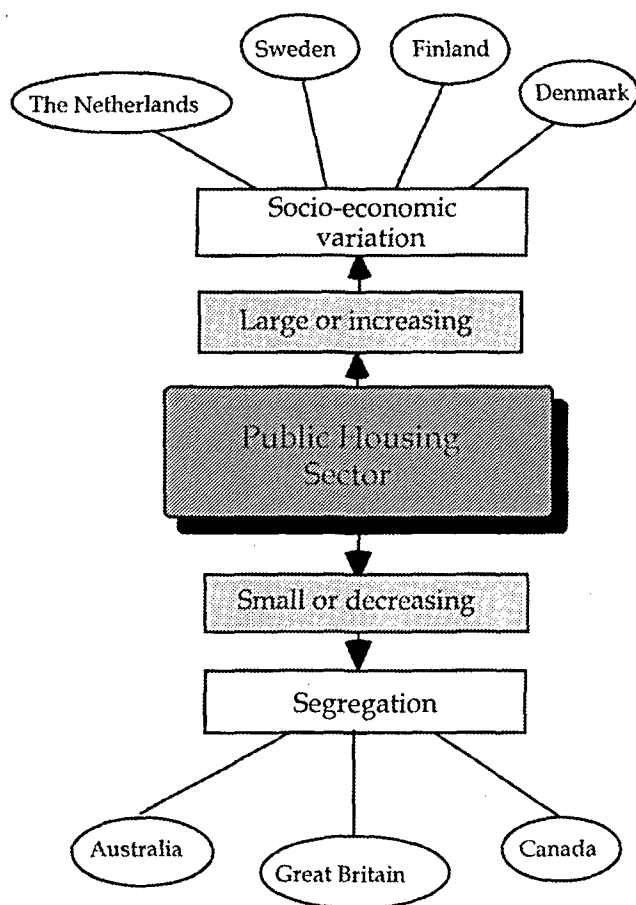


Fig. 3. The process of segregation as it depends on the size of the social housing sector.

In the Netherlands the social housing sector offers good quality housing at low cost making it available to low income households. The large quantity of social housing attracts a large share of tenants from middle and high income households. The socio-economic variation is large and segregation has been kept to a minimum (Dieleman, 1994; van Kempen and van Weesep, 1994). Despite this there are signs of increasing segregation (van Kempen, *et al.*, 1998). In housing areas built before 1939, in low status areas and in the housing built just after 1945 there is a growing share of low income households. However, there are still high income households living in these areas (Blauw, 1996; van Kempen, *et al.*, 1992).

In Denmark the social housing sector has increased rather than decreased its role over the last few years as building of new social housing continued all through the 1980s. Originally housing in this sector was not allocated depending on income level but open to all households. Since the beginning of the 1980s the sector has seen an increase of low income households among its tenants as a certain number of dwellings has to be allocated to households in social need. Housing this group of households has been one of the aims of this sector but despite the worthy cause there is a problem of a concentration of especially vulnerable groups in certain unpopular estates. Often there is no welfare institution with the competence or will to deal with these problems (Vestergaard, 1992). An ongoing discussion during the 1990s suggests further income restrictions to enter the sector (Oxley and Smith, 1996).

Obviously the size of the social housing sector is not the only factor that can explain the rate of segregation. The tenure structure of the rest of the housing market will influence the rate of segregation. A private rental sector as well as co-operative housing might offer alternatives to social housing. In Australia the private rental market is on the increase, a trend that can be explained by a shrinking social housing sector as well as a growing number of households being unable to enter the owner occupational sector (Wulff and Maher, 1998). A large social housing sector with acceptable rents would even out the cost of housing between different households and the various actors in the housing market would act on a more equal basis, as in the Netherlands. This, as well as housing allowances and subsidies to the production of housing widen the choice of housing for low income households. If, on the other hand, the social housing sector is reduced it will be changed into a more marginalised sector, providing housing only for certain groups in society, low income households with no possibilities of obtaining housing in the private market. As unemployment increases the amount of recipients of unemployment allowances and social welfare will grow thus increasing the need for low cost housing. If too many of the low cost dwellings disappear a number of households will simply not get access to housing at all and homelessness will increase as has been the case in many countries, most evidently in Great Britain and Germany (Oxley and Smith, 1996).

SOCIAL HOUSING AS PART OF THE WELFARE STATES

The political debate about the social housing sector is focused on financing. Those wanting to decrease the role of this sector refer to the government's cost for subsidies and housing allowances. Those wanting the sector to remain argue that the cost of subsidies in the form of tax deductions to owner occupation are just as extensive. It is rather a matter of resource allocation (Hulchanski, 1990). In discussions on housing the concept of affordability, i.e., how large a share of a household's disposable income should be spent on housing, has become a key issue. In many countries the problem is

that the type of housing available does not correspond to housing demand. A growing amount of households now have to spend a larger share of their income on housing, depending on an increase in rents as well as a shortage of smaller dwellings (Burke, *et al.*, 1990; Forrest and Murie, 1988; Hulchanski, 1990; Nessler, 1990; Paris, 1993; Turner, 1996; Wigren, 1997).

Inequality in the housing market

The diminishing role of the social housing sector can be referred to the questioning of the welfare state as such. Forrest (1987) argues that the sell out of the social housing sector in Great Britain was only part of a much more extensive social and economic process of change driven by the conservative government at the time. The aim of that process was to change the role of the welfare state. Instead the welfare system will be turned into a residual service to a marginalised minority whereas the majority of the population will be referred to the private market. The privatisation that has been taking place is to a large extent subsidised by the government (Forrest, 1987). As the requirements of the self financing of the social housing sector increase, housing for owner occupation continues to be subsidised by the governments (Burke, *et al.*, 1990; Forrest, 1987; Hulchanski, 1990; Juntto, 1992; Nessler, 1990; Paris, 1987; Paris, 1993).

Subsidies to housing in Australia is minimal and to a large extent households have to pay for their dwellings themselves. Increases in subsidies have been in the form of tax deductions rather than allowances (Burke, *et al.*, 1990). The financial situation in Australia has made it more difficult for households to afford their dwelling and polarisation in the housing market has increased (Murphy and Watson, 1994; Paris, 1987; Paris, 1993). To make it possible for low income households to buy their dwelling plans are to reintroduce subsidies and tax deductions on interests that were cut back in the beginning of the 1980s. As a consequence of these cut backs many households remained in the rental sector as they could not afford to move out. The rental sector in Australia earlier had a transient function, i.e., a place where people lived while looking for a house to buy. The rental sector then became overloaded as it turned into permanent housing for low income households (Industry Commission, 1993). For the young cohorts under 34 years of age high real interest rates, growing unemployment and diminishing affordability have made it more difficult to enter the home ownership sector (Bourassa, *et al.*, 1995). This has put pressure on the rental housing market. The social rented sector in Australia have long waiting lists and can only offer housing to a small part of the households in need of housing. Since the mid-1980s social housing commencements have fallen by half and are forecast to decline even further (Wulff and Maher, 1998). The change in household structure has brought about a feminisation of poverty. Single parents are almost exclusively women and for this group it is difficult to find suitable and affordable housing. They are to a large extent discriminated against by private landlords and real estate agencies. A large group of single older women do own their dwelling but women also form the larger part of the poor elderly that are dependent on subsidies and pensions. For this group, in the case of Australia, housing is virtually non existent (Paris, 1993). A change in the direction of subsidies is debated. Instead of providing grants to the states for social housing provision emphasis can be on subsidies in the form of rent subsidies and income support for low income households in the private sector (Wulff and Maher, 1998).

The situation in Canada and Australia in many ways resemble one another. As in many other countries the income gap between households increased during the 1980s. This indicates that for low income households the difficulties in the housing market will increase rather than decrease. Even if a majority of the Canadians and Australians will continue to enjoy good housing standards, a growing share of the population will have to reduce their housing consumption (Burke, *et al.*, 1990; Hulchanski, 1990; Paris, 1987; Paris, 1993).

In Finland the rental sector as a whole has had a marginalised role, similar to that in Australia and Canada. Tenants have had limited rights and in 1988 received only 15 per cent of all housing subsidies. Rental housing never really found its place in the Finnish welfare state. However, this is changing and recently in the light of the recession, rental housing has been considered a necessary alternative to owner occupation (Juntto, 1992). Currently the major share of housing subsidies in Finland is directed to the construction of social housing.

As governments wish to withdraw from the housing market Dieleman writes that arguments in favour of government intervention in the housing market are stronger than arguments against (Dieleman, 1994). The advantage would be for a relatively even supply of newly produced housing and possibilities of raising the quality of low quality housing. The result is, as in the Netherlands, a good quality housing stock at low rents making it possible for the lowest income households to find good quality housing in this sector.

How and in what type of housing a household lives is to a large extent a matter of money and the cost of housing. To even out these differences housing policy can provide low income households with subsidies and in general make housing production less expensive. This widens the choice of housing for low income households. Current cuts in housing allowances and restrictions in access to the allowances combined with increasing rents reduce the possibilities of low income households' to choose their dwelling and restrict the number and type of dwellings available to them (van Kempen, *et al.*, 1992). Further, the dismantling of general housing subsidies such as in Sweden, the Netherlands and Germany creates an outflow of high income households to owner occupation resulting in increased housing segmentation leaving the social rented sector with an even larger share of low income households. The rate of segregation will increase as most often these different types of tenures are geographically separated.

From welfare states to neo liberal states

If the social housing sector is being questioned as a consequence of a questioning of the welfare state as such the reasons could at least partly be political. The changes and cut backs in welfare have in many countries occurred as governments have become more liberal and conservative. Even social democrats and socialists have in general changed their policies in a more conservative direction as has been the case in Sweden. The social democratic party that returned to government in 1994 has continued cutting down on housing allowances and interest subsidies.

In the 1970s the Danish social democratic government raised subsidies for owner occupiers and decreased investments in the social housing sector. In 1982 a non socialist government was elected to parliament at the same time as the private housing market collapsed. The government had to increase investments in the new production of social housing to countered rising unemployment. Thus, Skifter Andersen and

Munk argue that the housing market is shaped by the economic situation in a country rather than by political ideologies (Skifter Andersen and Munk, 1994). In Australia, the land of home ownership, the Labour government (that lost the 1996 election to the Liberals) continued to give priority to owner occupation (Burke, *et al.*, 1990; Murphy and Watson, 1994; Paris, 1993). In several countries a large proportion of the social democrats are owner occupiers and to preserve the interest of their supporters these parties change their policies (Skifter Andersen and Munk, 1994). In the Netherlands under the Christian Democrats, the status quo has been preserved although this is now changing (Boelhouwer, 1998; Dieleman, 1994; van Kempen, *et al.*, 1998). In Germany the Christian Democrats have wanted to increase the owner occupied housing sector but financial policies have helped to create the largest rental sector in all of the countries studied (Skifter Andersen and Munk, 1994).

Doling argues that privatisation does not have to take place because of economic changes (Doling, 1994). In Great Britain changes have been most evident. There the production of social housing has decreased and the share of private social housing has increased. A similar situation has occurred in Germany. In these countries a privatisation is evidently taking place. In other countries the production of new social housing has been constant and even increased as in Denmark, the Netherlands and Sweden. No privatisation of social housing has taken place in these countries. It is the way in which different governments try to overcome the economic crisis that is politically distinguishable in different countries. As opposed to Skifter Andersen and Munk (1994) Doling argues that it is politics rather than economy that is most important when countries choose the direction in which they are heading (Doling, 1994).

The changes that have taken place during the last decades can be referred to as a matter of neo liberalism contra social liberalism. The neo liberalism can explain the growing belief in the possibilities of the private market to solve the problems of housing supply. Social liberals, on the other hand, want social welfare to remain a responsibility of the society, in this case to make sure that everyone has access to housing. In addition, the internationalisation of the economies to a large extent leaves the national economies out of the control of the economic development of a country. The countries are forced to follow the ups and downs of the world economy and the possibilities for the countries to choose their own way is limited, as regard investments in the social sector and other parts of the traditional welfare policy. For the countries planning to enter the European Monetary Union, this has become even more evident. What has been seen in the last ten to fifteen years is that many countries have engaged in several privatisation efforts of previously state run businesses, such as railways, telecommunication, banking and in many countries the privatisation efforts have also involved the housing sector (Linneman and Megbolugbe, 1994).

According to Barlow and Duncan (1994) it is not, as the New Right claims, a matter of 'markets good, state bad'. What is needed is a balance between a mix of state and market involvement in the housing market. They criticise the belief in the 'magic of the market'. Markets will always to some extent be inefficient and even if they did work well economically they would not be socially efficient. 'The market does not allocate according to need and it generates further inequality. There will be consumption inequalities and some consumers will fail to meet minimum standards. For all these reasons state intervention has been historically necessary to make markets work better' (p. 24). Thus, abandoning government involvement and leaving the housing market in the hands of the free market will fail. What has been seen so far

in countries where governments have withdrawn subsidies to the housing sector is that during the last few years housing production in general and the construction of social housing in particular have decreased in all the countries (Barlow and Duncan, 1994; Dieleman, 1996a; Feddes and Dieleman, 1996; Kleinman, 1995). Comparing Britain, France and Sweden Barlow and Duncan conclude that the country that has the most government involvement, in this case Sweden, has been most successful in meeting housing need (Barlow and Duncan, 1994). A similar result is evident from Kleinman's comparison between Britain and France where France is the country where deregulation and privatisation has come more slowly and there is still a notion that it is the government's responsibility to make sure that the population have access to housing. In Britain where the changes have gone further and housing supply is left to market forces the problems are worse, for owner occupiers as well as for tenants (Kleinman, 1995).

Thus, there seem to be a connection between general cuts in the welfare state as such and the social housing sector. There is a change from general to individual subsidies increasing segregation between those who manage without society's (direct) support and those who are becoming more dependent.

DISCUSSION

From the discussion above, arguments for or against growing segregation can be discerned and concluded. The state will reduce its role in the housing market. Government expenses have grown for a long time and budgetary deficits have led to cuts in subsidies and allowances, not only in the housing sector. To reduce financial commitments to the housing market various solutions are being tried. A transfer of the social housing stock to the private market has taken place in several countries. In Sweden this might happen in future but has not happened yet not to the same extent as in Great Britain (Harloe, 1994b). In Sweden the municipalities as owners of the majority of the social housing companies, have transferred the financial responsibility on to the housing companies themselves. The costs now have to be covered by the tenants and rents have increased or the service level has decreased. Standard and location decide the rent. The household's financial situation have to an even greater extent limited the choice of housing as cuts are made in housing allowances and rents have increased. Low income households to a larger extent live in less attractive areas and high income households are widening their choice of housing. This has resulted in increased segregation.

A large social housing sector with acceptable rents would even out the cost of housing between different households and the various actors in the housing market would act on a more equal basis, as in the Netherlands. This, as well as housing allowances and subsidies to the production of housing widen the choice of housing for low income households. If, on the other hand, the social housing sector is reduced it will be changed into a more marginalised sector, providing housing only for certain groups in society, low income households with no possibilities of obtaining housing in the private market. When good quality social housing is sold out, as in Australia and Great Britain, the result is a social housing stock consisting of old and poor quality housing often in unpopular areas. Low income and poor households are then not only left with only getting access to housing in certain areas they also have to face living in low standard, poor quality dwellings. This will to an even greater extent be the case if new production of social housing has come to a halt. With a continuous high rate of

unemployment the amount of recipients of unemployment benefits and social welfare will increase the need for low cost housing. If too many low cost dwellings disappear a number of households will simply not get access to housing at all and homelessness will increase as has been the case in many countries, most evidently in Great Britain and Germany (Oxley and Smith, 1996). An increased private rental market may replace part of the social housing sector but is not as easily controlled as a more or less regulated social housing sector.

Changes in housing policies and as a consequence in the housing market are connected to changes in welfare policies in general. Cuts in welfare influences the housing sector in general and the social housing sector in particular. The type of welfare state regimes that have developed according to Esping-Andersen will most likely continue to influence the welfare policies in the different countries for many years. Sweden will not completely abandon the universal social welfare system but all the different welfare states are changing. There is a tendency for more countries to head towards a liberal and corporate welfare regime depending on to what extent a privatisation of the welfare institutions are allowed to occur.

Cuts in the welfare system has lead to a certain degree of dehumanisation. Homelessness is allowed to increase without any provision being made for housing the groups of people that on their own cannot get access to housing. In a new market oriented policy the National Association of Municipal Housing Companies (SABO) in Sweden declares that it is no longer the responsibility of the municipal housing companies to offer housing to 'problem' households. As they now have to carry their costs these housing companies want stable tenants that do not incur extra costs. In addition it has become more difficult to obtain social assistance, unemployment benefits and housing allowances. The applicant now has to meet certain criteria that have become harder to fulfil. Also allowances and subsidies have been reduced.

Looking at the changes to the housing market as regard social housing in the above countries we can conclude that stable tenants are welcome into any other form of tenure, private rental, owner occupation or co-operative housing and will continue to be well housed. But the changes to the social housing sector have led to a situation where, for a growing minority, housing conditions and living conditions in general are getting worse. The process of spatial segregation and marginalisation is progressing slower in countries where changes to the housing market have not been so severe and where the social housing sector is reasonably large and access is not restricted to certain households. How changes to the social housing sector will progress is the result of the type of welfare regime the individual country adheres to as this to some extent is decisive for how the housing market develops.

ACKNOWLEDGEMENTS

We are grateful to Ove Ericsson for comments on an earlier draft on a Swedish version on this paper presented at the Housing and Urban research seminar in Gävle, Sweden, in April 1996 and to Robert A. Murdie for comments.

This project was made possible with the financial assistance of SABO Plus and at the initial stage by support and advice from Alan Murie.

Downloaded by [University of Glasgow] at 02:56 17 October 2014

NOTES

1. Such a discussion was held at the last UN conference (June 1996): Habitat II, The City Summit, Istanbul, Turkey.
2. Clapham on the other hand points out the need to take into account the differences between the interactions between a market-based housing system and a market economy in different countries.
3. As housing policy is a provincial rather than a federal matter in Canada variations between provinces are evident. Thus the government in Ontario (the National Democratic Party) stepped in to ensure a continued mix of income groups in non-profit housing.

REFERENCES:

- Alfredsson, B. and G. Cars (ed.) (1994) "Europeiska strategier för överlevnad. Bostadsföretag i omvandling" (European strategies for survival. Housing companies under change), in *SABO Utveckling* 45 (National Association of Municipal Housing Companies (SABO) Development report 45. Stockholm: National Association of Municipal Housing Companies (SABO).
- (1994) "Bostadspolitisk utveckling i Sverige" (Housing policy development in Sweden), pp. 7–10 in Alfredsson, B. and G. Cars (ed.), *Europeiska strategier för överlevnad. Bostadsföretag i omvandling* (European strategies for survival. Housing companies under change), *SABO Utveckling* 45 (National Association of Municipal Housing Companies (SABO) Development Report 45). Stockholm: National Association of Municipal Housing Companies (SABO).
- Andersson, O. and G. Cars (1993) *En uthållig vision för SABO-företagen* (A sustainable future vision for the Swedish Municipal Housing Companies). Stockholm: National Association of Municipal Housing Companies (SABO).
- Atkinson, R. (1996) "Housing, spatial segregation and social exclusion". Paper presented at the ENHR conference on Housing and European Integration, workshop Housing, social integration and exclusion. Helsingør, 26–31 August, 1996.
- Barlow, J. and S. Duncan (1994) *Success and Failure in Housing Provision. European Systems Compared*. Oxford: Pergamon.
- Bengs, C. and H. A. Loikkanen (1991) "The Finnish housing market: Structure, institutions and policy issues", pp. 63–112 in Härsmann, B. and J. M. Quigley M. (ed.), *Housing Markets and Housing Institutions: An International Comparison*. Boston: Kluwer Academic Publishers.
- Bengtsson, B. (1995) *Bostaden – välfärdsstatens marknadsvara* (Housing – market commodity of the welfare state). Comprehensive summaries of Uppsala dissertations from the Faculty of Social Sciences 20. Uppsala: University of Uppsala.
- Bitterman, D. (1994) "Boendeseigrationsutveckling i Stockholms län 1970–1990" (Housing segregation development in Stockholm County 1970–1990). Report Inregia AB June 1994.
- Blauw, W. (1996) "Housing policy and segregation in Dutch cities". Paper presented at the ENHR conference on Housing and European Integration, workshop Housing, social integration and exclusion. Helsingør, 26–31 August, 1996.
- Boelhouwer, P. (1998) "International comparison of housing management in the non-profit rented sector in Western Europe". Paper presented at the conference on Social Housing Management in the European Union. Nunspeet 26–27 February, 1998.
- Borgegård, L.-E. and E. Andersson (1998) "Boendesegregation i nordiska huvudstadsregioner" (Spatial housing segregation in the Nordic capital regions). GERUM, Working report. Umeå: Department of Social and Economic Geography, University of Umeå.
- Bourassa, S., A. Greig and P. Troy (1995) "The limits of housing policy: home ownership in Australia", *Housing Studies* 10: 83–104.
- Burke, T., P. W. Newton and M. Wulff (1990) "Australia", pp. 721–762 in van Vliet, W. (ed.), *International Handbook of Housing Policies and Practices*. New York: Greenwood Press.
- Cabinet Proposal (1997/98:119) *Bostadspolitik för hållbar utveckling* (Housing policy for sustainable development). Stockholm: Parliamentary Record.

- Clapham, D. (1996) "Housing and the economy: Broadening comparative housing research", *Housing Studies* 33: 631-647.
- Danermark, B. and I. Elander (1994) "Introduction", pp. 1-20 in Danermark B. and I. Elander (ed.), *Social Rented Housing in Europe: Policy, Tenure and Design*, Housing and Urban Policy Studies 9. Delft: Delft University Press.
- Dieleman, F. (1996a) "European housing market developments". Paper presented at the ENHR conference on Housing and European Integration. Helsingør, 26-31 August, 1996.
- (1996b) "The quiet revolution in Dutch housing policy", *Tijdschrift Voor Economische en Sociale Geografie* (TESG) 87: 275-282.
- Dieleman, F. M. (1994) "Social rented housing: Valuable asset or unsustainable burden?", *Urban Studies* 31: 447-463.
- Doling, J. (1994) "The privatisation of social housing in European welfare states", *Environment and Planning C* 12: 243-256.
- Dorn, V. (1997) "Changes in the social rented sector in Germany", *Housing Studies* 12: 463-475.
- Elander, I. (1991) "Good dwellings for all: The case of social rented housing in Sweden", *Housing Studies* 6: 29-43.
- Elander, I., T. Strömberg, B. Danermark, and B. Söderfeldt (1991) "Locality research and comparative analysis: the case of local housing policy in Sweden", *Environment and Planning A* 23: 179-196.
- Emms, P. (1990) *Social Housing: A European Dilemma?* Bristol: SAUS Publications.
- Esping-Andersen, G. (1990) *The Three Worlds of Welfare Capitalism*. Cambridge: Polity Press.
- Freddes, A. and F. M. Dieleman (1996) "Investment in housing in ten northwest European countries, 1950-1985", *Tijdschrift voor Economische en Sociale Geografie* (TESG) 87: 73-79.
- Forrest, R. (1987) "Privatisation, marginality and council housing", pp. 67-85 in Clapham, D. and J. English (ed.), *Public Housing: Current Trends and Future Developments*. London: Croom Helm.
- Forrest, R. and A. Murie (1988) *Selling the Welfare State: The Privatisation of Public Housing*. London: Routledge.
- (1994) "Home ownership in recession", *Housing Studies* 9: 55-74.
- Garnett, C. (1994) "Social polarisation in global cities: Theory and evidence", *Urban Studies* 31: 401-424.
- Harloe, M. (1994a) *The People's Home? Social Rented Housing in Europe and America*. Oxford: Blackwell.
- (1994b) "The social construction of social housing", pp. 37-52 in Danermark, B. V. and I. Elander (ed.), *Social Rented Housing in Europe: Policy Tenure and Design*. Delft: Delft University Press.
- (1994c) "Social housing - Past, present and future", *Housing Studies* 9: 407-416.
- (1994d) "Social housing in transition", *Netherlands Journal of Housing and the Built Environment* 9: 343-355.
- Hedman, E. (ed.) (1993) *Svensk bostadsmarknad i internationell belysning* (The Swedish housing market in an international perspective). Housing, Report 1993:2. Karlskrona: National Board of Housing, Building and Planning (Boverket).
- Hjarnö, J. (1996) *Global Cities in Two Ways: A Comment on Saskia Sassen's Global City Hypothesis*. Esbjerg: South Jutland University Press.
- Hulchanski, D. (1990) "Canada", pp. 289-326 in van Vliet, W. (ed.), *International Handbook of Housing Policies and Practices*. New York: Greenwood Press.
- (1991) "Social welfare versus market welfare" (first published in 1985), pp. 207-216 in Gerecke, K. (ed.), *The Canadian City*. Montreal: Black Rose Books.
- Hägred, U. (1993) "Vilka bostäder finns?" (Possible housing solutions?), pp. 15-31 in Hedman, E. (ed.), *Svensk bostadsmarknad i internationell belysning* (The Swedish housing market in an international perspective). Karlskrona: National Board of Housing, Building and Planning (Boverket).

- Industry Commission (1993) *Public Housing*. Volume 1: Report 34, Industry Commission, Nov. 1993.
- Jaedicke, W. and H. Wollmann (1990) "Federal Republic of Germany", pp. 127–154 in van Vliet, W. (ed.), *International Handbook of Housing Policies and Practices*. New York: Greenwood Press.
- Juntto, A. (1992) "Post-industrial housing crisis: Finland as a case study", pp. 47–59 in Lundqvist, L.-J., (ed.) *Policy, Organization, Tenure. A Comparative History of Housing in Small Welfare States*. Oslo: Scandinavian University Press.
- Kemeny, J. (1995a) *From Public Housing to the Social Market: Rental Policy Strategies in Comparative Perspective*. London: Routledge.
- (1995b) "Theories of power in the three worlds of welfare capitalism", *Journal of European Social Policy* 5: 87–96.
- Kemeny, J. and S. Lowe (1998) "Schools of comparative housing research: From convergence to divergence", *Housing Studies* 13: 161–176.
- Kleinman, M. (1990) "The future provision of social housing in Britain", pp. 84–96 in van Vliet, W. and J. van Weesep (ed.), *Government and Housing: Developments in Seven Countries*. Newbury Park, CA: Sage Publications.
- Kleinman, M. (1995) "Meeting housing needs through the market: An assessment of housing policies and the supply/demand balance in France and Great Britain", *Housing Studies* 10: 17–38.
- Krätke, S. (1989) "The future of social housing – problems and prospects of 'social ownership': the case of West Germany", *International Journal of Urban and Regional Research* 13: 282–303.
- Linneman, P. D. and I. F. Megbolugbe (1994) "Privatisation and housing policy", *Urban Studies* 31: 635–651.
- Lund, B. (1996) *Housing Problems and Housing Policy*. Harlow: Longman.
- Lundqvist, L. (1992) "Sweden: The peoples' home becomes too expensive for the welfare state", in Lundqvist, L. (ed.), *Dislodging the Welfare State? Housing and Privatization in Four European Nations*. Delft: OTB Reserach Institute for Policy Sciences and Technology, Delft University of Technology.
- McCrone, G. and M. Stephens (1995) *Housing Policy in Britain and Europe*. London: UCL Press.
- Murdie, R. (1992) *Social Housing in Transition. The Changing Social Composition of Public Sector Housing in Metropolitan Toronto*. Report. Ottawa, Toronto: Canada Mortgage and Housing Corporation.
- Murdie, R. A. and L.-E. Borgegård (1994) "The social complexity of the housing sector in Swedish metropolitan areas", *Scandinavian Housing & Planning Research* 11: 79–94.
- Murie, A. (1987) "Social polarisation and housing provision", pp. 12–31 in Clapham, D. and J. English (ed.), *Public Housing: Current Trends and Future Developments*. London: Croom Helm.
- (1994) "Privatising state owned housing", pp. 105–118 in Clarke, T. (ed.), *International Privatisation Strategies and Practices*. New York: Walter de Gruyter.
- (1997) "The social rented sector, housing and the welfare state in the UK", *Housing Studies* 12: 437–461.
- Murie, A. and S. Musterd (1996) "Social segregation, housing tenure and social change in Dutch cities in the late 1980's", *Urban Studies* 33: 495–516.
- Murie, A. and H. Priemus (1994) "Social rented housing in Britain and the Netherlands: Trends, trajectories, and divergence", *Netherlands Journal of Housing and the Built Environment* 9: 107–126.
- Murphy, P. and S. Watson (1994) "Social polarization and Australian cities", *International Journal of Urban and Regional Research* 18: 573–590.
- Musterd, S. and W. Ostendorf (1998) "Segregation, polarisation and social exclusion in metropolitan areas", in Musterd, S. and W. Ostendorf (ed.), *Urban Segregation and the Welfare State – Inequality and Exclusion in Western Cities*. New York: Routledge.

- Musterd, S., W. Ostendorf and M. Breebaart (1998) *Multiethnic Metropolis: Patterns and Policies*. Dordrecht: Clover Academic Publishers.
- Nesslein, T. S. (1990) "Government and housing in Norway: A critique", *Scandinavian Housing and Planning Research* 7: 105–116.
- Oxley, M. and J. Smith (1996) *Housing Policy and Rented Housing in Europe*. London: E & FN Spon.
- Paris, C. (1987) "Housing issues and policies in Australia", pp. 79–107 in Hamnett, S. and R. Bunker (ed.), *Urban Australia. Planning Issues and Policies*. London: Mansell Publishing Ltd.
- (1993) *Housing Australia*. Melbourne: Macmillan Education.
- Power, A. (1996) "Area-based poverty and resident empowerment", *Urban Studies* 33: 1535–1564.
- SABO Rapport 4 (National Association of Municipal Housing Companies Report 4) (1992) *Nya villkor för kommunala bostadsföretag* (New conditions for municipal housing companies). Stockholm: National Association of Municipal Housing Companies (SABO).
- Sahlin, I. (1996) *På gränsen till bostad* (On the border of housing). Doctoral Dissertation. Lund: University of Lund.
- Sassen, S. (1994) *Cities in a World Economy*. Thousand Oaks, California: Pine Forge Press.
- Skifter Andersen, H. and A. Munk (1994) "The welfare state versus the social market economy – Comparison and evaluation of housing policies in Denmark and West Germany with special importance attached to social housing and rent control", *Scandinavian Housing and Planning Research* 11: 1–25.
- SOU (1997) *Allmännyttiga bostadsföretag* (Municipal housing companies). Stockholm: Ministry of Housing.
- Turner, B. (1996) "Municipal housing companies in Sweden: On or off the market". Paper presented at the workshop on Changing social rented housing in Europe. Nunspeet, the Netherlands, 8–9 March, 1996.
- Ukili-Zad, C. (1996) "Privatizing public housing in Canada, a public policy agenda", *Netherlands Journal of Housing and the Built Environment* 11: 47–68.
- van Kempen, E. (1994) "The dual city and the poor: Social polarisation, social segregation and life chances", *Urban Studies* 31: 995–1015.
- van Kempen, R., V. A. J. M. Schutjens and J. van Weesep (1998) "The changing tenant mix in Dutch social rented housing" (draft version). Paper presented at the conference on Social Housing Management in the European Union. Nunspeet 26–27 February, 1998.
- van Kempen, R., R. Teule and J. van Weesep (1992) "Urban policy, housing policy, and the demise of the Dutch welfare state", *Tijdschrift voor Economische en Sociale Geografie* 83: 317–329.
- van Kempen, R. and J. van Weesep (1994) "Gentrification and the urban poor: Urban restructuring and housing policy in Utrecht", *Urban Studies* 31: 1043–1056.
- Vestergaard, H. (1992) "The changing fate of social housing in a small welfare state – the Danish case", pp. 37–45 in Lundqvist, L.-J. (ed.), *Policy, Organization, Tenure. A Comparative History of Housing in Small Welfare States*. Oslo: Scandinavian University Press.
- Wigren, R. (1997) "Bygg- och bokostnader – historisk utveckling och framtidsutblick" (Construction and housing costs – historical development and in a future perspective), pp. 206–243 in Andersson, Å. E. (ed.), *Bostadsmarknaden på 2000-talet* (The housing market in the 2000's). Stockholm: SNS Förlag.
- Wiktorin, M. (1993) *An International Comparison of Rent Setting and Conflict Resolution. Input Report for an Evaluation of the Swedish System of Utility-value Rent Setting*. Gävle: The National Swedish Institute for Building Research.
- Williams, N. J. and F. E. Twine (1993) "Moving on and moving up. The experience of households who resell public sector dwellings", *Housing Studies* 8: 60–69.
- (1994) "Locals, incomers and second homes – the role of resold public sector dwellings in rural Scotland", *Scandinavian Housing and Planning Research* 11: 193–209.
- Wulff, M. and C. Maher (1998) "Long-term renters in the Australian housing market", *Housing Studies* 13: 83–98.