

Coordination Mechanisms in Patchwork Capitalism: The Example of Housing

Adam Czerniak^{*}

Abstract

This article examines coordination mechanisms in patchwork capitalism by comparing housing allocation mechanisms in Central and Eastern European (CEE) countries and Western Europe. It contributes to the study of whether patchwork capitalism is characterized by a specific, dominant coordination mechanism. The article discusses various coordination mechanisms described in the political economy of capitalism literature, with a focus on their occurrence in CEE countries. It also provides a summary of factors that may shape coordination mechanisms in the housing area in the region. An empirical analysis of the prevalence of market and non-market (e.g. statist, familial) coordination mechanisms in Poland and other EU countries is conducted. The analysis supports the hypothesis that in post-socialist countries embodying a patchwork model of capitalism, there is a set of coordination mechanisms that are distinct from those inherent to Western European models of capitalism. In the area of housing, the familial coordination mechanisms prevails with a growing but still small admixture of market mechanisms and diminishing role of the state in coordinating social actors. The article concludes with a summary of how the empirical findings obtained can be interpreted in the context of the conceptualization of patchwork capitalism.

Keywords: patchwork capitalism, coordination mechanisms, Central and Eastern Europe, housing

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^{*} Warsaw School of Economics, e-mail: aczern2@sgh.waw.pl, <https://orcid.org/0000-0003-1182-2483>.

The objective of this article is to analyse coordination mechanisms in patchwork capitalism by comparing housing allocation modes in Central and Eastern European (CEE) countries against Western Europe. It contributes to the study of whether this model of institutional order is characterised by a specific, dominant coordination mechanism. For the pioneers of research on capitalist diversity, P. Hall and D. Soskice [2001], the way in which the coordination of social actors takes place and, consequently, the allocation of goods, services, capital, labour, and knowledge also takes place, was in fact central to determining the ontology of a particular model of capitalism. In Hall and Soskice's case, it was the coordination mechanism that distinguished the liberal market economy (LME), where market-based coordination mechanisms predominated, from the coordinated market economy (CME), where non-market-based mechanisms prevailed. Building on this classical typology, A. Nölke and A. Vliegenthart listed three features of institutional governance by which it can be classified as a different model of capitalism: "(1) the existence of an alternative overall economic coordination mechanism closely related to (2) a relatively stable set of institutions based on marked institutional complementarities, that leads to (3) a set of specific comparative advantages (in relation to CME and LME) and superior economic performance over comparable, but less pure, socioeconomic systems" [Nölke, Vliegenthart 2009: 676].

However, in an article on the essence of patchwork capitalism in CEE J. Gardawski and R. Rapacki [2021] barely discussed the issue of coordination of social actors. They only pointed out that "the patchwork character of the socio-economic order is revealed when one manages to demonstrate the existence of divergent institutional 'logics', divergent modes of coordination within a single national order" [Gardawski, Rapacki 2021: 173]. This might suggest that mere co-occurrence within a single institutional order of different coordination mechanisms, regardless of their provenance and nature, is sufficient to define a given socioeconomic order as a distinct model of capitalism. However, such a conclusion would be incorrect, as even in economies classified as CME or LME, different coordination mechanisms co-occur, particularly when comparing institutional areas. Moreover, there are also countries (e.g. the Netherlands) in which the socioeconomic system is built on the symbiotic coexistence of different coordination mechanisms [Touwen 2014].

It is only by juxtaposing various passages of the text that a deeper understanding of the role played by co-occurring but divergent coordination mechanisms in the creation of patchwork capitalism can be gained. This is best observed in the comparative definition of this model of capitalism. To clarify the nature of patchwork and the role of coordination mechanisms, the authors describe "two contrasting cases: on the one

hand, a fully coordinated institutional order in which the fabric completely determines the thread composed of secondary organisations and institutions, and on the other hand, an institutional patchwork, i.e. an order that is not coordinated by the fabric and in which there is complete freedom to attach elements of the thread (new secondary organisations and institutions)” [Gardawski, Rapacki 2021: 174]. It follows that in the model of patchwork capitalism, not only do different coordination mechanisms arise, but they are also uncoordinated and random. In this context, the word ‘coordination’ takes a new meaning. It is raised to a higher level, where ‘coordination’ means being shaped by the fabric in a coherent and teleological manner.

As a result, the structure of the amalgam of coordination mechanisms in patchwork capitalism loses its significance for Gardawski and Rapacki from the perspective of conceptualising a type of ideal institutional order and consequently falls outside the scope of their enquiry. However, this was an unwarranted omission. It is possible that the set of coordinating mechanisms that co-occur in patchwork capitalism is not random in nature and that the way in which social actors and allocation mechanisms are coordinated is similar in different CEE countries. Even when there is no fabric that can shape an teleological institutional order, this does not mean that there is no set of fixed external and internal factors (i.e. path-dependency inertia) that can lead to the formation of a common set of coordination mechanisms. This study attempts to analyse this aspect of the patchwork capitalism model, i.e. to verify commonalities in coordination mechanisms across the CEE countries.

The remainder of this paper is structured as follows. Section one discusses the various coordination mechanisms described in the political economy of capitalism literature, with a particular focus on whether they can occur to a significant extent in CEE countries. Section two provides a summary of factors that may shape coordination mechanisms in the housing area in post-socialist countries. The third section provides an empirical analysis of measures of the prevalence of market and various types of non-market coordination mechanisms in Poland and other EU countries. The article concludes with a summary of how the empirical findings obtained can be interpreted in the context of the conceptualisation of patchwork capitalism.

1. Types of Coordination Mechanisms

Hall and Soskice’s classic work on the varieties of capitalism defined only two mechanisms for coordinating the actions of social actors: market and non-market [Hall, Soskice 2001]. The market-based coordination mechanism, characteristic of

LME-type economies, is, in their view, based on the performative function of prices—social actors, motivated by the pursuit of profit, are guided by the prices of goods, services, capital, and labour. Thus, they make economic decisions and allocate scarce resources. In contrast, the non-market coordination mechanism, a characteristic of CME-type economies, is a much broader concept. It denotes various forms of tripartite coordination between social actors through recursive negotiations between the state's, households', and businesses' representations. Research on CEE countries shows that some of these, and only to a limited extent, exhibit market-based coordination mechanisms, while the prevalence of non-market-based coordination mechanisms in the sense of Hall and Soskice is very low because of the weak representation of collective social actors [Bohle, Greskovits 2007; Gardawski, Rapacki 2021; Kuokštis 2011; Rapacki et al. 2019].

However, the above classification of coordination mechanisms has been heavily criticised for its exclusionary approach and economic-centric typologisation [Feldmann 2019; Geffen, Kenyon 2006]. Indeed, while the market coordination mechanism was clearly defined and aptly named, the non-market coordination mechanism turned out to be a very broad concept that, contrary to the authors' intentions, also started to be used to describe non-market allocation mechanisms other than those found in the German, Dutch, or Swedish economies. Indeed, as the list of capitalist economies studied expanded, the number of analysed coordination mechanisms increased. Nölke and Vliegenthart, conceptualising the notion of a dependent market economy (DME), pointed out that the dominant coordination mechanism in this model of capitalism is the dependency structure (hierarchy) in multinational corporations [Nölke, Vliegenthart 2009]. In their view, this mechanism characterises Visegrad countries (Czechia, Poland, Slovakia, and Hungary), where, as a result of the increased inflow of foreign direct investment and the concomitant weakness of state structures during the transition period, multinational corporations (MNC) played a leading role in shaping the institutional order. And it was their corporate culture and decision-making mechanisms that spilled over to rest of the institutional structure, creating MNC-dependent (directly or indirectly) ways of coordinating the actions of social actors.

The above concept was extended by B. Schneider [2013] based on research on socioeconomic systems in Latin American countries. He pointed out that not only in the post-socialist countries of CEE but also in many other developing countries where the corporate sector plays a strong institution-building role, a hierarchical coordination mechanism prevails. Under this mechanism, multinational corporations and diversified groups of companies manage economic activities mainly through

hierarchical relationships, whereby decisions are taken by the ultimate owner or at the headquarters of the multinational corporation in its home country. This coordination mechanism is the cornerstone of a model of capitalism, which Schneider calls the hierarchical market economy (HME), and is, in his view, characteristic of Chile, Thailand, and South Africa.

In parallel, Schneider also distinguished another non-market coordination mechanism, which he called network coordination. It is based on repetitive relationships between social actors who build mutual trust through long-term recurrent exchanges (in the sociological sense of the word). As a result, the dominant institutions based on the network coordination mechanism are long-term contracts, social agreements, and an elaborate catalogue of norms and behaviours. This model of capitalism, dubbed by Schneider the networked market economy (NME), is characteristic of Japan in particular, but its elements are also found in other East Asian countries. However, due to the need for a high level of trust between social actors, this coordination mechanism is relatively rare in both Latin American and post-socialist countries, which are characterised by an erosion of social capital [Lissowska 2009].

A separate typology of non-market coordination mechanisms was proposed by A. Walter and X. Zhang [2012] based on an analysis of the socio-economic systems of East Asian countries. In contrast to previous researchers, following one line of criticism of Hall and Soskice's concept [Kuokštis 2011], Walter and Zhang ignored the role of the business sector and focused on the role of the state and the society in creating the institutional framework. In such a two-dimensional space, they distinguish four distinct coordination mechanisms and, consequently, four types of capitalism: co-managed, state-led, networked, and personalised. Co-managed capitalism is one in which the way the state organises the economy and social mechanisms of coordination complement each other. This is a relatively rare model of capitalism, even in Asian countries. According to some authors, this type of coordination mechanism occurs in Malaysia [Feldmann 2019]. In contrast, the state-led model of capitalism is found where the institution-building role of the state is relatively large and the participation of social structures in the coordination mechanisms is relatively small. In Asia, such a model is found, for example, in Indonesia. It is worth noting that this model is virtually identical to what Nölke called state-permeated capitalism and points out that it is found in China, India or Brazil (Nölke, 2018). However, the same author points out that it is markedly different from the model of the dependent market economy characteristic of some CEE countries.

When discussing the role of the state in the coordination mechanisms of social actors, it should be noted that this role can be two-fold: statist or corporatist. The

statist coordination mechanism is passive in nature; it involves a teleological shaping of the institutional environment in which the market is embedded by an extensive state administration apparatus but without conducting direct interventions on the market. In the case of housing, this is accomplished by setting regulations for rent changes or strict rules for granting building permits, which often depend on the individual housing policies of local authorities. Such a coordination mechanism is encountered in the housing markets of Germany and Austria [Czerniak 2019; Schwartz, Seabrooke 2009]. An alternative way of influencing the socioeconomic system is the corporatist coordination mechanism, in which the state, through its agencies, takes an active part as a market actor without interfering with the exchange rules themselves. Continuing with the example of housing, under the corporatist coordination mechanism, public actors build, manage, rent, and sell properties themselves and participate in active negotiations with other market actors. Thus, they act as market makers who can influence prices, demand, supply, and even the standards of contracts used or the quality of services offered [Czerniak 2019; Schwartz, Seabrooke 2009]. The latter mode of coordination may dominate in some countries in the CEE region [Bohle, Greskovits 2007].

Walter and Zhang distinguish two models of capitalism with low state participation in the socio-economic system. The first, networked capitalism, has already been discussed above, as it is identical to the NME concept described by Schneider. The second, personalised model of capitalism, has not been sufficiently conceptualised by Walter and Zhang [Feldmann 2019]. They merely point out that this is a model of capitalism in which coordination mechanisms are neither organised by the state nor by collective actors through setting nationwide social norms and agreements. In doing so, they commit an analogous simplification to that for which Hall and Soskice were previously criticised, namely, by using a negative definition. This has led to numerous misunderstandings and inaccuracies. For example, Walter and Zhang classify Thailand as a country with a personalised model of capitalism, while Schneider ranks this country among the group of hierarchical market economies, based on high power distance of the national culture there.

Using the findings of other authors, however, it is possible to clarify the nature of the personalised coordination mechanism and divide it into two subcategories depending on the main thread of personal relationships according to which the coordination of social actors takes place. The first strand can be found in the conceptualisation of crony capitalism. This term was coined to illustrate the model of capitalism in the Philippines [Gardawski, Rapacki 2021], the same socio-economic system that, as argued by Walter and Zhang, is characterised by a personalised rela-

tionship mechanism. According to this definition, the dominant coordination mechanism in this model of capitalism is a network of informal long-term ties based on trust and loyalty between individual social actors [Aligica, Tarko 2014]. This differs from the mechanism found in the networked capitalism model; in crony capitalism, the existence of informal relationships does not lead to the creation of universal institutional norms or social contracts between collective actors. They remain individual and the networks themselves pass through a variety of social and formal groups. In other words, what matters is the connection between two individuals, regardless of the social context. In a networked market economy, the meaning of the relationship between two actors is derived from the context (e.g. the relationship between employer and employee) and without it, it does not exist. Consequently, personalised coordination mechanisms are based on direct trust between individuals and are strongly negatively correlated with the overall level of trust in society [Alesina, Giuliano 2014].

The second variety of personalised coordination mechanisms is based on family ties. Their functioning is practically identical to that of crony capitalism, but trust and loyalty between actors here are not derived from a long-established relationship but from social norms based on ties of kinship or marriage. Familial coordination mechanisms are particularly evident in the housing market [Bohle, Seabrooke 2020] and social protection institutional area [Alesina, Giuliano 2014], also within CEE countries. In contrast, crony coordination mechanisms are particularly evident in the labour, financial, and product markets, including in some countries in the CEE region, such as Croatia [Aligica, Tarko 2014; Gardawski, Rapacki 2021].

2. History of the Development of Coordination Mechanisms in the Area of Housing in CEE Countries

“In a historical sense, modern society begins by moving beyond the familial-feudal framework through state institutions [...] and new market mechanisms in which the relationship between employer and employee is based on contract rather than subordination” [Matyja 2021: 129]. However, progress towards modernity did not occur evenly across all institutional areas or countries. The earliest archipelagos of a modern capitalist economy emerged in the areas of education, transport, utilities, internal trade, and defence. In others, however, the modern institutions of

the socio-economic system only appeared on a mass scale after the Second World War, and in others, such as the area of labour market and industrial relations, traces of the framework of patrimonial feudalism are still visible in CEE countries today [Pobłocki 2021].

In this respect, it is particularly valuable to analyse the area of housing that exhibits one of the longest and most persistent path dependencies ('long duration') of all areas of the socio-economic system. As a result, the current shape of the coordination mechanisms in CEE countries, as manifested in the way housing stock is allocated, is deeply rooted in the familial-feudal framework as it is in the changing housing policy paradigms of the 20th century. Therefore, the search for the historical origins of the current coordination mechanisms is worth starting at the turn of the 18th and 19th centuries, that is, the peak period of the development of late feudal agrarian society in the Vistula, Oder, Nemunas, Dnieper, and Danube river basins, when practically all ownership of land and the buildings on it were already in the hands of a narrow group of upper classes (nobility and aristocracy), and industrial cities with workers' settlements and a new bourgeois class had not yet begun to develop in Eastern Europe. At that time, the right to use the land and real estate on it, as well as the movable property and draught animals attached to it, was granted in the form of a kind of lease – in exchange for serfdom measured in labour time, which the tenant was expected to devote to activity for the landowner's benefit [Pobłocki 2021]. The more land granted to one tenant, the higher the serfdom he had to work off. Importantly, this lease was a relatively short-term contract. The mobility of peasants, i.e. land tenants, was very high, reaching up to two-thirds of all leased farms in the span of one generation. According to Pobłocki, on the basis of historical sources concerning Mazovian villages belonging to Bazyli Walicki, less than 30 percent of the farms in his estate were inhabited throughout the period 1774–1795 by the same persons or their heirs [Pobłocki 2021]. The rotation resulted from the transfer of landowners between farms of the same owner and from evictions as a result of failure to perform forced labour (corvée) or offences against the owner.

This scale of forced social mobility created a high sense of insecurity and low satisfaction of physiological needs. Consequently, with the development of legal opportunities for peasants who were able to accumulate adequate savings to buy land outright, a myth of ownership began to emerge. This phenomenon persists to the present day. It manifests itself as a strong attachment to land and property, accompanied by the social stigmatisation of renting and tenancy and the belief that only a property of ownership fully satisfies housing needs [Kemeny 2011; Stephens 2016]. At the same time, however, property was still treated as a patrimony – a family asset passed from

father to son with attendant privileges and responsibilities. Indeed, in feudal times, it was the family's financial and social position that depended on the real estate size and usability. This is still evident today in the high symbolic value attributed to residential property in post-feudal societies [Czerniak 2014]. In turn, this led to the rapid development of a family coordination mechanism in the area of housing, especially in rural areas. Houses were built by the whole family and designed for simultaneous use by several generations, and even by distant, poorer relatives. Ownership rights were passed on from one generation to the next, usually by the sword.

The industrial revolution and the accompanying rapid growth of modern cities, together with the breakdown of the feudal model of labour allocation and the occurrence of the first demographic transition, triggered massive migration of the population to urbanised areas in search of work. This has translated into a high shortage of housing stock in virtually all industrialising countries, not just in the CEE region. Due to the relative weakness of state institutions in the CEE region, especially at the local level, and as a result of the treatment of real estate as a family good, the shortage was dealt with through the development of a rental and subletting market and, in the best cases, through hierarchical coordination mechanisms, whereby employer-owned housing was allocated to employees currently working in a given factory [Matyja 2021; Springer 2015]. As B. Kováts and S. Kohl [2024] point out, low degree of unionisation of the working class was an additional factor that limited state interference in the housing market. At least until the 1930s, the working class had not become a significant political force capable of inducing housing policy interventions.

Only during the interwar period did alternative coordination mechanisms develop in the housing market. Following the example of housing cooperatives established in Prussian Germany and the Austrian part of Austria–Hungary from the mid-19th century onwards, housing cooperatives began to be established in the newly created countries of the CEE region. Cooperatives are legal entities set up by a group of people who become members after contributing the appropriate initial capital in cash, in kind, or by pledging a certain amount of work. The purpose of a cooperative is to meet its members' housing needs, and any generated profits are used to develop its operations. In the interwar period, there were two types of housing cooperatives: tenant owned and owner owned. The former rented the flats to preselected tenants, particularly those at risk of housing poverty. The latter built flats for ownership and exclusive use of their members.

Kováts and Kohl [2024] indicated that such entities in the interwar period were more often established in the northern than in the southern countries of the CEE region. Apart from Germany and Austria, cooperatives developed rapidly in Poland.

In December 1921, the most widely recognised Warsaw Housing Cooperative was established, on which other entities operating in the capital and other large cities of the Second Republic were later modelled [Springer, 2015]. Many of them were founded by trade union members of specific labour groups – civil servants, professors, and officers. As urbanisation rates continued to rise, housing problems began to be recognised by the central authorities, which resulted in the implementation of support programs for individual construction and social housing implemented mainly by tenant cooperatives. This was accompanied by the introduction of the regulation of private rents and an increased degree of tenant protection. In the late 1930s, these regulations were the most restrictive in the history of housing development in the CEE region [Kholodilin 2020], thus limiting the increase in wealth inequality in society [Kholodilin, Kohl 2021].

However, this period of development of statist and networked coordination mechanisms in the area of housing in the CEE region ended with the rise of socialist states after World War II. The housing area was largely nationalised, the possibility of private construction was restricted, except for own use, and private housing cooperatives were strictly regulated by the state. The protection of tenants' rights in rented housing, including communal tenancy, was increased to the extent that tenancy was no different in terms of rights than ownership, which at the same time was strongly restricted in its rights. In most CEE countries, tenancy rights were even inherited [Kováts, Kohl 2024]. This led to a freeze in the development of housing in socialist countries, while in Western European countries, statist and corporatist coordination mechanisms were gradually developed.

Also the systemic transformation period was a missed opportunity. As Gardawski and Rapacki rightly point out [2021], following the reflections of J. Staniszkis, the vector of institutional changes during this period was dictated by the 'apriori interest', i.e. the supposed needs of yet not-existent economic actors, as they were imagined by the reforming elites. A manifestation of this approach was magical thinking – a market-based coordination mechanism was believed to cure the economic and social ills of the socialist period. Such a transformation mechanism also left its mark in the housing area. The combination of a value system based on a high attachment to property with the ideologisation of the market coordination mechanism led to the immediate abdication of the state from interference in the area of housing. Residential property – just as before the First World War – became a family asset again, and the problems of housing shortages were to be gradually solved by the 'invisible hand' of the market. Therefore, the possibility of private construction of flats for personal use and sale or rent was unblocked, the communal and cooperative housing stock was

privatised *en masse*, and the regulation of rents and tenants' rights was liberalised. In the following years, the development of market-based coordination mechanisms has gradually been stimulated. As a first step, a market for housing loans was created, which only started to be granted on a mass scale in CEE countries in the first decade of the 21st century. Access to the market was also made possible by foreign property developers and later by investment funds. The purchase of home ownership, including mortgage-financing and the self-building of houses for own use were also promoted through fiscal tools.

According to Kováts and Kohl [2024], during the systemic transformation period, the division between the northern and southern countries of the CEE region became apparent again. In Poland and Czechia, as well as in the ex-GDR regions of Germany, most of the housing stock was left in the hands of state and privatised housing cooperatives. Slightly more funding was available for social housing. In Poland, for example, attempts have been made to develop a new form combining the advantages of proprietary and tenant-owned cooperatives, called Social Housing Associations (TBS). Due to the lack of funds for its maintenance, especially in view of the existence of strict regulations on rent setting, municipal housing was quickly sold to tenants¹; tenant cooperatives were transformed into ownership cooperatives; ownership cooperatives, in turn, were transformed into commercial entities generating profits for their members; and funds for social housing were redirected within the state budget to programs supporting housing ownership (e.g. in the form of building allowances or loan subsidies). Employer-owned flats built during the socialist period – the last relic of hierarchical coordination mechanisms in the area of housing – were also sold to private individuals. The exception to this rule was Czechia, which was the only country in the region to develop, on the basis of privatised employer-owned housing and tenant cooperatives, a private rental sector, i.e. flats owned and rented out on a long-term basis by investment funds. In Hungary and Poland, this type of non-owner-occupied housing, which is very popular in Western countries, only started to develop in the third decade of the 21st century.

Summarising the historical analysis of the development of coordination mechanisms in the area of housing in CEE countries, it can be concluded that family-based coordination mechanisms inherited from the period of land feudalism and reinforced by housing policies pursued in subsequent periods should dominate in the region, especially outside large cities. These are complemented by market-based

¹ According to the Central Statistical Office (GUS), the number of dwellings in the municipal housing stock fell from 1.5 million in the mid-1990s to nearly 800,000 in 2022. Importantly, less than 700,000 of these were fit for use.

coordination mechanisms, which are gaining importance. On the other hand, networked and corporatist coordination mechanisms and, to an even larger extent, the current hierarchical and statist mechanisms should be in decline.

3. Empirical Analysis of Coordination Mechanisms in the Area of Housing

Measuring the prevalence of particular coordination mechanisms is only possible indirectly through qualitative research, surveys of social actors, or by analysing the input and output measures of institutions [Czerniak, Maszczyk 2019]. For the sake of brevity, the scope of this article is limited to presenting the latter. The three basic measures of housing allocation are as follows: (1) how households obtain housing tenure rights; (2) the percentage of households that received housing tenure through non-financial transfers (gift, inheritance, and non-market tenure); and (3) the percentage of housing stock transferred through market and non-tender transactions during the year. The data for the calculation of the first two indicators come from the Household Finance and Consumption Survey (HFCS), conducted under the supervision of the European Central Bank in 2017 in 22 European Union countries.² The data needed to calculate the third indicator, the number of market and non-cash transactions and the number of residential properties at the county level between 2010 and 2021, were obtained from the Polish Central Statistical Office (GUS).

Data on the way in which housing tenure rights are obtained confirm much higher importance of family coordination mechanisms in CEE countries than in Western Europe (Figure 1). The unweighted average for CEE countries of the percentage of households that obtained tenure rights through inheritance or gift-giving was 14 percent, compared to 7 percent on average for other countries included in the survey. The regional divide is even more pronounced if we adopt the classification of housing capitalism models proposed by A. Czerniak [2019]. In countries characterised by the non-commodified family model (all CEE countries except Estonia, and excluding Italy), the pertinent percentage is 19 percent; in countries embodying the commodified family model (Estonia, Greece, Portugal, and Spain) – 15 percent; in countries representing the statist model (Germany, Austria, France) – 9 percent, and in countries embodying the liberal-corporatist model (Belgium, the Nether-

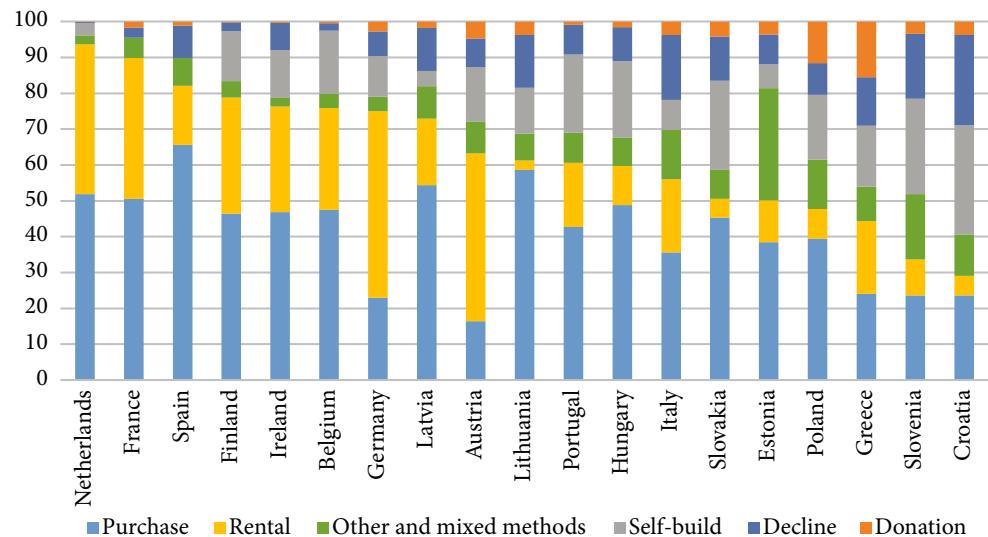
² Only 20 countries were included in the subsequent analysis. Data for Malta and Luxembourg were omitted due to insufficient population and country size.

lands, Ireland, Finland) - only 3 percent. It is worth noting, however, that inheritance transfers account for a much higher share than gifts in all groups of countries. The only exceptions to this rule are Poland and Greece, where the proportion of donations of the household's main residence exceeds that of inheritances (12–9 percent and 16–13 percent, respectively).

Market-based allocation mechanisms, on the other hand, are far more prevalent in Western European countries, especially those characterised by a liberal-corporatist model. In this group, as many as 81 percent of the households used a dwelling they had bought or rented. In countries with a statist model, the percentage is slightly lower (76 percent), but in CEE countries it amounts to only 51 percent, while in Poland, Croatia, and Slovenia (as well as in Mediterranean Greece), it is below 50 percent. Disparities can also be observed in the share of self-built housing. In CEE countries, this share is 18 percent of households on average (and even exceeds a quarter in Croatia, Slovakia, and Slovenia), while in Western Europe, one in nine households has built their homes on their own.

Figure 1. Distribution of different housing allocation mechanisms in Europe

Structure of households by way of obtaining occupancy rights to an inhabited property in selected European Union countries in 2017.



Source: own calculations based on HFCS data.

Unfortunately, the above data do not provide information on how large the scale of state interventionism is, and therefore, do not allow a distinction between statist

and corporatist vs. market-based coordination mechanisms in the area of housing. However, previous research [Czerniak 2019; Kholodilin, Kohl 2021] suggests that in Central and Eastern European countries, state intervention in the housing sector is limited to a few corporatist practices, that is, the construction and provision of social housing. At the same time, in countries such as Austria, Germany, the Netherlands, and France, statist mechanisms dominate the rental market, whereas corporatist mechanisms dominate in Scandinavia and Ireland.

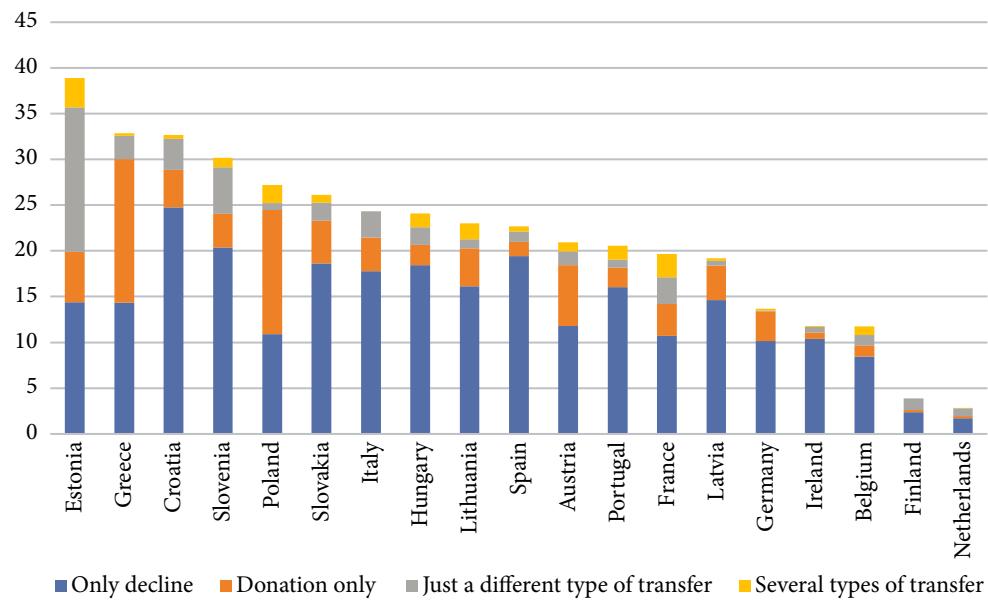
However, the above figures may be distorted by high population mobility in Western European countries [Barceló 2006]. In a situation where people change residences frequently, intergenerational transfers of housing wealth may not be visible in statistics on the property currently in use. Therefore, the pertinent data need to be supplemented by the percentage of households that have acquired a right to residential property through a non-financial transfer in their lifetime. For this purpose, the percentage of households that declared that they had received housing property in the past as an inheritance, as a gift, or have received the right to use the property free of charge were additionally examined. Such extended data confirm the differences in coordination mechanisms between the CEE region and Western European countries (Figure 2). In the post-socialist countries surveyed, 27 percent of households had ever received the right to a residential property as a transfer, of which, on average, 17 percentage points received one residential property (or at least half of the ownership interest in it) as an inheritance, 5 ppts as a gift, 4 ppts as another transfer (less than half of the ownership interest as an inheritance or gift, more than 50 percent as a contribution to the construction of a property or the right to use the premises free of charge), and 1 ppt more than one transfer. This compares with 16 percent in the other countries surveyed, and was proportionally lower in all the subcategories analysed.

It is worth noting here that the transfer data do not show statistically significant differences in the percentage of households that received a residential property as an inheritance between countries characterised by the family model of non-commodified housing capitalism and countries with the family model of commodified housing capitalism (16 percent each). Moreover, countries with the family commodified model had slightly more households that received a property as a gift or were beneficiaries of another form of transfer (by a total of five percentage points). This confirms that in both models, family coordination models in the area of housing are very common, resulting from the treatment of property as a family asset. However, in the commodified model, more households choose to cash in the transfer received and give up living in the property. This is consistent with previous research show-

ing that market-based housing allocation mechanisms are more prevalent in these countries, and that housing units themselves are commoditised.

Figure 2. Prevalence of family housing allocation mechanism in Europe

Percentage of households that received the right to a residential property as a non-financial transfer in selected European Union countries in 2017.



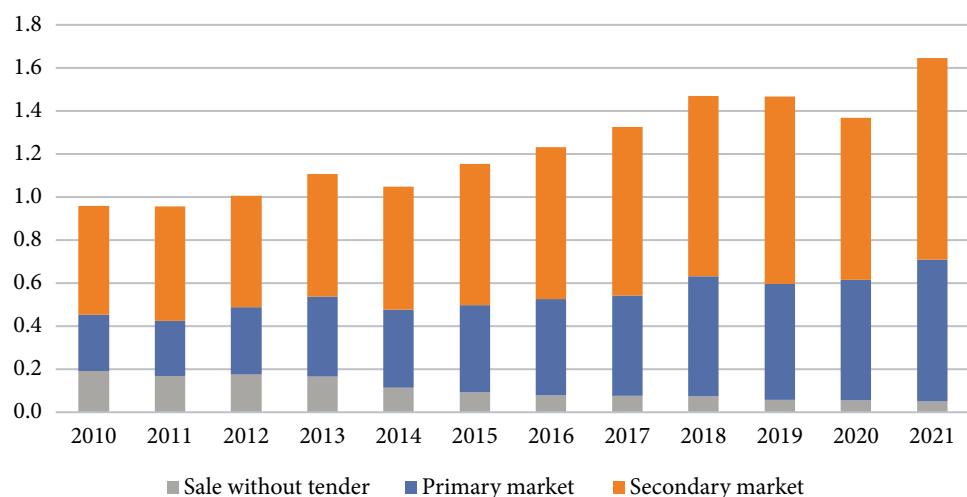
Source: own calculations based on HFCS data.

The last of the analysed indicators – the percentage of housing stock which was subject to market and non-market transactions – was aimed at examining changes in the incidence of market and state-controlled allocation mechanisms over time and by region in Poland. Data for 2010–2021 show that there was a systematic increase in the share of market-transacted dwellings in the total housing stock (Figure 3). At the same time, changes progressed evenly in the primary market (from 0.3 percent in 2010 to 0.7 percent of the housing stock on average in 2021) and in the secondary market (from 0.5 percent to 0.9 percent, respectively), with the number of transactions in the secondary market exceeding that in the primary market throughout the period. This indicates a systematic increase in the share of market-coordination mechanisms in Poland. However, these data should be treated with some caution, as the study period ends with the housing market boom episode, when the financial availability of housing was relatively high [Czerniak et al. 2022]. It is very likely that, with the tightening of credit conditions in 2022, the scale of intensification of

market transactions will decrease substantially. Uninfluenced by economic conditions, there was a decline in the percentage of housing stock subject to non-tender transactions (from 0.19 percent in 2010 to 0.05 percent in 2021). In practice, in the period under review, these were exclusively transactions for the sale of public housing to long-term tenants. They show the scale of the sell-off of municipal stock and, thus, the decline in corporatist mechanisms of housing allocation.

Figure 3. Changes in the intensity of market and state-owned housing allocation mechanisms in Poland

Average share of dwellings transacted on the market, on the primary and secondary market, and non-tendered transactions in the housing stock in Poland (%)



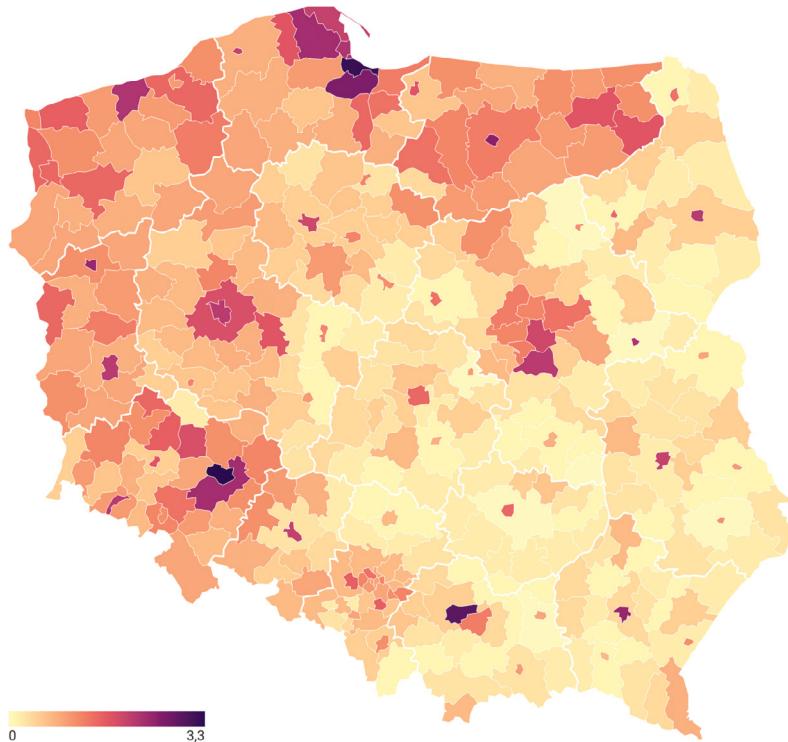
Source: own calculations based on GUS data.

The sheer level of the share of market-transacted properties in housing stock is particularly noteworthy. On average, between 2010–2021, this share amounted to only 1.12 percent in Poland. This means that if each property was sold only once, the entire housing stock in Poland would change hands through the market allocation mechanism after 89 years, and if all counties, excluding cities with county rights, were included, this period would increase to 148 years. Indeed, a higher proportion of dwellings subject to market transactions is in 66 cities with county rights (Map 1). On average, 1.8 percent of the housing stock was transacted on the market in the period under study, while in the other locations, it was 0.7 percent, of which the primary market was responsible for only 0.2 percentage points. The analysis of the regional distribution also shows that relatively more transactions took place in the western

and northern provinces as well as in counties surrounding major agglomerations and in locations attractive to tourists. In both groups, the number of transactions in the primary market tended to exceed that in the secondary market.

Map 1. Geographical dispersion of market-based housing allocation mechanisms in Poland

Average annual share of market-transacted dwellings in the district's housing stock between 2010 and 2021 (%)



Source: own calculations based on GUS data.

The above data show that despite a gradual increase, the incidence of market-based allocation mechanisms is still very low in Poland and is practically limited to large cities, their surroundings, and places attractive to tourists. In the remaining regions, the allocation under family mechanisms dominates. Moreover, the scale of housing market development itself is very low, and the primary market, which is responsible for shaping residential property prices [Tomal 2020], covered only 0.66 percent of the total housing stock, even at the height of the building boom. This means that the valuation of all residential real estate, and consequently, the financial availability of

housing across the country and the scale of wealth inequality between Poland's rich and poor, is dependent on the turnover of only a few per mille of the entire housing stock. This constitutes the greatest weakness of the transformation of socio-economic systems in the area of housing from the family model towards models with a greater share of market coordination mechanisms.

4. Summary

The foregoing historical and empirical analysis of the housing area supports the hypothesis that in post-socialist countries embodying a patchwork model of capitalism, there is a set of coordination mechanisms that are distinct from those inherent to Western European models of capitalism, but reproducible in the countries of the CEE region. As Gardawski and Rapacki [2021] rightly point out, it is not the result of a teleological influence of the institutional fabric but rather the result of a clash between historical conditions dating back to the feudal period and the free-market values of the reform elites that shaped housing policy in post-socialist countries. As a result, in the area of housing, a socio-economic system was created based on family coordination mechanisms with the disappearing corporatist activity of the state and a growing but still small admixture of market mechanisms, manifested in the economic (by shaping the market values of all residential properties) and symbolic (by creating the impression in public opinion that it is the market that shapes the area of housing in Poland) dimensions.

It can be assumed that a similar recurrence occurs in other institutional areas of patchwork capitalism. The review of research on coordination mechanisms presented in section two indicates that market-based coordination mechanisms should be most prevalent in the areas of product market competition and financial intermediation, while hierarchical coordination mechanisms are likely to be most prominent in the areas of labour market and industrial relations, and knowledge system. In contrast, in the area of housing and social protection system, personalised coordination mechanisms – family and cronyism – are still arguably dominant. Confirmation of these conjectures, however, requires further in-depth studies on patchwork capitalism in the CEE region, conducted from different research perspectives: sociological, political, and economic.

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