

**Comparing the causal mechanisms underlying housing networks over time and space**

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# **Comparing the causal mechanisms underlying housing networks over time and space**

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## **Abstract**

This paper concerns the ontology and epistemology of comparative research, which are the foundations of a research strategy. It builds upon a Realist ontology (Bhaskar, 1975, 1979; Sayer, 1984, 1985, 2000; Lawson, 1997, 1999) of necessary and contingent relations forming causal mechanisms, in order to extend existing frameworks for explaining difference and change in housing networks. Housing networks are perceived as interactive, open systems of agents bound by underlying necessary relations, subject to ever-present contingent relations, their own individual agency and path-dependent behaviour. Unique clusters of necessary and contingent relations underlie interacting realms of the housing network, which generate tendencies for certain tenure divisions, property rights, systems of credit provision, housing production and urban form. Specifically, the paper concretises these concepts and defines causal 'clusters' through the use of illustrative examples. It is argued that explanatory research requires the comparison and contrast of these clusters over time and space, rather than only key housing events or experiences of them. Laborious, concrete, historical research is required to reach sophisticated, multi-causal explanations for the differences between and changes within housing networks. Such a process should be informed by an explicit ontological and epistemological 'package'. A Realist-retroductive research strategy aims to identify and contrast the unique causal clusters of social relations underlying housing outcomes, which exist in the context of specific local contingencies. Amongst others, significant clustering of social relations surrounding the supply of land for residential development, system of credit provision for credit for housing production and welfare relations influencing the consumption of housing services. These relations have a combined influence upon investment, production, consumption and exchange of housing services. Uniquely defined, these clusters of relations promote divergent housing tenures and urban forms. To test and revise this postulated model, two case studies are proposed in the Netherlands and Australia.

## **Key words**

Comparative methodologies, social relations, critical realism, risk, trust

## **1. Introduction**

International comparisons of housing and urban phenomena are undertaken for a variety of reasons. These include policy development, problem evaluation, testing of theories, or development of new explanations. The purpose of comparative research should correspond with the type of conclusions sought: describing, evaluating, suggesting actions or explaining the topic of interest. Some studies may demand a combination of aims and outcomes; for example, that research be both evaluative and action orientated.

Whilst the purpose of comparative research may be easy to define or discern, the *ontology* and *epistemological process* tends to be far less explicit. The attractiveness and curiosity of international research often overshadows the difficulties of tackling more complex issues such as the focus of comparison, rationale for case selection, the time period to be analysed, the uniqueness of institutions and the path dependency of housing and urban phenomena.

At the methodological level, there are a number of coherent ‘packages’ of ontology and epistemology that help to clarify the comparative research strategy. These include positivist deduction, interpretive abstraction, and realist retrodution. Conscious selection of such a package is important, as the choice determines the object or level of comparison. The focus and subsequent comparative analysis of cases may rest upon observable regularities, patterns of behaviour or events, socially constructed meanings, underlying social relations or causal mechanisms. Together the purpose, the desired outcome, logic and object of research shapes the entire design of the cross-national comparative research strategy.

An important phase of any comparative strategy is the development of a clear, albeit preliminary *conceptualisation* of the endogenous relations relevant to the phenomenon under research and an appreciation of the exogenous relations, often described as *context*. Differences and change in housing networks are often simply explained as differences in the endogenous and exogenous relations. But how do they interact? What is *context* and how can it influence difference and change? To answer these questions, much needs to be known about the underlying relations, embedded institutions, development pathways and influential conditions affecting particular housing systems. Towards this end, important questions include: what does the phenomenon comprise, what are the underlying relations between agents operating within its realm, what institutions sustain the phenomenon and influence change?

### **1.1 Comparison of housing ‘solutions’**

This paper concerns the comparison of two long established housing *solutions* represented by different housing tenures and urban forms in Australia and the Netherlands during the 20<sup>th</sup> century. The term housing *solution* to refers the coherent fit between social relations underpinning a housing system and the institutional networks and outcomes produced.<sup>1</sup> It is contended that housing solutions in Australia and the Netherlands have emerged from fundamentally different packaging of property, finance and welfare relations, promoting until recent years distinctive housing choices and living environments. Most Australian households aspire to home ownership and reside in large, low-density cities. In the Netherlands, until recent years, social rental housing was the dominant tenure form of relatively numerous compact towns and cities. Ultimately, the research strategy aims to explain these differences by analysing the distinct packaging of property, finance and welfare relations. This paper focuses on how this can be done.

This first section of this paper contends that the most appropriate ontological basis for such a strategy is Critical Realism and the corresponding epistemology of retrodution. The basic tenets of Critical Realism are briefly outlined: structured

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<sup>1</sup> Berry (1998) uses the term in a somewhat looser sense, referring to the low-density, home-ownership dominated outcomes of the Australian housing system.

reality, necessary and contingent relations and causal mechanisms. To understand the observable world it is necessary to postulate and empirically validate the kind of necessary and contingent relations that underlie, and tend to influence, actual events and experiences and outcomes of housing systems.

To bring the necessary and contingent relations 'to the surface' and identify the causal mechanisms at work, additional concepts must be employed. This paper introduces the notions of risk and trust. Exchanges between agents in a housing system are constantly subjected to risk. For a tenant, risk may include loss of income through sickness or unemployment. Risks emerge from the dynamic interactions of relations underlying a housing system as well as those that may be considered as 'outside' the housing system.

In the context of uneven power resources, housing agents compete or collaborate to establish norms, policies, contracts and laws. These conventions can be perceived as the organisation of trust to minimise perceived risks in the housing system. The organisation of trust may be sustained or undermined by the open and dynamic nature of housing networks.

In the second section, the concept of necessary and contingent relations underlying housing networks is further defined through the use of concrete examples. It is argued that *clusters of conflicting necessary and contingent relations* underlie urban form and housing tenure. These clusters include a number of important social relations. Those of property, finance and welfare are further examined. The state plays an integral, mediating and contested role in the definition of these relations and the structural coherence of the actual housing solution. For this reason, understanding the institutionalised role, relations and resources of the state is also an integral part of explanation.

Finally, the paper summarises the issues associated with comparative research and stresses the need for a strategy that compares clusters of causal mechanisms rather than events or experiences of them. This approach informs the selection of the two case studies: the Netherlands and Australia. It is contended that each case study provides good illustration of the significance of different packaging of property, finance and welfare relations upon housing tenure and urban form. Comparison within these case studies demonstrates the sustainability and change of different clusters under dynamic political, economic and cultural contingent conditions.

## **1.2 Conceptualising housing networks**

Despite similar economic and demographic trends (Donnison 1967, with Ungerson, 1982), housing solutions in countries have fundamentally diverged (Kemeny and Lowe, 1998; Golland, 1998; Doling, 1997; Boelhouwer and Van der Heijden, 1992). To analyse divergence, various approaches have been developed to compare housing systems and explain the important differences between them.

Often implicit and difficult to expose, divergent research strategies can stem from quite incompatible ontological and epistemological foundations. Differing perceptions of a how a housing system works has led to the employment of different categories, foci, frameworks and typologies for analysing housing systems.

More explicit and comprehensive descriptive tools include the *chain of provision* framework developed and applied by Ambrose (1991, 1994) which emphasises the wide variety of state, private and voluntary configuration of agents engaged in the interconnected stages of housing promotion, investment, construction, allocation and maintenance (Ambrose, 1991:41).

Similarly, the *structure of housing provision* (SHP) thesis (Ball, 1986, 1988, Ball and Harloe, 1992) provides a meta-tool to explore a diversity of housing networks. Ball stresses the need to identify the social agents involved in production, allocation, consumption and reproduction relations of housing (Ball, 1986:160) and their inter-linkages (Ball, 1988:29). Sensitivity to the unique relations of production helps the researcher to understand difference. Boelhouwer and Van der Heijden (1992) have developed a more concrete model outlining numerous background factors, which may influence the structure of the housing market in different countries. Lundqvist (1990) has also put forward a useful scheme categorising the variety of interventions for government to influence household income and dwelling costs.

In contrast to Ambrose and Ball, who stress the unique nature of housing networks, various typologies of housing systems have been developed as a basis for testing theories concerning the driving forces influencing different housing systems. These include the liberal-corporatist-social democratic typology and evaluative comparison of Barlow and Duncan (1994) and Golland (1998) and Lundqvist's theories of the 'political-ideological and structural-institutional' relations underpinning market-state mixes in housing policy (1989, 1991). Country-specific theories, from a variety of perspectives, also try to explain the development and change of specific housing outcomes.<sup>2</sup>

There are important similarities in contemporary comparative approaches: many stress the relational, multi-dimensional quality of housing phenomena, the interconnectedness of housing systems to other non-housing phenomena, and the dynamic and shifting nature of housing systems. Debate is most divisive over the level of comparison, relative causal powers of particular relations in a housing system, the direction of change, and the universality of final conclusions.

Contributing towards this debate, this paper returns to the ontological basis of housing systems. How do systems of housing provision, in different countries, actually work; what are the structured, coherent relations that exist between agents,

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<sup>2</sup> Different explanations, for Australia's 'solution' of home ownership dominated low density cities have been provided by various researchers, including Badcock (1984), Berry (1983, 1994, 1998), Bourassa, Grieg and Troy (1995), Burke and Hayward (1990), Castles (1998, 1997, 1994), Dalton, (1999), Frost (1991) with Dingle (1995), Grieg (1999), Halligan and Paris (1984), Hayward (1992, 1997), Kemeny, (1978, 1983), Mullins (1981, 1995), Neutze (1978, 1981), Paris, (1993), Stretton, (1975, 1986), Troy (1995, 1990, 1974), Yates (1994, 1997), and Wood (1999) with Bushe-Jones, (1991, 1990). Also, various explanations, with different emphases and foci, of the Dutch 'solution' of social rented dwellings in compact cities and current changes include: Dieleman (1994), Van der Krabben and Lambooy, (1993), Needham, (1997, 1992 et al. 1993), Papa (1992), Prak and Priemus (1992); Priemus (1996, 1992, 1990, with Smith, 1996), Van der Schaar, (1987, 1998, 1999), Steiber (1998), Terhorst and Van de Ven (1997) and Therborn (1989).

what is important about context in each country that influences housing outcomes? It is contended that categorising variables across nations can provide stimulating descriptions but cannot explain difference. Further, typologies of housing systems may reduce the researcher's sensitivity to the unique configuration of social relations underlying national housing solutions and their uneven application across regions and localities. Explanation of difference and change requires a deeper level of analysis of the causal mechanisms underlying housing outcomes over history and geography.

### **1.3 The potential and limitation of the Structure of Housing Provision approach**

Over the past decade, a simmering methodological debate has divided a number of comparative housing and urban researchers<sup>3</sup>. Ball (1988) remains the most fervent critic of comparative research, arguing that it has been descriptive, shallow, policy focused, and unable to explain housing in terms of wider economic structures and uneven power relations. His sharpest criticisms have been directed towards the liberal-interventionist view, which pervades some comparative housing research. Such research is considered to focus upon consumption dimensions between tenants and the state, ignoring the relations of production and treating state intervention as a mere deviation from normal market relations (1988:21-22).

Ball promotes the structure of housing provision approach (SHP) which assumes, in the first instance, that housing systems are "an historically given process of providing and reproducing the physical entity, housing". He recommends that researchers focus on the social agents essential to the process of housing provision and the relations which exist between them (Ball, 1986:158).

SHP has been developed and defended by Ball and Harloe since the mid -1980s as a tool for explanation and comparison of housing systems (Ball, 1986, 1988; Ball and Harloe, 1992). However, SHP is a meta-tool. It does not theorise or generalise the type of relations that may exist in a housing system, other than to suggest the examination of broad economic relations such as the extraction of surplus value through exchange and production, and the reproduction of labour power through consumption of certain forms of housing. Nor does SHP stress how differences are established between or within housing systems. Finally, the SHP approach does not provide a clear epistemology or clues to distinguish cause from association in 'context'.

## **2. The prospect of clusters of causal mechanisms – the social relations, the role of the state and power**

To build upon the ontological foundations of Ball (1986, 1988, with Harloe, 1992) and address the methodological deficiencies of SHP, this paper re-interprets and elaborates their approach using Critical Realist ontology and retroductive epistemology. It is argued that particular clusters of social relations can become 'packaged' or locked together in coherent, albeit conflicting, ways. This structural coherence tends to differentiate actual housing networks *at the base*.

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<sup>3</sup> Contributors to this debate include Ball, 1986, 1988; Ball and Harloe, 1992; Bourne, 1986; Harloe, 1991; Harloe and Martens, 1983; Kemeny, 1987, 1992; Kemeny and Lowe, 1998; Lundqvist, 1989, 1991; Oxley, 1991; Pickvance 1986; Sommerville, 1994; and van Vliet, 1990.

Ball tends downplay the role of the state (1988) and emphasise the economic relations of production. Whilst these relations are important, this research assumes that the state plays an integral role in regulating such economic relations. Indeed, the relations of property, finance and welfare play a fundamental role in defining housing networks. Their establishment and development is by no means a 'natural', given or random process, but one mediated by the state (Jessop, 1990). The state itself is subject to the uneven, often conflicting power relations that are concretised in the fiscal, territorial and democratic rules of the state (Terhorst and Van de Ven, 1997) and expressed (or suppressed) via informal norms, ideologies, processes and practices (Saunders, 1983, Lukes, 1974).

## **2.1. Necessary and contingent relations – an introduction**

This section elaborates the ontology of necessary relations, contingent relations, and clusters of causal mechanisms, which are to be applied to the subsequent study of change and difference in housing outcomes. To begin, explanations of housing systems informed by the philosophy of Critical Realism, are

concerned in a significant way with identifying social structures and conditions which govern, facilitate, or in some way produce, actual social events and states of affairs of interest (Lawson, T. 1997:192).

Necessary relations inform our understanding of the relationships between agents in a housing network. Different necessary relations bind tenants to landlords, landowners to purchasers, borrowers to lenders, and commissioners of projects to builders.

Many comparative studies implicitly assume that relations between agents in housing systems are the same across different countries. This is clearly not the case. We cannot, for example, apply the same definition of tenancy to analyse housing consumption in different countries (Barlow and Duncan, 1989; Marcuse, 1994).

Necessary relations are *not* fixed behavioural laws or predictors of events. They do not exist as isolated atoms in a laboratory. Necessary relations are actualised in the context of other sets of interacting contingent relations. Contingent relations may influence the actualisation of a relation between agents in the housing network. In this way, necessary relations can only be regarded as causal in a limited sense. They generate tendencies and probabilities but cannot directly generate specific events or experiences of them.

Figure 1 illustrates the basic idea; necessary relations are defined in the context of contingent relations. Thus, relations between agents 1 and 2 are subject to contingent conditions.

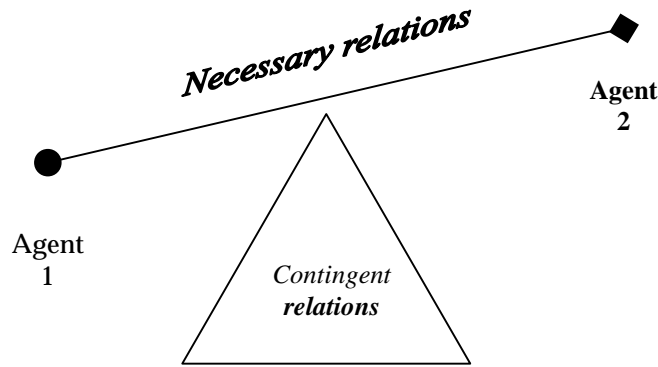


Figure 1: The interaction of necessary and contingent relations

Together, necessary and contingent relations provide the foundations for explaining particular relationships underlying housing outcomes. Obviously they exist in the context of other necessary and contingent relations. Their combined interaction forms a *cluster of causal relations* with the capacity to influence broader housing processes and events. Causal clusters underpin conventions that constrain housing outcomes, such as property rights, the system of credit provision, development promotion and production, dwelling allocation and consumption.

Figure 2 illustrates the type of necessary and contingent relations in a housing network, which may interact to form dynamic clusters of causal mechanisms.

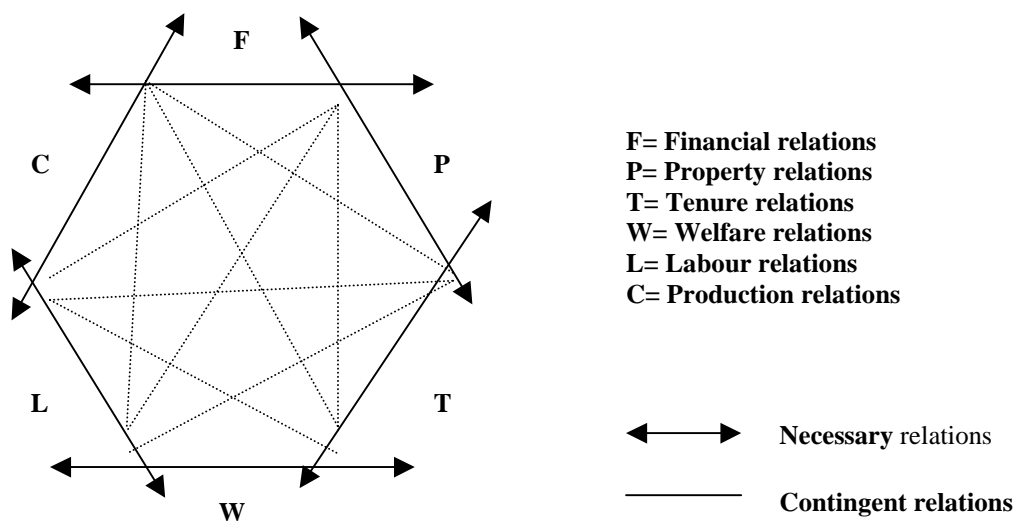


Figure 2: Cluster of necessary social relations underlying housing networks



From a Realist vantage point, illustrated by Figure 2, SHP is redefined as a *cluster of social relations* that can be postulated and empirically tested and revised. Clusters of social relations, such as those influencing property rights, credit provision and welfare assistance, interact with one another to influence housing outcomes. Differences within such a cluster may be able to explain key differences in actual housing outcomes. The key to comparison, therefore, is to postulate, revise and contrast clusters of causal mechanisms in different case studies, towards an explanation of difference.

## **2.2. Risk and the organisation of trust**

Whilst housing outcomes are often observable and even measurable, their underlying causal relations are not. Indeed, analysing the traces emitted by underlying causal mechanisms will not lead directly to their exposure. Because of the open, contingent nature of housing networks, there is no direct link between mechanism and outcome. Thus, the link must be postulated and tested in a continual and spiralling process known as retroduction (Steinmetz, 1998; Lawson, 1997, Blaikie, 1993; Keat and Urry, 1975; Harré, 1976), towards empirically competitive explanations (Bhaskar, 1993).

As stressed, clusters of social relations, as depicted in Figure 2, can only account for tendencies in housing networks. They cannot explain or indeed predict all day-to-day decisions or micro interactions. Indeed, causal mechanisms are, by no account, iron laws of individual agency, but they do tend to limit the scope of possible action.

Assuming causal mechanisms help define the ‘realm of the possible’ in everyday life, clues to their existence can be found in the realm of experience and perception. Towards this end, this research extends and elaborates Critical Realism’s definition of the observable and actual layers of reality by drawing upon the concepts of *risk and trust*. According to Beck, Giddens and Lash (1994) the concept of risk is:

central to modern culture today precisely because so much of our thinking has to be of the ‘as if’ kind. In most aspects of our lives, individual and collective, we have regularly to construct potential futures, knowing that such very construction may in fact prevent them from coming about. New areas of unpredictability are created quite often by the very attempts that seek to control them (Beck, Giddens, Lash, 1994:vii).

Agents in the housing network make decisions in an open, dynamic and risky environment. Different agents in the housing process perceive risks according to the necessary relations to which they are bound. Contingent relations pose the risks, which threaten the value of the exchange between agents bound by their necessary relations. Decisions to save, build, buy, rent or invest are all made (or not made) in the context of contingent relations, path-dependent behaviour, and institutionalised constraints.

Typical risks, which may confront agents in a housing network, include loss of household income, loss of asset value, shortage of materials or skilled labour. Ever-changing contingent conditions imply that risks also change over time and space.

According to Schillmeier, "competent actors perceive, (mis-) interpret and construct their world in relation to the changing socio-political context" (1999:174).

To reduce their exposure to risk, agents may co-operate or compete to establish norms, processes, policies and laws that provide certainty and security in housing transactions. The following example of tenant-landlord relations illustrates the notion of risk and the organisation of trust.

A tenant's capacity to pay her rent, in exchange for the landlord's accommodation, is threatened by her loss of income. She may sign a contract, which protects her from eviction under such circumstances, or ensure she has access to adequate unemployment insurance. Alternatively, the landlord may be able to extract payment of rent from her remaining assets and employ his right of eviction. The norms of tenancy are embodied in dominant ideologies, written down in codes of conduct, policies and legislation. These forms of risk-reducing measures are conceived to be the *organisation of trust* that develops over time and space.

Once again, the basic idea is outlined in abstract terms in Figure 3 below.

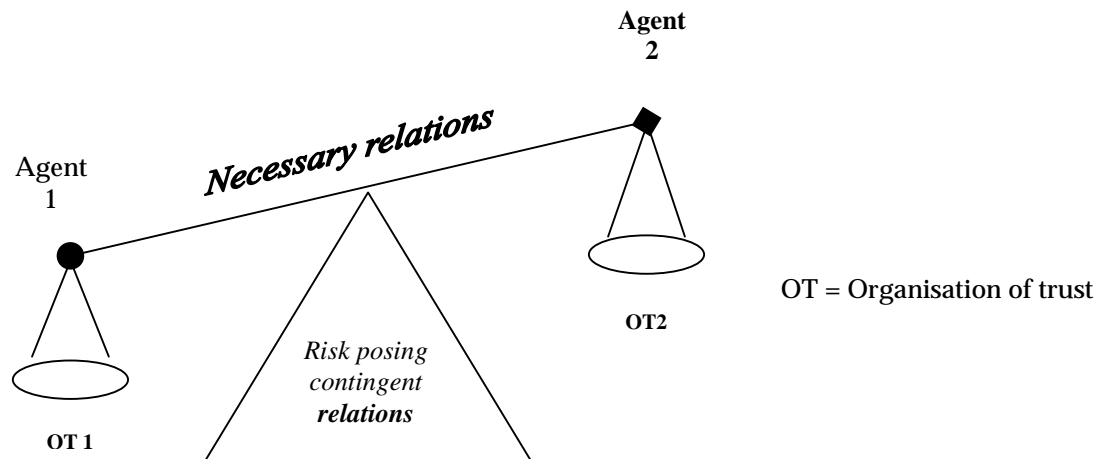


Figure 3: Risk and the organisation of trust.

As an outcome of power struggles between agents within the housing network, interactions become regularised and institutionalised, momentarily fixed in time and space. These institutions or conventions reduce the chance of unanticipated behaviour and promote a sense of trust. Trust enables a certain assembly of social relations to stabilise and form an actualised regime. Long-term regimes comprise a pattern of norms, dominant ideas, processes and organisational structures.

### 3 The concepts applied to housing networks

This section is devoted to the elaboration of Figures 1-3. It summarises the social relations that may contribute to housing networks, the type of risks agents perceive and the trust-enhancing norms, processes, and organisational outcomes that may emerge over time.

#### 3.1 Social relations in the housing network

It is contended that housing networks are characterised by similar categories of agents – institutionalised, organised and bound together in unique ways. Common categories of housing agents include: tenants, landlords, labourers, materials providers, builders and project designers, financiers, land owners and purchasers, local and central organs of the state, including government agencies, religious organisations, representative or authoritative institutions. In concert with contingent relations, individual agency and path-dependent behaviour, the relations between these agents generate differences between and changes within housing networks in different countries.

There are no standard definitions of necessary relations applicable to all time and space. This is not a deficiency but the recognition of the "open and ontologically stratified structure of reality (both natural and social) outside the experimental laboratory" (Steinmetz, 1998:174). For this reason, concrete historical case study research is a necessary part of the explanatory process.

The following paragraphs explore the necessary relations of property, finance and welfare to demonstrate how necessary relations of production, exchange and consumption can be differently defined under diverse contingent conditions, emitting a variety of risks for different agents. Further, trust can also be organised and established in a variety of ways. Examples of risk reducing norms, dominant ideologies, and organisational strategies, which may emerge, are also provided.

*Property rights* can be perceived as abstract social relations between people, rather than concrete things, which define the liberties, benefits and costs associated with the ownership and exchange of scarce, useable goods. Property rights imply norms of behaviour between people with respect to ownership, trespass, usage, capturing the benefits from that usage, as well as the right to redevelop the property or transfer it to another party. In Western societies, such rights are commonly expressed in law and enforced by legal authority (Pejovich, 1990: 27).

The *property relations* underpinning the residential development of a city, region or nation play an important role in the form and distribution of housing outcomes (Badcock, 1984). They help define the right of possession, use or development rights, and may specify how the rewards or costs of occupation, use or exchange should be allocated. A number of contingent relations may influence the actualisation of property relations between owners of land and residential developers, as listed below.

*Contingent relations influencing the definition of property rights may include:*

- Location of land, accessibility to end users, existence of related infrastructure.
- Certainty and flexibility of land use or zoning rights: relative value of existing and potential uses.
- Cost of developing land, availability of materials, suitability for development.
- Costs associated with land holding: taxes, levies, maintenance or transferring property rights.
- Exclusivity of land title: undisputed ownership or threat of repossession.
- Land value: inflating, stable or deflating.

- Competition, collaboration, or monopoly position of landowners or purchasers.
- A secure, long-term method of financing purchases.
- Capacity to repay the loan, the prospects of return and rising land value.

*Risk-reducing strategies may include:*

- Clear system of land survey, legally enforceable system of ownership, undisputed occupation rights.
- Right of compulsory purchase or repossession to meet 'public interest' goals.
- Laws permitting the collection of betterment tax for unearned increment in property values.
- Efficient and cost-effective system for transferring ownership.
- Price regulation, compensation based on former usage.
- State-subsidised infrastructure provision.
- Land use planning clearly defined, long term, and protective of property values.
- Monopoly selling or buying strategies.
- Maximising formal and informal influence upon land use defining agents.

Whilst fundamental to the system of housing provision, property relations do not exclusively define housing tenure and urban form. The *financial relations* of housing provision also play an integral and influential role in housing outcomes. Housing is costly to produce. Developers and purchasers of housing, whether they are voluntary, private or state institutions, often require the use of the *borrowed capital* to purchase land and materials; or the labour required in order to complete, maintain or refurbish a particular dwelling. In return for capital, the lender or investors (joint venture partners, governments, public banks, retail banks, foreign banks, building societies, merchant banks, insurance companies and pension funds) will require a defined schedule of instalments or dividends. A wide range of contingent relations, as indicated below, defines the actual processes of housing credit provision.

*Contingent relations influencing the definition of financial relations may include:*

- Existence of lenders offering favourable terms and conditions.
- Competition, collaboration or monopolisation of credit providers for particular segments of the housing market.
- Lending criteria, portfolio policies, services offered and territory of operation.
- Risk-return ratio of housing investment relative to other forms of investment, influencing the volume of credit available.
- Desired liquidity and mobility of investment.
- Perceived credit worthiness of borrower, existence of desired security.
- Existence of a range of financial products providing borrowers with a competitive choice.
- Degree of integration of lenders with other components of the housing network such as mortgage lending, land banking, infrastructure investment, residential construction, retail development, etc.

*Risk-reducing strategies may include:*

- Techniques for assessing risk and risk-avoiding conventions.
- Promotion of certain financial management norms, values, processes and standards.
- Promotion of practices supportive of maximising of property values and rents.
- Right of repossession over the property or other assets of the borrower.
- Demand an equity share in the development or defined share of the profits.
- Security funds to protect investors from defaulting borrowers.
- Government policy regulating system of credit provision.
- Cross-national treaties defining the global borrowing limits of governments.
- Subsidies to channel investment into particular sectors.
- Mutually reinforcing lending strategies, land banking, or company directorships.

The way housing is consumed not only relates to property or financial relations, but also to the system of *welfare provision* affecting the consumption of housing services, which emerges over a long period of time (Castles, 1998, 1988; Kemeny, 1992; Therborn, 1989). Family members, social networks, the wider community, as well as private, voluntary or state institutions may provide housing assistance (Kemeny, 1992). As indicated below, a wide range of contingent, exogenous relations may influence the system of welfare and ultimately housing consumption.

*Contingent relations influencing the definition of welfare relations may include:*

- Economic value of skills possessed by members of household as determined by the labour market or prescribed by the state.
- Gender relations within a household allocating participation in paid work.
- Economic relations within the household and wider community networks.
- Existing labour market norms, including discrimination against older men, migrants or married women in times of job scarcity.
- Informal or formal support services, such as affordable or free child-care.
- Economic policies of government regulating job growth, wage levels; such trade-offs and conditions influence the ability of households to consume certain housing services.
- Role of labour organisations in promoting certain forms of housing production and services.
- System of social security, which may or may not cover ongoing housing expenses post retirement.
- Role of welfare organisations in diverting collective resources to or away from housing-related support or forms of provision.

*Risk-reducing strategies may include:*

- Wage indexation and accords to regulate income levels and working conditions.
- Income transfers to maintain a certain level of purchasing power amongst households.
- Housing allowances to assist payment of housing costs.
- Rent regulations to reduce or sustain a certain level of housing costs.
- Loan insurance to reduce risk to lender and permit low-income households to borrow with limited deposit.

The above selection of relations-- *property, financial and welfare*-- as well as their contingencies and risk reducing strategies, should not be perceived as an exclusive, isolated or fixed set of relations. As stressed in the previous section, *clusters of conflicting necessary and contingent relations* underlie urban form, the organisation of housing production and the type of housing services consumed. Further, as illustrated above, the state plays an integral and contested role in the definition of these relations. For this reason, analysing the role of the state is an important element of explaining change and difference in housing systems.

### **3.2. Comparing housing networks – the level of comparison**

As stressed throughout this paper, a well-developed ontology of housing systems provides an important foundation for explaining difference. Combined with a defined logic for gaining further understanding of housing systems, a coherent methodological package should also inform the data collection and analysis strategy.

Informed by Critical Realism, housing is perceived in terms of experienced reality, actual housing institutions, and unobservable underlying social relations which form causal clusters of necessary and contingent relations.

A comparison of experiences or perceptions can be a useful starting point for more comprehensive explanation. Such studies try to account for differences by analysing the formative constraints influencing perception. Such a comparison will highlight differences but cannot explain them.

At present, ‘event level’ analysis dominates cross-national housing research: comparing policies, regulatory mechanisms, allowances, investment levels and management models. Given the pragmatic aims of government-commissioned research, often with tight time-lines, such research can lead to isolated descriptions of current policies rather than comprehensive explanations for the differences between them.

More explanatory research should promote the comparison of underlying causal mechanisms that generate differences between housing systems (Terhorst and Van de Ven, 1997; Therborn, 1989; Harloe, 1987, 1995, Dickens et al. 1985) and indeed understand why policy transfusions, from one country to another, are often rejected by the host.

### **3.3 The problem of time and space**

More reflective academic studies<sup>4</sup> have established a clear trend away from static, atomistic policy comparisons towards more contextualised, historical approaches, which aim to explain difference in housing systems (Bourne, 1990).

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<sup>4</sup> Terhorst and Van de Ven, 1997; Boelhouwer and Van der Heijden, 1992; Balchin, 1996; Power, 1993; Van Vliet, 1990; Harloe, 1987, 1995; Kleinman, 1996; Donnison, 1967; Donnison and Ungerson, 1982.

However, comparative explanation through analysis of event chronologies continues to be problematic. Whilst researchers have recognised the significance of events and their explanation in context, the treatment of time remains somewhat of a puzzle.

The answer lies, once again, in the level of comparison. It is considered helpful to postulate a feasible preliminary model of causal relations, which uniquely underlie each case for comparison. Packaging (and re-packaging) of causal relations tends to emerge over a long period of time. Retroductively, this package should be postulated, tested and revised to capture the multi-causal, contingency basis of housing networks (Steinmetz, 1998:174) in time and space. Once a model of causality sufficiently explains empirical reality in a single case, comparison can be made at the level of causal mechanisms with other cases. This process prompts the researcher to define what is distinctive about each country and, in particular, explain why differences have emerged.

Thus, comparison over time is a process that occurs within, rather than between, the case studies. It enables the researcher to define the clustering of necessary relations, the role of contingent conditions and the direction and nature of change. Comparing patterns of housing events or housing histories, such as policy developments, population growth, or house prices is illuminating when the reasons for difference or change have also been analysed.

#### **4. Proposed comparative approach – comparison of two housing solutions**

The Netherlands and Australia are often categorised as 'Old' and 'New' World advanced capitalist countries, respectively (Castles, 1998), with different modes of welfare provision underpinning their social and economic development. The Netherlands, with its relatively strong welfare state and social rental housing, is contrasted with liberal and laissez faire home-owning countries such as Australia. Contrastive comparisons are easy to make. Figures comparing state expenditure, tenure forms and housing subsidies have become more widely available with the establishment of multi-national, regional and global organisations such as the OECD, United Nations, World Bank and European Commission. However, broad-brush, empirically driven and often normatively based comparisons tend to polarise and categorise, rather than provide considered explanation of difference.

The proposed comparison of difference and change in the housing networks of the Netherlands and Australia seeks to highlight and explain, rather than merely emphasise the observable, obvious distinctions. It is contended that the roots of explanation can be found in the unique configuration of necessary and contingent relations present in each country: the underlying package of causal relations generating distinctive housing networks.

The purpose of comparing the Netherlands with Australia is to demonstrate the value of comparisons that recognise the structural coherence *and embedded-ness of two distinct housing solutions*. It is argued that a unique cluster of property, finance and welfare relations has been mediated by each state in radically different ways in the Netherlands and Australia.

The Netherlands' solution of social rental housing and urban containment has emerged over a very long period of time. It stems from the granted role of municipalities in land allocation, the role of the state in subsidising private construction, the fragmentation of labour relations and pillarisation by religious affiliation, and the strong perceived link between housing costs, wages and international economic competitiveness. In contrast, the Australian solution has centred on land speculation fuelled by the prospect of urban expansion, underpinned by state-financed infrastructure provision and, until recently, a protected circuit of capital supporting affordable, individual home ownership for working households.

Considerable differences can be found in several key social relations which intersect with the housing systems in both countries, notably the relations affecting property rights, credit provision and welfare conditions. For example, the institutions, processes and dominant ideas surrounding property rights affecting land use, development and urban form are noticeably different in the Netherlands and Australia. Further, the interaction of labour relations affecting wages with tenure, welfare and broader economic relations also differs in significant ways. Closer analysis of the development and interaction of these relationships is considered a fruitful focus for research.

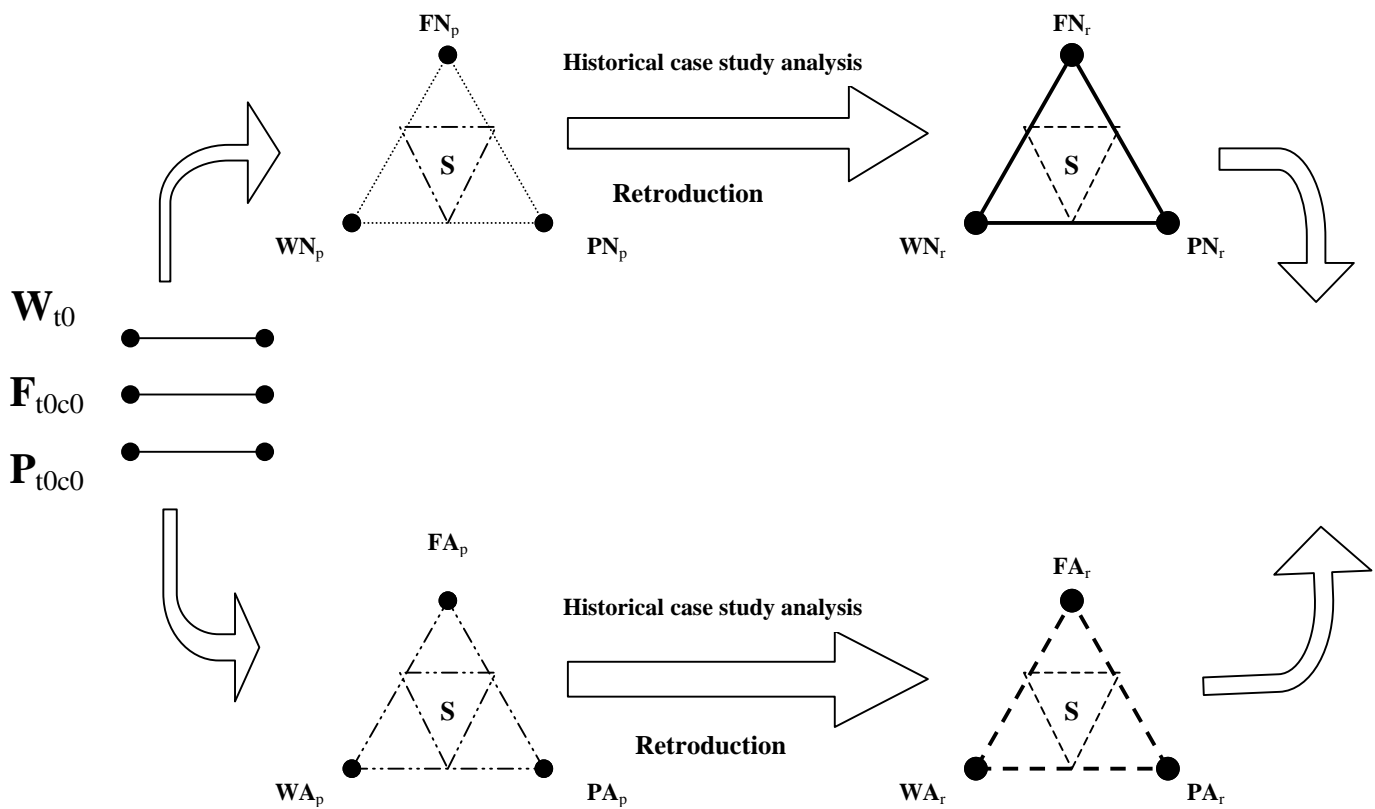
The study proposes a comparison between *the shifting housing networks of the Netherlands and Australia during the 20th century*. The approach, outlined below, aims to make a critical contribution to conventional explanations contrasting the packaging of necessary relations that exist in both countries and undertaking detailed research to establish their validity (Harloe, 1991:129-130).

The Dutch and Australian housing systems have experienced a number of internal and external influences throughout their development. These influences have been internalised within the housing network in different ways. Their responses have been anchored to the causal relations and sustained by path-dependent behaviour. Thus, whilst major changes may take place, traditional ideas and processes may continue (in the short or long term). Analysing this process of change and contrasting various periods over time highlights the relative 'stickiness' of particular generative causal mechanisms in each country and prospects for the future.

To highlight the significance and robustness of causal clusters underlying the different 'solutions', a long regime will be examined, which extends from the turn of the century to the mid-1990s. This period covers the establishment, implementation, acceleration, decline and repackaging of relations underpinning distinctive forms of housing tenure and urban form in each country. During each period, risk and the organisation of trust were spatially and temporally defined and subjected to different institutionalised power relations in each case.

Figure 4 outlines the comparative strategy as follows. It is postulated (p) that the necessary social relations of welfare (W), finance (F) and property (P) have been differently 'packaged' and mediated by the state (S) in the Netherlands (N) and Australia (A). The research process analysing the necessary and contingent relations underpinning each period helps to revise and refine (r) the initial postulated cluster. Comparison of these refined clusters is then the basis for explanation of difference between the two case studies.





*Figure 4: The comparative approach – refining postulated causal clusters through longitudinal research and comparing refined causal clusters as a basis for explaining difference*

Having postulated the causal boundaries influencing the development of housing systems in the Netherlands and Australia, it will be possible to contend how these causal clusters may plausibly have influenced the processes of housing promotion production, and allocation within each housing network. In particular, the different position and perceptions attached to compact social rental housing and low-density home ownership in each housing system can be contrasted, understood and explained.

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