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The Pyrrhic victory of civil society housing? Co-operative housing in Sweden and Norway

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Co-operative housing in Sweden and Norway are true success stories of civil society housing in terms of market shares. This stands in stark contrast to some other European countries, where attempts to promote co-operative housing have consistently met with difficulties, both politically and in the market. The paper explores the history of co-operative housing in Sweden and Norway since 1945 through the lens of path dependence. Notably, co-operative housing changed gradually in both countries between the 1950s and the 1990s, when co-operative companies went from being civil society organisations espousing the ideals of self-help, democracy, non-profit and solidarity, towards becoming more market oriented and profit seeking. We argue that two drivers, ‘the logic of conflicting member interests’ and ‘the logic of competition and growth’, contributed decisively to this development. These drivers may also be good candidates for general mechanisms of civil society housing based partly on collective or individual ownership if they are not kept at bay. In our view, there seems to be some trade-off between the pursuit of civil society objectives and market success. This should serve as a marker for advocates of civil society housing.

Keywords: co-operative housing; civil society; Norway; path dependence; social mechanisms; Sweden

Co-operative housing in Sweden and Norway is one of the great success stories of civil society housing, measured in terms of housing units produced and managed. In both countries, co-operative housing has a prominent position in contemporary urban housing markets. This is one of many examples underscoring that comprehensive social democratic welfare states are compatible with vibrant civil society organisations (Wollebæk & Selle, 2008).

The co-operative housing movement in Scandinavia emanated from the labour and tenants’ movement in the 1920s. In the new national housing policies after
In this paper, we explore the history of co-operative housing in Sweden and Norway since 1945 through the lens of the concept of path dependence. We outline the development and the general characteristics of this distinct form of housing, and reflect on its relevance for the general field of civil society housing. Put very simply, the main co-operative housing organisations went from espousing the ideals of non-profit and solidarity, to becoming much more market oriented. After price controls were lifted — in 1968 (Sweden) and during the 1980s (Norway) — the market position of the Swedish and Norwegian co-operative tenures increasingly came to resemble that of owner-occupied or freehold flats, mainly directed at relatively prosperous consumers.

Empirically our discussion builds largely on Sørvell 2014 — *The Politics of Cooperative Housing in Norway and Sweden 1960—1990 (1945–2013)* — which is an historical analysis based on a vast empirical material, including primary sources from key co-operative housing organisations (Sørvell, 2014, pp. 86–90).

We start by discussing the general characteristics of co-operative and civil society housing, and then we explain the expansion of the co-operative alternative in Norway and Sweden with the aid of the concept of path dependence. Then we map the development of Scandinavian co-operative housing and discuss the drivers behind its shift from civil society to the market. We conclude the paper by claiming that the history of co-operative housing in Sweden and Norway suggests that civil society housing based on a strong element of individual ownership is vulnerable to reforms pushing it in the direction of the market. The twin drivers of co-op home-owner interests and ‘the logic of competition and growth’ were certainly vital for
the gradual transformation of co-operative housing in Norway and Sweden. These drivers are, moreover, good candidates for general mechanisms of civil society housing based partly on individual ownership.

Furthermore, the historical picture sketched in this paper highlights fundamental aspects of the model of Scandinavian co-operative housing. Building on the conclusions of a study of the Swedish case, we argue that ‘economic and political success has a price in terms […] of cooperative values’ (Bengtsson, 1992, p. 89). We suggest that it is difficult to preserve ideals associated with civil society housing — such as non-profit management and production — whilst competing for market shares with other producers. In short, as will be developed below, there seems to be a trade-off between growth and civil society principles.

Co-operative and civil society housing defined

Like all housing tenures, the exact characteristics of co-operative housing vary with time and space. Nationally specific forms of co-operative housing may only resemble each other to a limited extent (Clapham, 2012). In Ruonavaara’s words, ‘tenures are historical and social constructs’ (Ruonavaara, 2005, p. 215), and therefore comparative-historical analysis employing rigid typologies may produce misleading conclusions. As we will return to below, the social and political context of Scandinavian co-operative housing has changed dramatically over time. Nonetheless, tenures arguably have some core and ideal type characteristics that distinguish them from others (‘types of tenure’ as against nationally and historically specific ‘forms of tenure’; cf. Ruonavaara, 1993). For instance, common to all forms of co-operative housing may be that residents live in democratically organised, self-governed and collectively managed housing associations.

One may distinguish between homeowner and rental co-operatives, and place the cases of Norway and Sweden in the former category. Scholars have sometimes used the term ‘tenant-ownership’ to define the dominant version of co-operative housing in Sweden (Bengtsson, 1992; Svensson, 1998; Victorin, 1987). In rental co-ops, a popular tenure in Germany, residents rent an apartment from a housing association, sometimes owned collectively by themselves, whereas in homeowner co-ops residents have an individual right to transfer their apartments to others. Some European and North American homeowner co-ops are limited equity, meaning that apartment transfers are subject to price ceilings (CECODHAS Housing Europe & ICA Housing, 2012). Others allow the market to regulate the prices of transfers, and thus resemble other market priced tenures like single-family homeownership. The latter is the case for the present day homeowner co-ops in Norway and Sweden.

Some authors make a distinction between ‘direct’ and ‘indirect homeownership’, and see co-operative housing in Scandinavia as an example of the latter (Karlberg & Victorin, 2004; Ruonavaara, 2005). The term ‘indirect homeownership’
refers to the fact that residents, e.g. living within the legal framework of Norwegian and Swedish co-operative housing, do not own their homes individually, but are members, hold shares and have the right to live in democratically organised and membership-owned housing associations. In the first post-war decades, moreover, the government and the large co-operative housing companies curtailed the scope of action of co-operative associations and individual members in various ways. For instance, in both Sweden and Norway, the government administered price controls and the municipalities allocated a proportion of new co-operative homes to prioritised groups (Sørvoll, 2014, pp. 135–146). The contradictions within Swedish and Norwegian co-operative housing in the first post-war decades—for instance the dualism between organisational freedom and government control—led some scholars to describe it as mix between owner-occupied and public rented housing (Kemeny, 1978; Silver, 1991).

In the context of this paper, it is important to connect co-operative housing in Scandinavia to the concept of civil society housing. Inspired by Read’s study of Chinese homeowner associations (Read, 2008), we suggest that civil society housing may be defined with reference to four ideal-type criteria.

First, civil society housing is self-organised and autonomous from the state. In Read’s words: ‘Autonomy from the state or other powerful actors is essential if organisations are to express their members’ desires rather than twist or divert them’ (Read, 2008, p. 1244). Second, participatory democracy is essential to any civil society housing organisation worthy of the label. Associations are regarded as schools of democracy and active citizenship in the scholarly literature on civil society (Fung, 2003). Ideally, members of civil society organisations attend relatively frequent meetings and cultivate their civic virtues and powers of public deliberation. Robert Putnam and others have argued that participation in such associations fosters ‘social capital’, namely public goods in the form of mutual trust and collective norms that binds society together (Putnam, 1993; Wollebæk & Selle, 2002).

Third, civil society housing organisations are not only preoccupied with their own immediate concerns, but also attempt to influence the state or other powerful forces. According to Read, a ‘key idea behind civil society is that associations pluralise the broader socio-political world, balancing and restraining other concentrations of power’ (Read, 2008, p. 1245). We call this a criterion of political solidarity—to distinguish it from local solidarity between members of housing communities. To Read’s three criteria, we add a fourth that is of particular importance to housing organisations, namely non-profit. Civil society housing organisations have other goals than private producers motivated by maximising profit and shareholder values. The goals of civil society housing organisations differ, but they act in accordance with not-for-profit principles in some way or another. The non-profit criterion is closely connected to local or internal solidarity between members of housing communities. In civil society housing organisations, local solidarity seeks to trump the economic interests of individual members, the aim being to further the
well-being of whole communities. There may be many overlapping or competing solidarities in real-life housing organisations, for instance the internal solidarity between residents in housing associations or the solidarity between this group and other member categories, such as people standing in line for a civil society home.

So following Read we suggest that civil society housing organisations can be analysed in terms of four criteria: autonomy, democracy, political solidarity and non-profit. Real-life housing organisations will satisfy these criteria to a greater or lesser extent. In practice, the lines separating housing provided by the state, the private sector and civil society organisations are often blurred (cf. Silver, 1991). This is to some extent due to the specific ‘dominant policy theory’ of housing provision. Unlike other welfare state commodities, housing in all modern societies is ultimately distributed via the market, making it at the same time an individual market commodity and a public good demanding state involvement (Bengtsson, 2001). Consequently, all housing providers must at least to some extent strive to be competitive on the market to survive. In turn, this may reduce the difference between for-profit and non-profit providers. For instance, even though the co-operative housing companies in Scandinavia waved the flag of democratic, non-profit principles, they shared some similarities with private firms: They competed for market shares with their rivals in the private sector and sought to extract privileges from the state. On the other hand, co-operative housing in Sweden and Norway was subsidised and heavily regulated in the post-war years. One could argue that this made it a semi-public or semi-municipal tenure. Thus, ‘between 1945 and the late 1980s the cooperative building and management companies were hybrid organisations, partly democratic people’s movements, partly government-subsidised housing providers and partly businesses competing on the market’ (Sørvoll, 2014, p. 79). As a consequence, we use the terms ‘movement’ and ‘company’ or ‘business’ to denote different aspects of the co-operative housing organisations in Norway and Sweden.

In the following empirical discussion of co-operative housing in Sweden and Norway, we use the four criteria of civil society housing as our analytical framework. The ambition is to not to decide unambiguously whether co-operative housing in the two countries still qualifies as civil society housing but to specify how the regulation and practice of the sectors have developed over time.

Despite similarities with private firms and public providers, in the years between 1945 and the 1980s, co-operative housing in Sweden and Norway satisfied all the criteria of civil society housing outlined above. Even though the HSB, RB and the NBBL companies had close ties to the government, particularly when the Social Democrats held the reins of government, they were self-governed and autonomous from the state. To use the language of Read (2008), the co-operative organisations wrote their own script and did not rely on orders from above. In addition, the co-operative housing movement was based on the democratic principle of ‘one person, one vote’, and relied heavily on membership participation. Every individual housing association had its own board that in turn sent delegates to representative
regional and national institutions. The Swedish and Norwegian co-operative housing movements also attempted to influence government policy — and were fairly successful in that endeavour. As mentioned in the introduction, they were part of the politically dominant labour movement, and wielded power through informal channels and seats on the government commissions that drew up the principles and specifics of housing policy. In this manner, the co-operative organisations were a ‘politically solidaric’ counterweight to other powerful actors, such as business interests, liberal-conservative parties and their allies in the press. HSB, RB and the NBBL companies shared a common non-speculative, social democratic conception of housing. Along with social democratic activists, trade unions and the tenants’ movement, they were part of the chorus defending ‘social housing policy’, the label often attached to a housing policy characterised by government subsidies, non-profit producers and market regulations.

Finally, the basic aim of the co-operative organisations was to provide high quality housing in line with non-profit principles. HSB and the other companies’ economic activity was based on the ideal of ‘self-cost’, meaning that the prices charged for new homes and management services reflected production costs. Even though they competed with other producers, the co-operative organisations in Norway and Sweden were explicitly non-profit between the 1920s and the 1980s (Bjørnsen & Kronborg, 2009; Hultberg, 2010). HSB and the others also sought to promote and administer solidarity between resident and non-resident members, the latter being potential residents waiting in line for a co-operative dwelling. In short, the co-operative organisations not only defended the principle of local solidarity between residents of housing associations, but also the ideal of solidarity between different member categories.

In principle, the co-operative housing movement did not merely exist to satisfy the needs of individual members, but was an instrument for solving the housing question for the population at large. According to the co-operative housing orthodoxy, the activism of tenant-members ensured that the co-operative companies did not become the voice of conservative and self-regarding homeowners, but strived to build ever more housing for those in need. Co-operative leaders and activists invoked the ideal of solidarity between different member categories when justifying various stipulations and regulations. For instance, the strict price controls in the bylaws of co-operative associations prevented ‘speculation’ by resident-members at the expense of tenant-members looking to acquire a co-operative home, according to HSB and NBBL bigwigs. For most leaders and activists in the first post-war decades, market prices were at odds with the solidarity and non-profit principles that were the moral backbone of the co-operative housing movement. Cost-based price regulation — meaning that the value of old co-operative apartments reflected historic production costs — was also intended to serve as a brake on prices in the housing market as a whole (Sørvoll, 2014, pp. 146–150).
Path dependence and the expansion of the co-operative housing

The Swedish and the Norwegian co-operative sectors have gone through a period of strong expansion from the introduction of the new post-war housing policies. In Sweden, although HSB was already well established, both in the market and politically, in the 1930s, only 4% of the housing stock was co-operative in 1945. Since then the share has grown consistently via 9% in 1960, 13% in 1980, 15% in 2000 up to 22% in 2011 (Bengtsson, 2013, pp. 122–123). (The increase between 2000 and 2011 actually amounted to around 5 percentage points; the rest is an artefact due to changes in the statistics.) In Norway, the high point of the co-operative tenure’s market share was the early 1990s, when it made up almost 50% of housing in Oslo. As of 2011, co-operative housing accounted for 14% of the housing stock nationally (Norwegian Statistics, 2011).

Why has the co-operative tenure been particularly successful in Norway and Sweden since the end of the Second World War? Historians and social scientists have so far not probed this question at length. It has been claimed that the tenure expanded in Sweden, partly due to the co-operative companies’ skilful manoeuvring ‘on the roads of state welfarism and market egoism’ (Bengtsson, 1992, p. 101). Inspired by this line of reasoning, we argue that the co-operative companies in Sweden and Norway thrived by extracting subsidies and legal privileges from the state, as well as simultaneously taking advantage of their niche on the housing market — namely multi-family, tenant-ownership in urban areas — to provide housing to relatively prosperous households. Incidentally, studies show that actual and prospective tenant-owners in Norway and Sweden were, and still are, generally better off than tenants (Englund, Hendershott & Turner, 1995; Gulbrandsen, 1980; Gustafson, 1974).

Even though HSB, RB and the NBBL companies expanded on the highway of ‘state welfarism’ and ‘market egoism’ at the same time, the history of the co-operative housing organisations since 1945 may, for the sake of clarity, be divided in two separate periods. In the first phase in the post-war decades, co-operative housing in Sweden and Norway leaned more heavily on the state. The co-operative housing movement grew on the back of production subventions, state regulations and cheap municipal land. In the second phase, when the state rolled back its support for housing construction from the 1980s and 1990s (Sørvoll, 2011; Turner & Whitehead, 2002), co-operative housing continued to expand through market-based appeal to consumers, particularly in Sweden.

For several decades, co-operative housing was without rivals in the multi-family homeownership sector. Owner-occupied flats were not legalised before 1983 in Norway and 2009 in Sweden. This also meant that all conversions of rented blocks of flats necessarily represented an increase in the co-operative share of the housing stock. In the first post-war years, the municipality of Oslo transferred most of its stock of public rented housing to co-operative tenant-owners (Gulbrandsen, 1980).
Between 1990 and 2010, the most attractive rental apartments in Stockholm were converted to co-operative flats, and the proportion of co-operative apartments in the inner city increased from 26% to 62% (Andersson & Magnusson Turner, 2014). This reflects the unrivalled political and legal position of co-operative housing, as well as its strong market appeal to consumers. Since the reform of 1968, co-operative apartments in Sweden are not subject to price controls, and members can hope to reap the rewards of rising property values on the market. Not surprisingly, one of the chief motives of tenants that established co-operative associations in Stockholm was the financial value represented by centrally located apartments (USK, 2005). The development in Stockholm also illustrates that the co-operative tenure is the simplest and most accessible legal method to bypass the queues characterising rented housing in the most attractive parts of Swedish cities.

How did the co-operative organisations and the co-operative tenure achieve their market niche and privileged political position? In our view, this question is best probed with aid of the concept of path dependence. According to Bengtsson and Ruonavaara, path dependence means that, if ‘at a certain point in time, the historical development takes one direction instead of another, some, otherwise feasible, alternative paths will be closed — or at least difficult to reach — at a later point’ (Bengtsson & Ruonavaara, 2011, p. 397). A challenge in path dependence analysis is to identify the mechanisms by which such processes manifest themselves. If mechanisms are not spelled out and substantiated by empirical analysis, studies invoking path dependence are in danger of becoming trivial, saying little more than ‘history matters’ (cf. Thelen, 1999; Pierson, 2004).

Building on Bengtsson and Ruonavaara, we suggest that path dependence may occur through mechanisms of efficiency, legitimacy and power. The general idea is that decisions taken at one point in time set in motion self-reinforcing processes and institutionalisation through (1) the coordinating capacity of established institutions and the transactions costs of changing them; (2) the perceived legitimacy of institutions in politics and the society at large and (3) the actual and perceived power relations supported by institutions (Bengtsson & Ruonavaara, 2010, pp. 195–196).

In the case of Swedish and Norwegian co-operative housing, all three mechanisms of path dependence have been important. Before HSB launched the still prevailing Scandinavian type of tenure in the early 1920s, based on individual ownership and combining finance, construction and management, existing rental co-operatives had a bad reputation of speculation and bankruptcies. The new form was seen as economically more viable than the alternatives, and it was soon institutionalised by the state through the Tenant-Ownership Act of 1930, which in turn further supported both the legitimacy of the tenure and the power of its advocates. During the late 1920s and 1930s, the same model was imported to Norway.

In both countries, the power mechanism was important. Decisions taken before, during and after the Second World War are crucial in this respect. The political
majority in both countries chose to support the co-operative tenure and the co-operative companies. This granted the companies political power, in the form of seats at the table when housing policy was decided and institutionalised. In turn, this gave them many opportunities to defend their interests and stave off competition (cf. Svensson, 1998). In Norway, the NBBL companies successfully lobbied the government for concessions in the mid-1970s that gave residents in the co-operative sector the same tax privileges as individual homeowners. Judging from transcripts of the executive board meetings of the Swedish Social Democratic Party, however, the Swedish co-operative organisations had more influence over government decisions, compared to their Norwegian sister organisations. At times, the influence exercised through close ties to the Social Democrats and the Ministry of Housing Affairs seems to have verged close to a power of veto over government proposals (Sørvoll, 2014, pp. 268–269).

The legitimacy mechanism was also important. In the 1950s and 1960s, Swedish Conservatives handed in proposals to parliament calling for introducing owner-occupied flats, as a legal alternative to the co-operative tenure in the multi-family housing sector. However, the parliamentary majority rejected these proposals in all cases. In their view, there already existed a well-functioning co-operative form of multi-family homeownership in the cities, and therefore owner-occupied flats were superfluous (Swedish Parliament [SP], 1958; SP, 1967). This reflects the co-operative tenure’s broad legitimacy in Swedish society and politics. In Norway, the level of co-operative legitimacy was so high that not even Conservatives espousing the principle of the ‘property-owning democracy’ in the tradition of Harold Macmillan voiced support for owner-occupied flats until the late 1970s (Wessel, 1996). Consequently, the co-operative tenure’s entrenched legitimacy helped fend off competitors in both countries.

Thus, the political decisions of the first years after the Second World War were integral to the success of co-operative housing in Sweden and Norway. The path entered upon in the 1940s entrenched co-operative housing in the political system and steadily increased its legitimacy. The early start and subsequent institutionalisation of co-operative housing appear to be crucial. In countries such as Finland and Great Britain, there have been attempts to introduce the tenure, but this has so far amounted to relatively little. In these countries, other types of housing tenures already occupied the central positions in the spheres of politics and culture. In the late 1960s, a central argument against co-operative housing in Finland was that there already existed a very similar tenure in urban areas, the so-called shareholders’ housing companies (Ruonavaara, 2013). According to O’Hara, the pre-existing ‘strong institutional position of municipal housing and owner-occupation’ is one of the reasons why the British government’s experiment with Scandinavian-style co-operative housing failed in the first half of the 1960s (O’Hara, 2008, p. 1).
A farewell to civil society housing?

During the course of its growth, co-operative housing in Sweden and Norway left behind or toned down its attachment to some of the features of civil society housing previously identified. It seems justified to speak about a gradual transformation of co-operative housing.

Co-operative housing in Sweden and Norway still satisfy our first and second criteria, in the sense that it is still autonomous from the state and governed through the participatory democracy of members. Currently, however, the co-operative organisations’ commitment to the third and fourth criteria — political solidarity and non-profit — seems much more open to question. Although the co-operative companies still attempt to influence housing policy, their direct political power waned from the 1990s. If the contemporary co-operative housing movement provides a corrective to the state and other powerful actors, as envisaged in the third criterion of our conception of civil society housing, it is a different kind of counterweight than it was in the long golden age of Scandinavian housing policy 1945—1990. It has ceased to be a voice calling for a comprehensive government housing policy, and it is no longer a clear non-profit alternative to private construction firms.

As governments scaled down their regulation and subsidies of the housing sector, and the Social Democrat dominance in party politics changed into a more typical European pattern, the co-operative companies’ ties to the state and the labour movement weakened. This was most visible in Sweden, where the Ministry of Housing was abolished in the first part of the 1990s. This had arguably been the most significant corporatist channel of influence for HSB and RB (cf. Sørvoll, 2014). In Norway, the foundation for the close relationship between the municipalities and the NBBL companies was shattered after the gradual reduction of state subsidies to housing construction from the late 1970s. By the 1990s, the Norwegian co-operative companies were adamant that they could not act as instruments of municipal housing policy — for instance by building affordable rental housing — without state support (Sørvoll, 2015).

The goals of the co-operative housing companies have changed incrementally but substantially. Nominally, HSB, RB and the NBBL companies are not profit maximising firms in the service of shareholders, but owned by members whose interests it is their aim to protect. However, the co-operative ideal of self-cost non-profit production was explicitly abandoned during the 1980s and 1990s. To be sure, the co-operative companies always competed with other producers; however, the line between private firms and the co-operative companies grew increasingly blurred from the 1980s. Talk of profit and profit-seeking behaviour became commonplace amongst key leaders of the co-operative housing movement in both Sweden and Norway (Bjørnson & Kronborg, 2009; Hultberg, 1986; 2010). In short, the co-operative housing organisations no longer fly the flags of solidarity and non-profit high.
Ralf Hultberg, the head of RB between 1977 and 1997, epitomised the emphasis on profit over the goals connected to civil society housing in Sweden. In Norway, a similar role was played by Martin Mæland, the managing director of OBOS between 1983 and 2015. During Mæland’s reign, OBOS expanded significantly, merged with smaller co-operative companies throughout Norway, and became a major owner of real estate and shares in construction firms. Whereas the expansion of OBOS in the post-war years relied on the patronage of the state, the growth of the company in the last 30 years was achieved through market-based appeal to relatively affluent consumers. Mæland has stated that ‘OBOS builds housing for its members’ (Klassekampen, 2014; see also, Bjørnson & Kronborg, 2009), seemingly implying that the company has few responsibilities — and goals — beyond that.

The lifting of price controls arguably constituted the single most important step away from the goals associated with civil society housing. Price controls were de facto abolished in 1968 (Sweden) and the 1980s (Norway) and from that time co-operative homeowners could sell their shares and apartments to the highest bidder. Some Swedish housing researchers have lamented this as the death of ‘social co-operative housing’ (Karlberg & Victorin, 2004; Lundqvist, Elander, & Danermark, 1990). According to Lundqvist, the Swedish reform of 1968 should be seen as part of a ‘privatisation from within’ in which a ‘once social’ tenure became ‘commodified to the extent that it provides an economic outcome similar to that of owner occupation’ (Lundqvist, 1992, p. 129). Others have seen the lifting of the price controls in a more positive light, and described it as a vital step towards a more well-functioning housing market characterised by freedom of choice, incentives for investment and increased mobility (cf. Jörnmark, 2005; Sørvoll, 2008).

Whatever the consequences for the functioning of the housing market, the lifting of price controls on Norwegian and Swedish co-operative shares was arguably a nail in the coffin of the hitherto cherished principles of non-profit housing and solidarity between different member categories. During the economic expansion of the co-operative tenure in the 1980s and 1990s, the interests of co-operative homeowners were given priority over non-resident members (cf. Annaniassen, 1996). This was illustrated in the co-operative housing boom of the 1980s in Stockholm, Oslo and, to a lesser extent, other cities. The price increases in this decade, were pocketed by fortunate co-operative homeowners liberated from the shackles of regulation. From the 1980s, the co-operative housing sectors in Norway and Sweden were also thoroughly commercialised. As noted by Sørvoll (2014), the number of co-operative homeowners ‘with mortgages increased dramatically, and real estate agents and banks made inroads in sectors hitherto characterised by not-for-profit cooperative organisations and personal savings’ (pp. 27–28; cf. Svensson, 1998; Turner, 1997). Thus, in our perspective of civil society housing, the economic expansion of the co-operative tenure since the 1990s was something of a Pyrrhic victory: the co-operative organisations thrived on the market but largely left the civil society goals of non-profit, political solidarity, and solidarity between member
categories behind. The co-operative organisations — originally established as counterweights to private firms — were now key actors in housing sectors dominated by market-based provision and consumption.

The drivers of change

What were the drivers behind the gradual transformation of co-operative housing in Sweden and Norway? In our view, two explanatory factors were particularly important for the development outlined above. Both relate to the tensions and conflicts that may arise in forms of civil society housing partly based on individual ownership. The first factor or driver is pressure from within the co-operative organisation; we call it ‘the logic of conflicting member interests’. In short, co-operative homeowners and non-resident members — such as tenants and young people living with their parents — may have antagonistic interests that over time erode the solidarity between member categories. The second factor is pressure from the market, which we call ‘the logic of competition and growth’. We argue that these drivers are plausible candidates for general mechanisms of civil society housing.

The logic of conflicting member interests

In Norway, a sizeable share of co-operative residents resented the price controls imposed by the government and the co-operative companies. The inflation of the post-war years and the financial deregulation of the 1980s led to huge price gaps between the regulated rates in the co-operative sector and housing in the free market. These price differentials were one of the main drivers of the Norwegian ‘revolt from below’ of the 1970s and 1980s. In these years, many residents terminated their housing association contracts and transformed their homes into market-priced owner-occupied flats. Others joined a political action committee headed by the right-wing economist Christen Bremer, in the hope of influencing the government to introduce market rates, or at least higher maximum prices (Sørvoll, 2008). Studies of data from local and general elections also indicate that co-operative homeowners left the principal champion of ‘civil society co-operative housing’, the Labour Party, during the 1970s. Not surprisingly, the main beneficiary of this electoral swing was the Conservatives, the party that promised to scale back regulations. Between 1969 and 1981, Labour lost almost 30% of its support among co-operative residents in the largest cities, while the Conservatives increased their following in this group by 14% (Bay, 1985). This development was most likely connected to changes in Norwegian co-operative residents’ self-identity. In 1964, 24% of co-operative residents identified themselves as homeowners, a figure that had increased to 64% by 1974 (Gulbrandsen & Torgersen, 1976).

Unfortunately, there are no corresponding studies of the attitudes of Swedish tenant-owners to price controls. Nevertheless, there is ample evidence to suggest
that many were critical of the transfer regulations imposed by the state, HSB and RB. In the years after the Korea-boom of the early 1950s, some co-operative associations called for higher transfer prices at HSB’s annual conventions. These critics saw it as unfair that sellers were not even compensated for inflation, at a time when most owner-occupiers of single-family houses could sell their property at market rates (Lundevall, 1995). When the boards of HSB and RB decided to remove price controls from their bylaws after the lifting of the state control in 1968, moreover, one of the factors cited was the general opinion of residents. Later, in the 1980s, it seems clear that co-operative homeowners were generally sceptical, or downright hostile, to the reintroduction of price controls in new associations. During this decade, the organisation of private co-operative associations, SBC, was also revitalised. Between 1983 and 1992, the number of associations attached to the organisation increased from 650 to around 3000 (Bengtsson, 1993). Part of SBC’s appeal to new members stemmed from its aggressive opposition to price controls and property taxation (Sørvoll, 2014, pp. 247–249).

Co-operative homeowner opinion made it difficult for HSB, RB and the NBBL companies to defend price controls, the ideals of non-profit housing and the solidarity between co-operative homeowners and non-resident members. When some homeowners left or threatened to leave the co-operative housing movement this jeopardised the economic model of the co-operative companies, which was partly based on the income from services provided to attached housing associations (Gustafson, 1974; Sørvoll, 2008). If the companies defended the principles of solidarity between member categories and non-profit housing too vehemently, this might have threatened their economic viability. Of course, as democratic organisations they were also directly influenced by membership opinion.

In short, the revolt of co-operative homeowners against price controls helped push the co-operative companies from civil society organisations, espousing the ideals of solidarity and non-profit housing, in the direction of more market-oriented business enterprises. We would argue that the uprising of residents reflected a fundamental contradiction in the Scandinavian model of co-operative housing. The conflict between the ideals of ‘homeownership’ and ‘solidarity’ was inherent in the original social democratic conception of the tenure: ‘The principle of solidarity meant self-sacrifice for the greater good, [...] the idea of homeownership implied personal rewards, at least in its more individualistic interpretations’ (Sørvoll, 2014, p. 151). Ever since the early 1950s, debates raged between the adherents of ‘solidarity’ and ‘homeownership’ respectively, the latter favouring higher prices and the former defending regulations with reference to the plight of low-income households queuing for a co-operative flat.

In time, the local solidarity of co-operative homeowners prevailed, even though sections of the housing and labour movement tried to prevent or overturn deregulation in both Norway and Sweden. However, limited collective resistance amongst non-resident members hampered the struggle against deregulation (Sørvoll, 2014,
Non-resident members had every cause to fight for the ideal of solidarity between member categories and low entry prices in co-operative associations, but, with some exceptions, they did not identify and act as a group with common interests. Whereas co-operative homeowners’ collective protests against price regulation, e.g. via SBC and the Norwegian political action committee, drew strength from the simple objective of market prices and the tangible asset of the co-operative home, the promise of a cheap co-operative dwelling in the future was more uncertain and less tangible for non-resident members (cf. Sørvoll, 2014; Tranøy, 2000).

**The logic of competition and growth**

It would have been easier for the co-operative companies to defend the non-profit model of housing if their ambitions had been less grand. If they had accepted a lower rate of expansion, it would have been possible to give higher priority to ends other than the economically utilitarian. However, companies like OBOS, HSB and RB gave priority to maximising their output at the expense of the features commonly associated with civil society housing.

In Sweden, HSB and RB were locked in a struggle for market shares between themselves, SBC and other private co-operative associations, the municipal suppliers of rented housing, and private construction companies (cf. Ramberg, 2000). Norwegian companies did not face the same competitive environment in the first post-war decades but took precautions to safeguard their position on the market. According to leaders such as Mæland in Norway and Hultberg in Sweden, cost-based pricing endangered the continued health and growth of the co-operative housing movement. For instance, one of the lessons the Norwegian companies drew from the housing crisis of the late 1980s, was that higher profit margins were necessary to build capital for a rainy day (Bjørnson & Kronborg, 2009; Kili & Skeie, 1998). Hultberg admitted that profit was not the original aim of people’s movement companies; notwithstanding, he saw it as a necessary requirement for obtaining primary goals (Hultberg, 1986). These goals could evidently be stretched to accommodate the desire to stay competitive on the market.

Consider the example of the lifting of price controls. In both countries, most co-operative housing leaders regarded the introduction of market prices as a violation of the principles of solidarity between member categories and of non-profit housing. However, in the end RB, HSB and the NBBL companies came to accept, and even actively supported, the deregulation of the co-operative sector. In Sweden of the late 1960s, some co-operative housing leaders believed that market prices could increase the popularity of apartments that had proven difficult to sell. The logic here was that consumers, all other things being equal, would prefer housing that promised capital gains. Swedish co-operative housing executives may actually have seen the introduction of market prices as a strategic choice, designed to help
them stay competitive in the coming decades (Svensson, 1998). In the 1980s, Norwegian co-operative leaders defended the introduction of market prices for similar reasons to those of their Swedish cousins 20 years earlier. They argued that other producers had a competitive advantage over the NBBL as long as only the latter were constrained by price regulations (Sørvoll, 2008). Relatively affluent consumers were expected to desire the same opportunity to reap capital gains in the co-operative as in the owner-occupied sector.

General mechanisms of co-operative tension and change

We suggest that the drivers of tension and change identified in the cases of Sweden and Norway — the logic of conflicting member interests and the logic of competition and growth — are general mechanisms of civil society housing. Following the tradition of Jon Elster, we regard mechanisms as ‘frequently occurring and easily recognisable causal patterns that are triggered under generally unknown conditions or with indeterminate consequences’ (Elster 1998, p. 45). Mechanisms are not pre-determined or necessary causal laws, but contextually limited regular patterns that occur within certain societies, institutions or situations (cf. Somerville & Bengtsson, 2002). This also means they can be counteracted by other mechanisms or structures in a given context. In theory, strong political support for the preservation of civil society housing may for example trump the two mechanisms highlighted above. This means that the trajectory of co-operative housing in Norway and Sweden was not inevitable. However, even if the timing of deregulation was contingent on political decisions and economic development, the conflicting member interests and the logic of competition and growth are general drivers that made the transformation of co-operative housing in Sweden and Norway likely in the long run.

We suggest that all forms of civil society housing partly based on an element of homeownership are vulnerable to the conflicting interests between categories of members and the market logic of competition and growth. Crucially, this may contribute to the erosion of goals that go beyond the market interests of individual residents and co-operative activists. Paradoxically, this development was due precisely to what made the Scandinavian co-operative tenure economically feasible and sustainable in the first place: individual ownership and the productive combination of financial, construction and management functions.

A theoretical argument for the generality of the mechanisms can be added. Consider the lifting of co-operative price controls in Sweden and Norway. As touched on above, one might have expected that groups of non-resident members and non-members who stood to gain from keeping entry prices as low as possible would have mobilised against the termination of co-operative price controls in Sweden and Norway (Tranøy, 2000). Then again, as argued by Pierson, reforms with benefits that are concentrated, tangible and simple to grasp generally garner more
support, than policies with diffuse, long-term and obfuscated advantages (Pierson, 1996). The advantage of low and regulated entry prices is spread over a huge number of potential co-operative residents, while they represent a visible and concrete drawback for co-operative homeowners. In consequence, we suggest that there is a general trade-off between civil society principles and economic success. In a context where competition and expansion are seen as imperative, goals associated with civil society housing will necessarily take a back seat. This risk should also serve as a guide to advocates of civil society housing.

We hope that future comparative studies will probe to what extent the mechanisms we have observed are relevant to other forms of civil society housing in other national contexts. The substantial co-operative alternatives found in other European countries, such as Germany, Poland and Austria, may be a fruitful starting point for comparative enquiries (cf. CECODHAS Housing Europe & ICA Housing, 2012). One could for instance ask if the rental-cooperative housing found in Germany is less susceptible to the erosion of civil society features over time, compared to the homeowner co-operatives found in Norway and Sweden. Furthermore, if some co-operative housing alternatives in Europe or elsewhere have indeed retained strong civil society features, how have the mechanisms of ‘conflicting member interests’ and ‘competition and growth’ been successfully counteracted?

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