**Thatcher’s ‘Right to Buy’ Reform at 40: A Policy Feedback Analysis of UK Social Housing Policies**

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**Abstract**

Focusing on policy feedback, this paper examines the influence, four decades after its enactment, of Margaret Thatcher’s 1980 ‘Right to Buy’ (RtB) policy on today’s social housing institutions in the UK. We argue that through interest-group feedback mechanisms, RtB helped expand and reinforce the UK landlord class. Furthermore, we assert that the policy pressures placed on local councils to embody housing within the welfare state contributed to a path-dependent, privatization feedback mechanism. More generally, an analysis of the UK case is important as it could help us think about housing privatization in terms of policy feedback and long-term historical legacies.

**Keywords**

Policy feedback; privatization; social housing; Margaret Thatcher; United Kingdom

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**Introduction**

Welfare state expansion and retrenchment are phenomena that political scientists have long studied (Pierson, 2001). As political parties across Western liberal democracies become increasingly polarized, many scholars now focus on changing governmental policy and social institutions through contemporary electoral cycles. This focus, however, should not negate the role that historical legacies have in shaping contemporary welfare institutions, specifically through mechanisms of policy feedback (Pierson, 1993; Béland and Schlager, 2019). Centred on the concept of policy feedback, this paper examines the impact, four decades after its enactment, of Margaret Thatcher’s keystone 1980 ‘Right to Buy’ (RtB) policy on today’s social housing institutions in the United Kingdom (James et al., 1991). Although this paper focuses on the UK case, Thatcher’s privatization strategies kick-started a wave of similar housing commercialization across Western liberal democracies (Whitehead, 2012). This is why the analysis of the UK case is particularly relevant as it could help us think about commercialization in terms of policy feedback and long-term historical legacies. Because RtB reform was enacted 40 years ago, we now have a much longer timeframe to analyze the impact this policy than Paul Pierson (1994) had in his seminal book *Dismantling the Welfare State?,* which studied the sources of RtB but could not explore its long-term legacies due to the limited time frame available.

In this paper, we argue that through interest-group feedback mechanisms, RtB contributed to the expansion and reinforcement of the landlord class in the United Kingdom. Many council housing residents took advantage of this scheme to purchase the homes in which they lived (Linneman and Megbolugbe, 1994). The number of institutional housing investors slowly climbed, and ‘small-time’ or ‘family’ landlordism spiked from 61% of landlords in the early 1990s to 89% by 2011 (Ronald and Kadi, 2018). This contributed to the creation of a large class of small-scale private landlords, an interest group that wasn’t heavily apparent in the UK prior to the implementation of RtB. In Thatcher’s quest to develop a ‘nation of homeowners’ out of social housing, the product morphed into what is commonly known as ‘generation rent’, where homeownership rates began to decline in the mid-2000s as the numbers using private rented accommodation increased (Ronald and Kadi, 2018). This paper argues that, while certainly not the only factor at play, RtB has contributed to this transition within contemporary UK housing structure, encouraging landlordism and the expansion of the landlord class.

 Furthermore, this paper argues that the policy pressures placed on local councils to embody the welfare state with regard to housing contributed to a path-dependent privatization trajectory that has fundamentally influenced their role in the UK housing sector (Kleinhans and van Ham, 2013). When RtB was enacted, the central government ceased building funds for council housing, instead investing in housing association new-builds that existed outside the public sector and utilized private finance (Murie, 2012). Local councils experienced change in their roles primarily through residualization, as what might be perceived as the ‘nicer’ properties were bought by tenants and those such as apartments in high rise blocks were not. Hence remaining council properties increasingly provided accommodation to people “more likely to have mental health problems, be unemployed or unable to work – often for reasons outside their control. Council-owned tower block estates started to become ‘social containers’ for many people facing such difficulties” (Farrall, 2015): where the demographics of council regions experienced higher wealth concentration (and therefore inequality), as well as a depleting capital stock through which to provide services (Munro and Littlewood, 1998). The coupling of these two effects contributed to a division in how council housing functions today; councils with greater numbers of lower-income residents experienced higher rates of fiscal and social shortages. These impacts have created a feedback mechanism through which council functionality and responsibilities have and continue to evolve in the face of housing privatization.

**Policy Feedback Theory and the History of Right to Buy**

Policy feedback theory rests on the notion that, as Pierson (1993: 595) states, “policies produce politics”. Fundamentally, this perspective assesses the ways in which existing policies are able to influence political actions and policy decisions over time. Although the claim that existing policies can reshape the politics of public policy is hardly new, the concept of policy feedback “only crystalized in the late 1980s and early 1990s, when it became explicitly associated with historical institutionalism” (Béland and Schlager, 2019: 185). As the label implies, historical institutionalism focuses on the evolution of political and policy institutions over time. This temporal aspect is central to core research questions at the centre of the historical institutionalist understanding of policy feedback used in this paper: “How [do] policies, once created, reshape politics, and how might such transformations in turn affect subsequent policymaking?” (Mettler and SoRelle, 2014: 151). In this paper, focusing on self-reinforcing feedback effects through which policies can become more entrenched over time (Jacobs and Weaver, 2015), we apply this question to the RtB by looking at two of the main forms of policy feedback central to the historical institutionalist literature: interest group feedback and path-dependent forms of privatization feedback (Béland and Schlager, 2019). Policy feedback within interest groups refers to the ways in which existing policies can shape social and political constituencies within a country, and the ways in which those interest groups can in turn influence future policy (Karch and Rose, 2017). Private programmes can also produce policy feedback (Béland and Hacker, 2004). As RtB is in and of itself a privatization programme, it is important to analyze the ways in which it influenced both public and private elements within the UK housing market. Finally, regarding private policy feedback, path-dependency is an important factor to consider. Path dependency refers to the way in which an actor, institution, or entity can be restricted into a specific trajectory of development over time (Pierson, 2000). Because the notion of policy feedback is explicitly temporal in nature, it is possible for policy mechanisms to enforce path-dependency within institutions and is therefore an important perspective to consider. With regard to housing, process tracing provides a valuable methodological lens through which ‘critical junctures’ are identified that demonstrate the abandonment of an old path and adoption of a new one, continually enforced by ‘mechanisms’. In this vein, mechanisms that impact housing often consist of government correctives to the housing market, such as market contracts and policies. Overall, as argued, interest-group policy feedback and path-dependent policy feedback spurred by privatization, respectively, played roles in shaping and reforming the impacts of this policy over decades and this is why they are the frameworks utilised in this paper.

Right to Buy (RtB) itself was implemented under Margaret Thatcher’s first Conservative government in October 1980. In the years preceding this reform, the social housing sector experienced capacity pressures due to demographic changes, with social housing shortages and overcrowding becoming key issues in the lead up to the 1979 general election. In this context, social housing became a significant part of the Conservative Party’s platform, and it is widely regarded to have contributed to Thatcher’s eventual electoral victory (Murie, 2016). The Conservative Party’s 1979 election manifesto had stated, “Many families who live on council estates and in new towns would like to buy their own homes but either cannot afford to or are prevented by the local authority or the Labour government. The time has come to end these restrictions” (Conservative Party, 1979). Thatcher (1974) had voiced similar sentiments in a 1974 written statement on housing, stating that most families would prefer ownership to tenancy, granting them a “sense of independence and a stake in their country”. In terms of understanding the logic of future policy development the manifesto also raised the possibility of extending the new right to tenants in housing association properties and also talked of the benefits of “Reviving the Private Rented Sector”. The policy granted tenants of social housing schemes the ability to purchase the home in which they lived for reduced rates, encouraging an influx of private property ownership as well as developing one of the central tenants of what is known as ‘Thatcherism’ (Davies, 2013). Sale prices of homes were discounted by 33% after three years of residency, with additional 1% discounts per year following, up to a maximum of 60% (Murie, 2016).

As council tenants took up the RtB, one consequence, according Kleinhans and van Ham’s (2013) empirical analysis of tenure distribution in England and Wales, was that social housing declined by 13% between 1981 and 2011, while owner-occupied tenures and private housing rentals increased by 11% and 7% respectively. Although there is no shortage of research surrounding RtB itself, this paper examines how the policy has impacted feedback mechanisms in the UK social housing sector, and the role that it plays in accommodative welfare. This analysis aims to employ a temporally focussed investigation of UK housing policy and politics in the decades since RtB was passed. Furthermore, while we will be discussing RtB as it pertains to the UK, it is also crucial to acknowledge that while the UK was considered a unitary state at the time the policy was implemented, devolution of housing policy to administrations in Northern Ireland, Scotland and Wales occurred in 1999.[[1]](#footnote-1) This meant that each of these jurisdictions “[established] and [implemented] their own laws and regulatory frameworks” from that point onward (Moore, 2017: 445).

**Literature Review and Policy Development**

Right to Buy has been extensively examined by scholars in the four decades since it was enacted, primarily through the social and political environment generated as a direct consequence of the policy. RtB was implemented during the birth of what is now referred to as the ‘neoliberal wave’, where political actors such as Thatcher and Reagan sought to evolve their domestic and international policies in order to facilitate free markets, trade, economic prosperity and reduced government spending. Sutcliffe-Braithwaite writes “the key shift was from paternalistic, state-centered policies to a radical scepticism about the virtues the state can inculcate” (2012: 499). Due to its specific timing, the policy is considered part of the global neoliberal era (Whitehead, 2012). In promoting a culture of individualization through policies such as RtB, class-based collective solidarity was eroded and the welfare state diminished (Ronald, 2008). This literature review aims to summarize the existing debate surrounding the motivations, successes, and failures of RtB and connect their impacts to the development of public housing and domestic politics as a whole. On this basis, there are three primary perspectives in the scholarship that seek to explain the impacts of RtB: the change in public and private shares of the housing sector, the diminishing role of local council housing and the bilateral agreement it spawned across party lines.

 With regard to the changes in public and private shares of the housing market, scholars tend to agree that RtB had an influence on this restructuring. The inception of the policy coincided with the steady rise of the UK private rental market, with many arguing that this was due to the entrepreneurial and individualized worldview that the policy promoted (King, 2010). RtB offered the perfect opportunity to achieve homeownership: by offering individuals discounted rates to purchase their socially allocated housing, opportunity was given to larger segments of the national population to become homeowners than ever before (Kemp and Keoghan, 2001). A rise in private shares of the housing market therefore presents itself as a logical progression of the policy, where citizens are able to acquire long-term assets in the form of their own homes (Jones and Murie, 2006). RtB was one factor of many that contributed to the resurgence of the private rental sector and it is the factor we explore in this paper. It should be noted here that mortgage deregulation in the early 1980s also encouraged a greater increase in real house prices than any previous economic boom (Holmans et al., 2007). Thatcher’s government perceived a shift to the private sector as equalizing; where individuals had mobility with regard to their careers, families and income by virtue of owning a stable, independent asset in the form of a home (Davies, 2013). Despite this, academic analyses of increased privatization have found that, instead, the scheme contributes to potential further inequality across the UK (Ginsburg, 2005). King (2010) and Ginsburg (2005) both argue that while tenants who were able to participate immediately in the scheme received benefits as a result, those who could not participate were shortchanged into an even bleaker housing situation. King (2010: 2) writes that “the RtB, it is argued, reduced the ability of local authorities to help those in priority need, with the best properties being taken away by the most affluent tenants”, indicating impacts on socio-economic inequality. While the effects of this privatization have been contested, there is general agreement that RtB contributed to the resurgence of the private housing sector.

The second leading academic perspective on the impacts of RtB refers to the diminished role of council housing and local authorities initiated by RtB. Through implementing RtB, one of the main goals of the conservative government was to “reduce the influence of councils”, a task which ultimately proved successful as the social share of the housing market began to plummet after 1980 (King, 2010: 7). Thatcher’s government referred to council estates as ‘bad’ in nature and perceived them as “[a] socialist wood- worm eroding the nation’s moral fabric” (Lund, 2019: 53). Employing a constructionist approach to housing policy, Jacobs et al. (2003) argue that Thatcher attached stigma to social housing as a justification for privatization, and thereby politically recast the role of local authorities within the housing sector for decades following. Gregory (2016) agrees with this notion, stating that public housing tenants in Britain experience unique welfare stigma as a result. As homeownership became increasingly attainable for working and middle-class families in the UK, council house tenants began to graduate from social housing schemes to private ownership or rental (Ginsburg, 2005). Ultimately, the literature surrounding council housing agrees that one of the direct intended impacts of RtB was the sidelining of council homes in an effort to enact a neoliberal housing agenda.

Finally, the last pertinent impact identified by scholars of RtB was its ability to transcend partisan boundaries and remain a favoured UK public policy for decades. Here, we examine the literature surrounding partisan stances on RtB, but also generate our own analysis of housing policy development over time as a result of RtB. Historically, and especially during the post-war periods, there was a pan-partisan assumption that UK housing existed as a social good, and thereby government was heavily involved in social housing provisions and funding. In the leadup to Thatcher’s electoral victory, however, her party began the process of encouraging a paradigm shift within political culture that emphasized market forces and economic liberalization over socialization schemes, culminating in an electoral campaign built on principles of privatization (Linneman and Megbolugbe, 1994). The Conservative Party had attempted a different iteration of RtB throughout the 1970s, however hadn’t claimed much success due to high interest and mortgage repayment rates, thereby discouraging many from participating in the scheme (Murie, 2016). Furthermore, in passing RtB, the Conservatives intended to diffuse the voting power of regions with concentrated council housing who were less likely to support privatization efforts, and therefore undermine support that would usually go to the Labour Party (Jones and Murie, 2006). Therefore, Thatcher’s housing privatization scheme emerged by way of electoral strategizing and amending the interest and mortgage rates of council home purchasing in order to make it more popular amongst the electorate. These two effects allowed RtB to generate public support in a way that would not have been possible prior to 1980 and thereby refocused housing in the UK towards a path of privatization as oppose to continued socialization and state involvement (Linneman and Megbolugbe, 1994).

When initially proposed, Labour opposed the severity of RtB, instead urging for continued emphasis on council housing and the further socialization of the housing sector. Lowe (2011) argues that despite the size and history of council housing prior to the Thatcher’s tenure, the home-ownership narrative she constructed facilitated a change in how welfare was seen on the individual level. Such a narrative alongside other factors can in part explain the early popularity of the policy. Following the initial success of the programme under Thatcher’s conservative government the newly elected Labour government in 1997 continued to expand and evolve RtB policy as one of the main pillars of their platform. Under Labour, regional housing regulation was devolved to Scotland and Wales, while RtB continued to operate in England (Murie, 2016). It is worth noting that since the Conservative Party were in power for a significant span of time following RtB, the policy was ingrained in UK housing politics at the time Labour secured office, making it difficult to reverse or uproot (Lund, 2019). As it was, the Labour Party had dropped its initial opposition to RtB over a decade before it came back into government in 1997. In its second term Prime Minister Tony Blair’s New Labour government did integrate more stringent qualification rules into the policy, requiring occupancy prior to purchasing to increase from 2 to 5 years and reducing available discounts (Murie, 2016). These reforms slowed the traction of privatization at the time yet did not reverse any of the core tenets of the policy and allowed for the continued purchasing of council homes at significantly subsidized rates. In 2010, the Conservative-Liberal Democrat coalition worked to revert these amendments by introducing more generous home purchasing discounts. This caused the volume of sales to nearly quadruple between 2012 and 2014, yet simultaneously saw council housing stock deplete as austerity measures prevented the replacement of sold properties (Murie, 2016). As recently as 2015, the Conservative Party campaigned on further expanding the influence of RtB and continuing to promote Thatcher’s flagship policy (Murie, 2016). This commitment was repeated in the 2019 party manifesto (Conservative Party, 2019: 29). Overall, this demonstrates that the scheme has become entrenched in modern perceptions of UK housing policy partly due to its initial popularity, and partly due to limited modifications to its central principles since its implementation in 1980. Jackson (2005) stated that Labour might reduce the impact of Thatcherite rhetoric by developing a more egalitarian version of the popular themes of independence and ownership and in 2019 the party manifesto attacked Conservative housing policy and did call for an end to RtB (Labour Party, 2019: 79): Yet, this promise, coming from the party’s historically most left-wing leadership, was buried deep in the manifesto and received little publicity. Overall the narrative is one that emphasises how the RtB privatization scheme survived in a politically partisan nation and the reduction in long-term Labour resistance prior to 2019 is often credited as a vehicle for many of its impacts to this day. In our analysis, we assert that each of the policy measures discussed not only demonstrate that RtB was a resilient policy, but also that it was one that assisted in charting a new path for how housing was politically and socially perceived in the UK, contributing to the multiple feedback mechanisms discussed in the rest of this paper.

**Landlordism in the UK**

In order to view the empirical trends of UK housing privatization policy, it is integral to examine the changes in housing sector distribution following 1980, when RtB was implemented. In their empirical analysis of landlordism in Great Britain, Soaita et al. (2017) indicate a gradual decrease in social renting stock from 1980 to 2014, with a corresponding uptick in the private rental sector from 2000 to 2014. These trends occur against the backdrop of rising housing prices more generally, with 2014 displaying the highest housing prices during the allocated timespan. Additionally, owner-occupation rates have evolved in reverse of the private rental sector, indicating an initial rise in individual homeownership after the policy, followed by a steady decline in 2000. Correspondingly, Ronald and Kadi (2018) indicate a sharp rise in private landlordism in the UK from 1991 to 2012. The increase from 1991-2000 is fairly gradual, however then grew exponentially between 2001 and 2012, reaching over 2,000,000 UK landlords in 2012. Local authority dwellings experienced a sharp decline, dropping 21.1%. Housing associations have experienced the most significant increase of 14.3%. Assuming that these three sectors make up a large majority of the UK housing sector, this data concludes that many local authority properties have since primarily become housing associations, and secondarily become operated by private landlords. Furthermore, as the quantity of private landlords in the UK housing sector rose from 1991 to 2008, income distribution became increasingly skewed towards higher socioeconomic brackets (Ronald and Kadi, 2018). From 1970 to 2002, the redistribution of social housing investment subsidies into other providers such as housing associations and private starts began to occur (Gibb and Maclennan, 2006). During this time, the regional intensity of council house sales increased, and these sales ultimately contributed to growing homeownership. The areas in the UK least affected by these sales as of 1996 are those in which homeownership was already considered high, or those in which local authority power is limited. Such areas are the South East of England, excluding the Greater London Area, and the South West. This indicates a particular Northern bias in the impacts of RtB (Forrest et al., 1996).

**Analysis**

**Interest Group Policy Feedback**

The first policy feedback influenced by RtB is the rise of a landlord class in the UK, instigating the development of a new interest group in national politics. As demonstrated in the empirical analysis conducted by Soaita et al. (2017), the housing sector in 1980 consisted primarily of social renting, at a 33.1% share, and owner-occupied housing comprising a 55.4% share. Historically, the government perceived delegating housing provisions to those who required it as the responsibility of local municipalities. Compared to many of its international counterparts, the UK’s public housing stock was relatively expansive, providing homes “designed for anyone with a housing need” (Jones and Murie, 2006: 8). It was against this historical context that RtB was implemented, intended to reverse the increasing housing burden taken on by local government while simultaneously promoting economic development through a housing privatization scheme. This contributed to a 13% decline in the social housing share of the UK housing sector and revitalized the fledgling state of private landlordism across the country (Kleinhans and van Ham, 2013).

On the surface, and within its direct historical context, RtB does not initially appear to contribute to the development of Britain’s private landlords. The policy itself initially intended for social housing stock to be transferred either to the tenants of these social housing dwellings or subsidized local homeowners’ associations (Ronald and Kadi, 2018). This was the case for a time, as Soaita et al., (2017) demonstrate, with owner occupied housing increasing at the same rate at which private and social rental schemes declined from 1980 to 1995. Yet, through a retroactive examination of policy feedback mechanisms, it becomes evident that the long-term implications of the policy created what is now colloquially referred to as ‘generation rent’, where private landlordism began to rise and individual homeownership, which was the intended effect of Thatcher’s policy, correspondingly declined from 2000 to 2014 (Soaita et al., 2017). Thatcher herself further encouraged this process noting the initial success of RtB and using it as justification for the expansion of purchasing eligibility to social landlords (also known as housing associations) in the Housing Act of 1988 (James et al., 1991). This finding is complemented by the results presented by Ronald and Kadi (2018), where private landlordism began to rise exponentially in 2000, leading to 2 million landlords operating in the UK in 2012 compared to just 500,000 in 1991. From this analysis, two main questions emerge: why did the private rental sector begin to grow at the expense of individual homeownership in 2000, and what are the further political feedback implications of this rising landlord class?

With regard to the first question, Murie and Jones identified a rising trend of homes bought by original tenants under the RtB scheme being subsequently rented out to new letters by their original occupants in the early 2000s (Jones and Murie, 2006). These sales were complemented by the entrance of private insurance companies and small-time landlords into the UK rental market (Ronald and Kadi, 2018). Soatia et al (2017) note that RtB’S implementation attracted unprecedented amounts of investment and participation in the private housing sector. The majority of this surge in private rental dwellings has been attributed to what are referred to as ‘small-time’ or ‘family landlords’, generally consisting of individuals or couples that own one to two properties originally purchased through RtB that are rented out to new tenants (Ronald and Kadi, 2018). By 2017 over 40% of homes bought under the RtB scheme were then being used in the rental sector through private landlords (Kentish, 2017). Ronald and Kadi (2018) illustrate that as the sector has grown, the landlords of these properties have become more economically enriched and educated than the tenants they house. The consumers of these rental properties have similarly evolved. The national expansion of the UK educational sector, coupled with wage and economic insecurity, have led to a large portion of renters now comprising of immigrants, students, and young professions unable to purchase their own homes and therefore turning to the burgeoning rental sector (Soaita et al., 2017). Marsh and Gibb (2019) corroborate this notion, indicating that private rental sector growth has been encouraged not only through housing policy and financial deregulation, but also higher education policy that has attracted more student renters to the UK. These statistics all combine to show that, although private rental sector development was not one of the immediate goals of RtB, which intended for more individual-based privatization than landlord-based, it has undoubtedly been influenced by the policy as a whole. Therefore, this demonstrates that a new landlord class has, in fact, grown, and leads us to the second question of how this policy implication has fed into wider UK politics to create a new social interest group.

In examining the creation of a new national landlord interest group, the most compelling implications lie in the creation of the Buy to Let (BtL) scheme. Following the immediate passage of RtB, the decline in the private rental sector became a concern for private landlords as more individuals began purchasing homes instead of renting accommodation. BtL was a scheme enacted by the ARLA to encourage the national class of private landlords to invest in properties by purchasing them with the express goal of renting them out to tenants (Sprigings, 2008). The policy saw rapid success, with increasing amounts of individuals acting as landlords and purchasing homes, many of which were originally RtB council homes. Furthermore, by partnering with banks and financiers and taking advantage of the newly deregulated housing market, ARLA was able to secure low property tax values for landlords under this scheme (Lund, 2019). RtB and Buy to Let as a feedback corollary, among other factors, expanded the influence of the private rental sector, with private landlordism and rent-based housing consuming a large amount of the overall housing market (Saoita et al., 2016). Through combining their interests with those of financiers, banks and the increasingly de-regulated housing sector, the ARLA were better able to advocate for their interests (Leyshon and French, 2009). Save for the period of time surrounding the global financial crisis, Ronald and Kadi (2018) indicate that Buy to Let lending value has significantly increased, prompting greater numbers of individuals to invest within the scheme and further bolstering the political capital of the ARLA and private rental sector. The implications of this capital are most clearly visible in the growing number of housing associations diversifying their portfolios into private investment alongside social housing, thereby further confirming the attractiveness of Buy to Let towards actors in the housing market. This is not intended as an implicit criticism of housing associations themselves, however this diversification has contributed to the growth of the private rental sector. Crook and Kemp (2019) write that the trajectory of this trend has potential to eliminate the existence of landlords specializing in only social housing properties.

In a review assessing the academic categorizations of policy feedback, Pierson (1993) writes that “policies provide both incentives and resources that may facilitate or inhibit the formation or expansion of particular groups. The incentives stem primarily from the major social consequences of specific government actions. Public policies often create "spoils" that provide a strong motivation for beneficiaries to mobilize in favor of programmatic maintenance or expansion” (Pierson, 1993: 599). This notion is particularly emphasized in the case of the UK private rental market. Not only did RtB help change the ratio of social to private housing over time, but its very inception encouraged the expansion of private sector landlords as an interest group within housing policy. RtB’s initial reduction of the social sector and investment in homeownership allowed private landlord associations in the UK to develop and advocate for their own policies utilizing the very homes Thatcher’s policy privatized. Without RtB’s initial restructuring of the housing market, programmes such as BtL may not have been generated because there were simply not enough privately available houses prior to 1980 that would have been available for private investment, and not enough housing mobility amongst tenants who have come to demand these rental properties. As this group is expected to only increase in its scope and political influence over time, it is more crucial than ever to understand the feedback role RtB had in its political evolution (Crook and Kemp, 2019). By encouraging homeownership in 1980, Thatcher also revitalized and strengthened the private rental sector at the time, and today the influence of policies such as Buy to Let continue to dominate much of the UK housing market.

**Path-dependent Policy Feedback Spurred by Privatization**

Council housing has historically been a major component of the UK post-war welfare state (Ginsburg, 2005). In the 1920s and 1930s, the UK was experiencing a perceived housing shortage that was only exacerbated in the 1940s when 4 million homes became seriously damaged by bombings during World War II. In response to this housing scarcity, the 1946 Land Acquisitions Act was passed, allowing local councils and authorities to construct social housing properties (Disney and Luo, 2017). This act set the stage for social housing to form a significant part of the national welfare state for the following few decades. By the 1970s, however, an ideological debate began to take shape in housing politics over whether or not the future of UK housing should consist less of council properties and instead be redistributed amongst individuals in a privatization scheme. Clearly, with the election of Thatcher’s government, the path to privatization succeeded. Council housing began to be painted as restrictive to tenants, as it allowed limited mobility in terms of location and therefore constrained employment options for those searching for work. In contrast to this, home ownership under RtB was cast as freeing and conducive to greater labour market mobility (James at al., 1991). This narrative developed by the central government was complemented by its decision to structure RtB so that individuals were able to directly purchase homes from Thatcher’s government without having to interact with local authorities first (Houlihan, 1987). Thereby, the role of councils had now been strongly negated and their jurisdiction and responsibilities with regard to social housing drastically changed. Council housing increasingly charged high or means-tested rents relative to their lower-quality properties (Forrest and Murie, 1983). Through minimizing the role of councils and local authorities in housing, RtB temporally influenced two trends: council residualization, and a reformed relationship between the central government and local councils with regard to housing. The following paragraphs in this section will be dedicated to examining each of these path-dependent feedback mechanisms, respectively.

Malpass and Murie (1999: 174) define residualization as “the process whereby public housing moves towards a position in which it provides only a 'safety net' for those who for reasons of poverty, age or infirmity cannot obtain suitable accommodation in the private sector. It almost certainly involves lowering the status and increasing the stigma attached to public housing”. Such residualization was emblematic of the neoliberal turn Thatcher brought to the UK. Public expenditure was now decided based on what national budgets could afford, in contrast to historical notions of providing what citizens needed (Murie, 1997). Ultimately, the role councils played in housing became increasingly residualized following the passage of RtB due to the central government’s intention to reduce their housing role. The next paragraph aims to show why this residualization has impacted the relationship between the central government and local councils with regard to housing, and thereby changed the structure of housing governance.

The passage of RtB saw housing governance in the UK become one of increased ‘differentiation’. This differentiation refers to the growing number of organizational bodies present in the housing market today compared to pre-1980 (Hickman and Robinson, 2006). These bodies include housing associations, resident participatory bodies and private landlords’ associations amongst others (Hickman and Robinson, 2006). Instead of councils functioning as the providers of housing as they historically had, local authorities now performed as ‘enablers of housing’, expected to work alongside housing associations and consumers in order to manage the social housing sector. Furthermore, the central government recast local authorities as facilitators of housing market interaction between the private and public sectors (Goodlad, 1994). Once the Labour and Conservative parties deemed RtB to be popular amongst voters, they continued to differentiate and de-municipalize the housing sector in order to further bolster the economic middle class and those who were able to afford to leave social housing for private or rental properties (Jones and Murie, 2006). UK council housing, which was once perceived as one of the most expansive social housing schemes in the world, has diminished over time as a result of this policy, and became a ‘last resort’ public service intended only for the most in need in civil society (Malpass and Murie, 1999). The implications of this on the poorest in the UK are profound. Little of the profit generated from the RtB scheme was fed back into council housing, and as Gibb and Maclennan (2006) demonstrate, funding to local authorities for housing was simultaneously reduced.

Furthermore, the construction of new council houses diminished during this period as well, culminating in a shortage of housing available to those who had no other means of shelter than through their local authorities. These authorities continue to be underfunded to this day, and subsequent rates of homelessness the policy has accrued continues to be a challenge to councils across the UK (Disney and Luo, 2017). Ultimately, RtB sought to develop more privatized markets for housing, but also generated the long-term feedback effect of declining council housing stock through residualization and underinvestment overtime. The passage of RtB represented a critical juncture whereby council housing was set on the path of residualization. Regarding mechanisms, Thatcher also reinforced this path within the rental sector as well by promoting housing associations and the deregulation of private renting as favorable to local authorities (Malpass, 2011). The reduction in the role council housing plays in the market today has been offset by growing differentiation and new market actors such as housing associations and tenants’ organizations that have no affiliation with the state itself (Murie, 1997). More recently, research from The Smith Institute indicates that councils have assumed degrees of ownership over local housing companies (LHCs), which are independent commercial organizations that purchase and develop properties without being constrained by RTB (Hackett, 2017). Since they are commercial, these groups add to the residualization of traditional public council housing yet do so under the guidance of councils themselves, therefore mitigating some of the negative impacts mentioned.

Overall, the feedback effect this causes is the continued reduction in the role of the state and local subsidiaries in UK housing politics. It is important to stress here that these policy implications were launched following the feedbacks of housing privatization, and subsequently councils were placed in a path-dependent position that contributed to their continued residualization over time.

**Counterarguments and Criticisms**

At this stage, it is important to consider potential counterarguments and limitations to what has been argued in the discussion section. First, with regard to the interest group of landlords, critics of our policy feedback argument could point to the historically volatile history of landlordism in the UK and conclude that this group is not becoming powerful over time, but instead will continue to experience oscillating influence depending on how tightly government regulates the housing market. It is certainly true that the ‘landlord class’ in the UK has experienced significant peaks and troughs overtime, historically corresponding to the way in which governmental policy influences the market (Soaita et al., 2017). This paper, however, argues that the most recent rise in the number of landlords nationally has not occurred only due to regular market mechanics, but borne out of a specific policy environment. Landlords have consolidated their influence due to housing privatization associated with the RtB. The ARLA, for instance, partnered with financiers in order to pass their own housing programme external to the central government following the passage of RtB. These financial relationships and political decision-making infrastructures have positioned the organization as one capable of creating adaptive policy in order to advocate for its own interests. In addition, as Malpass and Murie (1999) note, RtB’s implementation encouraged stigmatic views towards council housing, making it appear more unfavourable to the public today than it has in history. Coupled with the decreasing amounts of investment these properties are receiving, this is likely to make social housing seam unappealing to those who can afford private alternatives, and therefore grants little incentive for renting and by extension landlordism to decline.

 Second, an understandable criticism to the argument that council housing has been effectively residualized and impoverished as a feedback effect from RtB policy would be that, with a decrease in differentiation, council houses would be capable of reassuming their roles in the governance of UK housing. To this point, it is important to recognize that differentiation is much easier to achieve than reassembly. In 2010, the social housing sector was three times more residualized than in 1970 (Pearce and Vine, 2014). Through the creation of groups such as housing associations and tenants’ organizations, clusters have been developed that were not as politically active prior to the passage of RtB. Thereby, even if council housing were given responsibility and influence similar to its pre-1980 levels, it would still have to interact with these newly created groups in the housing marketplace, and therefore the effects of Thatcher’s housing privatizations would still linger.

Ultimately, these two potential counterarguments rightly point to the question of whether these two feedback mechanisms are reversible. The response to this is that such trends simply cannot be reversed entirely, due in part to RtB’s feedback mechanisms.

**Conclusion**

Margaret Thatcher’s RtB scheme had clear implications in the immediate aftermath of its development, however it also created a policy legacy that has fed back into UK housing politics in the decades since its passing and will likely continue to do so in the future. This paper surveyed the current literature surrounding RtB discussed the ways in which this policy has generated feedback effects that continue to influence the national housing sector. In response to this, two primary arguments were formulated. First, through what we call interest group policy feedback, RtB contributed to the expansion and reinforcement of a landlord class in the UK due to its induced housing privatization. Two feedback effects emerged: the share of private rental properties in the housing sector increased, granting more individual power to landlord associations in the private sector, and the ARLA and similar organizations were able to utilize this privatization in order to form partnerships and policies that further expanded their influence through schemes such as Buy to Let. This generated a new landlord interest group in the UK. Second, as a result of what we described as path-dependent policy feedback spurred by privatization, the historically crucial role of council housing was diminished, allowing for private and non-state actors to gain greater traction within the housing sector. Through reducing the influence of local authorities, the central government changed the governing makeup of the UK housing sector, and this restructuring is likely to last into the future. Therefore, the path-dependent trajectory that contributed to council residualization following privatization represents another form of policy feedback influenced by the 1980 RtB reform. Finally, counterarguments regarding the reversibility of these feedback mechanisms were addressed, leading to the conclusion that the specific context of RtB’s implementation make the undoing of these trends highly unlikely. RtB was an influential housing policy reform, and its impacts will likely contribute to shaping the sector in the decades to come. In future, the trends of landlordism and council residualization are likely to continue feeding into housing policy development and implementation as they have for the past few decades, therefore demonstrating the ways in which RtB has influenced the UK housing sector today.

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1. It is important to acknowledge here that Scotland and Wales ended their participation in RtB in 2016 and 2019 respectively. It is therefore not within the scope of this paper to compare them to England, where the scheme is still active. [↑](#footnote-ref-1)