Economic governance and social values: The case of a major housing project
Jannis Kallinikos

School of Business, Stockholm University, Stockholm, Sweden

Online Publication Date: 01 January 1997
To cite this Article: Kallinikos, Jannis (1997) 'Economic governance and social values: The case of a major housing project ', Housing, Theory and Society, 14:1, 7 - 25
To link to this article: DOI: 10.1080/02815739708730418
URL: http://dx.doi.org/10.1080/02815739708730418

Full terms and conditions of use: http://www.informaworld.com/terms-and-conditions-of-access.pdf

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

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The accuracy of any instructions, formulae and drug doses should be independently verified with primary sources. The publisher shall not be liable for any loss, actions, claims, proceedings, demand or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.
Economic Governance and Social Values: The Case of a Major Housing Project

JANNIS KALLINIKOS

Stockholm University, School of Business


The article discusses the tension between the demands imposed by economic forms of social co-ordination, on the one hand, and the plurality of values underlying contemporary societies, on the other. The recent expansion of economic modes of governance throughout the entire fabric of social life posits a series of central social and political problems as it seeks to redefine important social values and functional domains that evade the monoethical horizon of utility and the logic of efficiency. Drawing on Luhmann’s notion of the functional primacy of economy, the article attempts to understand the interaction forms of the contemporary society’s highly differentiated functional domains and suggest a reasonable response to the problems associated with the expansion of economic modes of governance and co-ordination. The theoretical ideas are then recast in the form of a case study in housing that reveals the planning and construction of houses as a complex cross-functional context whose outcome is defined by the complex interaction of three major systems or institutional forces that are referred to as the games of beauty-functionality, justice and scarcity.

We can have words without a world but no world without words or other symbols.
Nelson Goodman, Ways of Worldmaking

Stockholm University, School of Business, S-106 91 Stockholm, Sweden

INTRODUCTION

The tension between economy and society has always assumed a central place in the modern world. Indeed, modernity could be regarded as that social order in which economic considerations have been accorded an important, even privileged role, in the orchestration and regulation of the complex fabric of social relations underlying modern societies (e.g. Luhmann, 1982, 1989; Weber, 1978). On the other hand, the current importance of economic modes of governance has been accompanied by a steadily growing awareness that the economy constitutes a particular sphere of expectations and regulative techniques that achieve their independent status and pre-eminence only on the background of the deeply differentiated character of modern societies. The distinctive identity of the contemporary social world seems to be inextricably bound up with the emergence of a host of autonomous functional domains – i.e. politics, economy, religion, science, education, family – whose persistence and adequate functioning form an essential prerequisite for both the management of the complexity underlying modern societies and the diversity of social values intrinsic to them (Luhmann, 1982; Walzer, 1983, 1984).

On the background of these observations, it comes as no surprise that a considerable portion of modern social theory and the political ideologies of modernity have given substantial thought and effort to the project of constructing a viable balance to
accommodate the tense and uneasy relationship of economic rationality with a social order whose needs and premises derive from additional and rather diverse ethical and cognitive standpoints (e.g. Habermas, 1987; Hayek, 1960; Lindblom, 1977). However, such a balance, when it has been achieved, has always been a precarious and rather transient accomplishment. The relatively recent revitalization of economic liberalism has managed to question with severity what was once considered as a more or less a sustainable equilibrium between the conditions necessary for economic growth and the social demands for distributive justice. In the social climate created by the diffusion of the neoliberal discourse and its political agenda, economic modes of governance have reclaimed the immediate regulation of social domains on which they had so far achieved but a partial grasp.

It is worth observing that the project of extending economic governance to embrace institutions and activities other than economic has been closely associated with the implicit or explicit intention of bringing the distinctive logic of economic rationality to bear not simply on the posterior regulation but also on the very conception and constitution of these domains. The transposition of economic relationships upon social spheres that are structured by preoccupations and interests other than economic is never an innocent enterprise but involves instead the redefinition and re-evaluation of the basic premises around which these spheres are built and organized. It therefore comes as no surprise that the recent reforms in health care, housing, child rearing and education and the provision of a host of public utilities almost across all Europe have involved the redefinition – sometimes radical – of these functional domains, an immediate effect itself of the fundamental event of reconceiving them from the horizon of economic rationality (e.g., Chapman, 1991; Jacobsson, 1994; Södersten, 1994).

On the other hand, it would always make sense to interpret the recent reshuffling of the political ideologies of modernity, the mutation in the mentality of important groups of decision-makers and the consequent attempt to modify the institutional forms of governing the various contexts of social life as signifying a step in the direction of rehabilitating the classical liberal belief in minimal state intervention. On such an account, a long-disturbed balance, in which the state had assumed a disproportionately big role, had to be restored as it was found to curtail the governing capacity of the state itself and the exploitation of the reservoir of the initiatives and abilities present in a vastly heterogeneous population (Hayek, 1947, 1960). It cannot be denied that such an account can make sense, at least partly, if one chooses to share the world view of the economist and the concomitant highly selective way by which the social world is conceived and described by the discipline of economics. However, the careful examination of the claims put forth by the neoliberal discourse and the character of the political programmes that were put up for implementation seem to suggest that a set of more crucial issues are, in fact, at stake.

In the conceptual strategy of the neoliberal discourse, economic governance and coordination do not any longer appear as manifestations of the old and legitimate project of constructing an economic visibility that lies at the heart of the effort of managing the complexity and diversity of the contemporary social world. Rather, the proposed reforms seem instead to involve a subtle yet radical shift from earlier liberal views which is precisely reflected in the aforementioned attempt to conceive and constitute the complex network of relations that make up the social life along economic dimensions alone (Cordon, 1991). The project of conceiving and constituting society as economy involves a radical shift in so far as it seeks to bypass the functional
differentiation and the intrinsic plurality of the social world and to conceive and construct society as exclusively a vast and transparent landscape of economic facts and relationships. Such a project differs substantially not only from the ideology of the early liberalism but also from earlier modern attempts to conceive society as economic and to derive the primacy of the economic domain in modern societies from the biological necessities, as it were, of life (Castoriadis, 1987; Luhmann, 1982).

The changing mentality of decision-makers associated with the recent diffusion of economic modes of governance through the entire fabric of social life makes inevitable the systematic examination of the role of economy in society and its relationships to other vital functional spheres that constitute contemporary societies. Such an investigation needs to bypass the intrinsic danger of axiomatic statements and assertions that seem to accompany strong moral and ideological commitments. Despite the fact that social theory can never be detached or released from the web of assumptions and values on which it is embedded, it can and is supposed to achieve a relative distance from them necessary to sustain its interrogative orientation. Even though extreme neoliberal views can be rejected at the outset, it would be self-defeating to ignore or underplay the role which economic facts and relationships assume in the current world (Hirschman, 1977). Beyond the nebula of ideological convictions the expansion of economic modes of governance is going on and it seems urgent and important to explore the consequences of such a fundamental event in both theoretical and empirical terms. Drawing on a number of important social thinkers (i.e. Bauman, 1987; Luhmann, 1982, 1989; Walzer, 1983, 1984) the present article attempts to construct a conceptual framework for approaching the tension between economy and society and understanding the forms which the interaction of the differentiated functional domains of modern society acquires. The theoretical discussion is then recast in the form of a case study in housing that is claimed to reveal a set of intricate questions raised by the interaction of economic demands with political and social priorities and values.

THE FUNCTIONAL DIFFERENTIATION OF SOCIETY

On the background of what has been said so far, it would seem almost trivial to draw attention to the ubiquitous presence of economic methods and techniques of management across almost all contexts of the contemporary society. Since the very development and institutionalization of markets and economic organizations that coincide with the advent of modernity and the industrial world, economic expectations have been able to reframe a considerable and steadily increasing part of social life and it is against such a background that the expansion of economic methods of management and organization could perhaps be understood. Economic techniques and modes of social co-ordination have diffused throughout the various contexts of social life and became important means in the struggle of social actors to manage and obtain control of the complex and composite state of the world to which they find themselves.

On such an account, economic calculations are seen as an essential response to the immense complexity of the social world and the institutional changes associated with the advent of markets, firms and monetary exchange, while economic relationships emerge as no more than one particular sphere, though certainly a very important one, of the contemporary social scene. Economic functions coexist, side by side, with other significant social activities and institutions – i.e. science, politics, law, religion, etc. – in a complex social environment that defines exactly the very state of the modern
world. However, such a view should be seen as no more than a point of departure. It remains too general to make any substantial contribution to sociological and organizational analysis of contemporary societies. It does recognize the important role played by economic modes of management and co-ordination but it fails to observe and specify the relations and distinctive forms which the interaction of economy with other important social domains acquires.

The idea of the functional differentiation or fragmentation of the modern society into a number of autonomous and largely incompatible institutional spheres recurs in many important contributions in social theory (Luhmann, 1982, 1989; Lyotard, 1984; Walzer, 1983). In Luhmann’s abstract theoretical scheme, in particular, modern society is portrayed as functionally differentiated into a number of primary systems that single out, define and pursue their own domain activities in terms that reflect the particular preoccupations of each one of them. Thus, science is concerned with truth, law with order, politics with power, economy with efficiency and money, family with love, etc. Functional differentiation implies that each system pursues its own goals according to a logic that coincides with the values, codes and premises that constitute its regulative field or institutional game. The process of generating true statements (science) differs, for instance, radically from those processes underlying the efficient organization of production (economy). It belongs to the strategy and the project of reducing and managing complexity that each of these fundamental domains follows its self-referential, autopoietic logic, facing the others as ensembles of external constraints, i.e. environments. Thus, economic or other kind of preoccupations can play an important role in the pursuit of truth but are incapable of defining the game of science itself and vice versa.

The systemic closure vis-à-vis the environment that coincides with the autopoietic logic of functional differentiation should not be taken to imply – Luhmann insists on this point – self-sufficiency, isolation or independence of each differentiated system from the others (see, also, Walzer 1984). Rather systemic closure indicates here the fundamental event whereby each system comes to interact with its environment along selected and discriminate paths that allows the system-environment interaction to take on distinctive forms. The management of complexity coincides with the institutionalization of highly selective criteria in the making of decisions – this is the way Luhmann in fact defines modernity. Not every action, for instance, of the economic system concerns the family, the political or the legal system and vice versa. If that was the case modern society would never have emerged in the course of evolution or if, for some reason, it had it would then have collapsed due to its inability to handle the complexity out of which it was born.

It is important to underscore here that in functionally differentiated societies no system can claim a dominance over the others (Luhmann, 1982; Walzer, 1983). There is an essential irreducibility of one system to another that reflects precisely the different premises and values by means of which each system comes to constitute and regulate its own game. Such a fundamental relation distinguishes the contemporary organization of the social world from simpler or antecedent societies in which the functions of the various systems and the roles of the members of society have not yet acquired autonomy, coexisting in unclear forms and competencies in a social organization which Luhmann calls segmental differentiation. The segmental order differs from functional differentiation in that it entails the segmentation of a society into a multitude of identical or similar units, such as clans or families, in which all important functions coexist, assuming often hierarchical forms whereby some come to dominate.
the others, e.g. kinship relations, religion or the political system. In such a social organization the flexibility and capacity to handle complexity seem to be, at least from a certain point of view, rather limited (see, also, Lévi-Strauss, 1966).

The incompatible and irreducible character of modern society's institutional and functional spheres raises the extremely important question concerning the forms and the means through which these spheres communicate and achieve the co-ordination of their demands (Miller, 1994). There seem to exist different responses to this fundamental question. At the one extreme neoliberalism envisages – see Cordon's (1991) summary of the neoliberal discourse – a social order saturated by the transparency of economic calculations where all social values and demands are ultimately dissolved and reduced into instances of economic relationships. At the opposite extreme seem to be the emerging societal state of anarchy and fragmentation where society is portrayed as virtually acephalous, lacking co-ordinative centres and clear principles of integration. No system other than political terror, Lyotard (1984) claims, can overcome the deep fragmentation of modern society and re-establish a unity lost forever. On his view, the social fabric consists currently only of innumerable and transient local games and bargains that may occasionally criss-cross each other but never as the deliberate result of a master plan (see also, Bauman, 1992).

FUNCTIONS AND PRIMARY FUNCTIONS

Luhmann's response, which Lyotard combats with passion, seem to present a third theoretical solution to the problem of societal co-ordination in deeply differentiated societies. Despite the fundamental irreducibility resulting from functional differentiation, not all systems need or can achieve the same status in the overall societal calculus of reducing and managing complexity. History seems to reveal that one, or some, of the differentiated systems, e.g. kinship, politics or economics, can come to acquire a crucial role manifested in its functional primacy vis-à-vis the other social systems, a concept which Luhmann borrows from Parsons, but which he finds inadequate and ambiguous and, therefore, in need of clarification (see Luhmann, 1982: 224–225). Functional primacy, he claims, is not to be understood in terms of hierarchy, domination and exclusion. The functional primacy of a system in functionally-differentiated societies rests neither on its ability to assume hierarchical co-ordination in a stratified and hierarchically-organized social order nor on its presupposed capacity to efface or ignore the concerns and contributions of all other social systems. Primacy as the ability to dominate or exclude, Luhmann claims, reflects the values and premises of the political (societas civilis) not the economic society.

The functional primacy assumed by a system is closely associated with the pre-eminence of the social problem which the system in question undertakes to regulate. Within the overall context of society all systems make their distinctive contributions according to the selective criteria pertaining to each one of them but one system comes to assume a more important role in the overall calculus of reducing complexity. Thus, the political system acquired a functional primacy in classical Greece and early modern Europe, religion in medieval Europe whereas the economic system seems to have obtained this role today. But how does the pre-eminence of the economic problem in modern society arise and why? Here Luhmann (1982: 221–225) needs to postulate society's perpetual movement towards higher complexity, a tendency which he views as virtually irreversible. Complexity leads to functional differentiation and the establishment of increasingly higher selectivity in the criteria for decision making.
At a certain stage in modern European history economy emerged as more capable – in functional not ethical terms – than politics and law in structuring the expectations of social actors and managing the vast complexity of contemporary societies (Luhmann, 1982: 223–225):

It does not follow from the “essence” of the economy that is more important than politics, religion, or family . . . the concept of functional primacy is not concerned with comparing the intrinsic importance of specific functions. Instead, it refers to the position of a subsystem in the total context of social evolution – namely, the position of that subsystem which by virtue of its own complexity and dynamics guides social development and delineates for other subsystems their domains of possibilities.

The capacity of economy to achieve functional primacy in the management of complexity is inextricably bound up with the distinctive way it frames the problem of contemporary society and the means it employs for solving it. Thus, Luhmann claims, economy conceives of the major problem of society as one of scarcity. Scarcity, of course, is not a natural state but a social device for establishing the interdependence and temporal ordering of needs. It expresses a perpetual relational problematic by means of which a choice to consume or produce a certain good in the present has consequences for both the future and the simultaneous production and consumption of other goods (see also, Lindblom, 1977). It is only by means of such a temporal and cross-contextual interdependence that economy emerges in its modern state and leads contemporary society, imperceptibly but decisively, in substituting for the major social problems of justice and freedom (Arendt, 1958) that of scarcity.

The idea of scarcity is closely associated with monetary exchange and the cognitive simplicity of the price system. Scarcity can only be expressed by means of the price system that is capable of achieving the wide homogenization and standardization of goods and their ordering on a cardinal scale. The quantitative language of the price system circumvents the incommensurable character of the different types of goods and enables the development of highly selective criteria that are commonly associated with economic rationality (Kallinikos, 1995, 1996). Through a means-ends rationality mediated by scarcity and the price system a medical treatment, for instance, can be compared with other simultaneous or future medical interventions or even with the consumption/production of other goods and services such as trips, cars, furniture, etc. In such a world, ethical values tend to be viewed as intractable devices incapable of managing complexity other than in very gross terms and emerge in the course of the evolution as constraints or, as Luhmann calls them, bottlenecks to further economic rationalization.

Despite many ambiguities the concept of functional primacy does seem to represent a potential path for approaching the complex questions concerning the interaction forms of society’s functionally-differentiated domains. The concept differs from earlier notions of the primacy of the economic realm in that it focuses attention not on a fixed core of quasi-biological needs that impose themselves on the organization of society – the earlier modern response – nor on intrinsic characteristics of the economic domain but on the consideration of the formal and socially-constructed requirements of facing and managing complexity in a world that seems constantly able to enlarge its space of possibilities – i.e. the definition of complexity. It also seems to avoid or be capable of avoiding many of the oversimplifications of neomarxian and neoliberal versions concerning the role of economy in contemporary societies.
However, it seems that the concept of functional primacy fails to address, or consciously bypasses, a core of crucial issues. First, there is the fundamental question of whether complexity will be attributed an exogenous and ontologically independent status. If not, then the argument becomes considerably more insidious for it needs to answer the question concerning the distinctive forms and the means by which the economic system itself contributes to the complexity of the society that it purports to manage. The functional differentiation of society helps establishing specific criteria for framing and solving the various problems confronting the contemporary social world and thus reduces complexity. Yet, the very creation of a functional system adds to the total complexity of society and the environment of the other systems. It seems reasonable to assume that trade-offs are involved between these two trends. Secondly, there are a set of more specific but extremely crucial issues concerning how functional primacy is to be distinguished from system hegemony, and the management of complexity from the squeezing of the diversity of social values that is the inevitable consequence of a society’s domination by one system (Sen and Williams, 1982). The notion of ethical values as bottlenecks is not very far, indeed, from the neoliberal ideas of von Rustow and Becker (see, e.g., Cordon, 1991). These problems persist even if the quasi-mechanical, hierarchical solution of Parsons or other essentialist accounts of the intrinsic importance of economy are rejected.

ECONOMIC GOVERNANCE AND SOCIAL VALUES IN HOUSING

The rest of this article is devoted to the exploration of the relative significance and interaction patterns of various functionally-differentiated domains within the empirical context of housing. It is worth observing that the principles underlying the creation and operation of functional domains are analytically distinguishable but cannot be encountered in pure, empirically separate forms, except perhaps in the case of highly focused and specialised organisations. Most often, functional contributions constitute parts of the complex tangle of social life and are re-encountered within the instrumental context of cross-functional domains and projects such as housing, health-care, child rearing and education, etc. (see, e.g., Hasselbladh, 1994).

Due to cultural and political traditions, the housing sector in Sweden has always been a target of political intervention at both local, regional and national level. However, the heavy financial investments required by the planning and construction of residential quarters together with the necessary urban infrastructure — e.g. roads, parking facilities, energy net installation and provision, plazas and parks, etc. — make the housing sector more or less directly an important target of economic management too. And yet, despite their importance, political and economic considerations alone do not exhaust the issues involved in the design and erection of buildings and residential quarters. The process of town planning and sizeable building projects that involve the creation of novel town quarters develop naturally within a complex cultural texture that is defined by the professional codes and norms of architecture and the sociocultural traditions and values of urban life and history in general. These considerations do seem to suggest the housing sector as a challenging empirical context for the investigation of the tensions and compromises created by the interplay of economic, political, aesthetic and cultural factors and demands.

The purpose of the empirical investigation is to explore the disclosing power and limits of the theoretical concepts presented above by reference to empirical settings. It should be made clear that empirical data are not viewed as delivering an independent
and value-free test of theoretical ideas or propositions. Empirical data are indeed fabrications of implicit assumptions, hunches, tacit knowledge, linguistic structures and other social and cognitive contingencies that evade the awareness and control of the observer (Goodman, 1978). Of course, the rejection of the truth model of knowledge does not imply that empirical data are superfluous but rather attributes them a different role. Empirical observations represent meaningful and semantically dense stories on whose background one can test the relevance and appropriateness of theoretical ideas. The objective, then, is to allow empirical observations to enter into a dialogue with theoretical ideas, to confront two different ways of fabricating reality in ways that can generate new insights on the issues involved.

The empirical observations represent a case study that focuses on the main issues, actors and considerations that underlay the design and construction of what came to be known as the Crescent, one of the most illustrious, yet highly controversial, buildings erected in the inner city of Stockholm the last two decades or so. The story presented here has been reconstructed by means of personal interviews and by relying on the study of documents and secondary literature. In the context of the present article it has been consciously sought to reconstruct the story - as far as it was possible - by reference to secondary sources that are widely available and relatively easily controllable by independent observers.

The Project of Södra station

The Crescent formed part of a wider housing undertaking known as the project of Södra station. The entire project was primarily conceived and carried out with the political objective of satisfying the steeply rising demand for apartments in the inner city of Stockholm since the mid seventies onwards. It amounted to an investment of approximately SKr. 3.7 billion and came to involve the construction of nearly 2 700 apartments that were estimated to cover the residential needs of 6 000 to 7 000 people, diverse commercial facilities and the necessary urban infrastructure. The project of Södra station was initiated by a decision of the City Council in 1979 to acquire the corresponding land from the Swedish Railroads and subsequently to dispose it mainly for the construction of dwellings (Inghe-Hagström; 1992; Stadsbyggnadskontoret, 1984).

The Crescent itself was initially conceived during the period of area planning that was carried out under the administrative responsibility of a cross-functional group known as the programme group (programgruppen) in which all major relevant functional organisations of municipality were represented. The work of the group was supervised by the municipality's Drafting Committee that had the political responsibility for the area planning and the development of the project. The necessary technical documentation and the administrative and political processes of area planning developed under turbulent social and political conditions as many interest groups sought to influence the direction of the project. It lasted four and half years and the final version of the major regulatory and binding document, i.e. the Area Development Plan was approved by the City Council in June 1984. The plan entailed, among other things, the partitioning of the area into several quarters and the delineation of their housing functions and architectonic forms. It also defined the central part of the whole area that was disposed for the creation of the major park and the erection of what was by then described as an arch-formed building, i.e. what came to be known as the Crescent. Both the park and the exceptional shape of the building
were to assist the intention of creating a spectacular and important urban fabric of buildings and open spaces that was said to do justice to their central location while at the same time conferred a distinct architectonic identity to the entire project (Stadsbyggnadskontoret, 1984).

However, the central location of both the Crescent and the park seems to have been dictated by several factors among which the subterranean morphology of the area that emerged long ago from the dried up lake futburen assumed high importance. Therefore, the configuration of this eastern part of the project of Södra station was not simply determined by what at first glance seem to be architectonic considerations alone. High foundation costs together with a host of other technical and urban perplexities with financial impact combined to create a context that played a decisive role in the final determination of the Area Development Plan and the architectonic configuration of this eastern part of the project of Södra station. It is also worth noting here that during the period of area planning the harsh reality of economic constraints was repeatedly stressed. This claimed the high development density of the whole project – area/floor ratio – that could offset the required heavy financial investments by expanding the rentable space (Inghe-Hagström, 1992). Thus, it would seem as though the decisions concerning the location and shape of the Crescent and its surroundings were made on the basis of many and mixed criteria amongst which financial considerations assumed an important place.

The Original Design of the Crescent

At the same time as the Area Development Plan was approved the planning and construction of the arch-formed building was assigned to HSB, a major housing cooperative. In accordance with the initial plans stated above, HSB invited three architects against a fee of SKr. 100 000 to participate in a competition for the development form of the building block and its surroundings. Two of the invited architects were Swedes, i.e. Gunnar Malm from HSB’s technical department itself and Bengt Lindroos, a significant figure of contemporary Swedish architecture. The latter’s draft proposal in an earlier competition for the area planning had been distinguished and acknowledged as having contributed to the final form of area development. The third invited participant was the Spanish-French firm Taller de Arquitectura led by the internationally-known Spanish architect Ricardo Bofill. The invitation of Bofill was officially motivated by his successful works with the design of crescents erected mostly in the city of Paris.

The invited architects submitted their proposals by the end of 1984 and the results of the competition were announced a few months later, in March 1985. On the basis of a group of architectonic criteria and considerations the responsible jury found Bofill’s drawings the most innovative and imaginative and claimed to provide suitable solutions to a number of technical and aesthetic problems that the prospective building work was facing. Taller de Arquitectura won the competition and was, after a while, commissioned as the architect of the project. Bofill’s proposal necessitated a number of changes in the Area Development Plan that implied some formal and substantial complications related both to the possibility and suitability of its revision. Despite that, his proposal were found to confer considerable advantages to the project by the competition jury, HSB and the other major actors involved (Inghe-Hagström, 1992).

It is worth looking a bit more closely at the major changes that conferred the Bofillian proposal its superiority. His drawings entailed the decoupling of the arch-
formed building from the adjoining buildings and the strengthening of its architectonic symmetry by conceiving it as a half circle, not plainly as crescent-shaped. Small as they may seem, these changes were claimed to create a spectacular architectonic effect, since the now detached and free-standing building figured prominently, showing in a pronounced way its particular character and its celebrated status. Bofill, thus, did justice to the aspirations that were associated with this building and contributed, according to the official motivation, to the clarification of certain basic intentions that were but vaguely defined in the Area Development Plan (Genard, 1992; Inghe-Hagström, 1992). By decoupling the building from the attached buildings and scaling down its depth from 22 to 12 meters he was able to solve a number of difficult technical and architectonic problems innovatively and successfully. Apart from reducing the foundation costs, the scaled-down and narrow building gave the possibility of creating, through flats and diagonal view lines, an impressive architectonic solution that could give most of the apartments a better view than exclusively facing an old and rather ugly factory located behind the building (Holmqvist, 1992a; Inghe-Hagström, 1992).

The Redesign of the Crescent

All the acclaimed positive effects of Bofill’s architecture were accompanied by an awareness of an inevitable, perhaps substantial revision of his original drawings. It was evident that Bofill had designed the building with reference to cultural, social and climatic conditions quite different from those prevailing in Scandinavia and Sweden. Therefore, the initial design of the Crescent had to be redrawn to become adjusted to the Swedish conditions of temperature and lighting, household habits and building regulations, and also to the growing public criticism that found the facade and the exterior ornamentation pompous, vain and foreign to the simplicity of the Swedish architectural traditions. In addition, it was quite clear to the major actors involved, i.e. the HSB, the jury, the Town Planning Department (TPD) and the contractor, that the revision of Bofill’s initial drawings would not be an easy and frictionless venture. All the work had to be done in ways that obtained the consent of an architect with a very strong self-image and hardly-negotiable beliefs on what is good and bad architecture and how things should be done (Båvestam, 1992; Holmqvist, 1992a).

Thus, soon after the announcement of the results of the competition, a process was started aiming to adapt Bofill’s proposal to the legal prescriptions and the technical, cultural and climatic conditions of Sweden. The process initially involved several organisations. But soon the contacts and negotiations with Bofill and his firm Taller de Architectura in Barcelona, was led by the prospective design and construct contractor’s architect. The negotiations involved a number of key persons from the design and construct contractor, HSB and even the TPD on the one hand and two of Taller de Architectura’s leading architects and Bofill on the other. As indicated, the remaking of the original drawings was officially described as motivated by the need to adapt them to the Swedish socio-cultural traditions and climatic conditions. Yet, such a motivation remained vague and unclear and tended to bypass, even conceal, the very fact that a basic objective with the redesign of the drawings was to render the original proposal economically feasible. This entailed, as it will be elaborated below, a twofold strategy that sought to increase first the number of apartments to be built and secondly standardize the very process of their production by reducing the variability of the structural components involved.
It could not be denied that the remaking of the original drawings involved innumerable modifications in the exterior and interior of the Crescent and its surroundings that were culturally and socially motivated. However, the design of the building in the original drawings was foreign not simply to the Swedish reality in general – as the survey of the public debate seems to suggest – but inappropriate in a very specific way, i.e. it was considered as economically flawed and hardly sustainable financially. It was thought to entail a conspicuously low area/floor ratio and also too few, rather spacious apartments whose dissimilar layout did not, in addition, allow for standardized, large-scale low-costs methods of production. The redrawings were even closely related to the considerable reduction in the scale of the building that had resulted from Bofill’s innovative architectonic design that could not any longer accommodate the initial number of planned apartments. It was therefore felt that the Crescent itself had to be “stretched out” and the interior layout to be changed to accommodate more and smaller apartments.

It emerges, then, that both the modifications of the interior layout and the changes of the controversial exterior design and ornamentation, so much figuring in the public debate, were made with the explicit intention of reducing the variability of the structural components of the building and raising their standardization. The economic and technological requirements of the production process in Sweden, heavily dominated by precast concrete methods, made necessary the reduction of the variability of the structural components of the Crescent and their standardization to the highest possible degree. The variability of the structural components of the building was actually reduced to one seventh of the original number, an impressive accomplishment indeed that Bofill accepted only after considerable and painful negotiations (Båvestam, 1992; Holmqvist, 1992b). It is extremely important in this respect to keep in mind that the process of redrawing the original proposal was carried out under the responsibility of the design and construct contractor’s architect, a fact that made sure that all necessary revisions were made with knowledge and explicit consideration of the technological and economic constraints imposed by the production process.

The standardization of the structural components of the building was even related to institutional factors, namely the state housing policy that subsidized the production of residential houses with low-rent loans. It is worth noting that such a subsidization was not a peripheral or subordinate issue but an essential requirement for the production of dwellings which would, otherwise, be inconceivable in the highly regulated housing sector in Sweden. Standardization convinced the concerned authorities that the developer avoided any kind of irrelevant excesses that could result in raising the incurred costs subsidized by low-interest state loans. Thus, on the background of these economic and technical considerations it comes as no surprise that the redrawing of the interior layout resulted in the extreme reduction of the heterogeneous character of the structural components of the buildings and the extensive rationalization of the production process. All apartments were conceived and designed as variations of a basic unit or module which consisted of a 65 square meters apartment of two rooms and additional standard elements, i.e. one, two or three rooms. Some differences notwithstanding, the structural components of the facade underwent a similar change. The strong contrasts were reduced or minimized to allow the realization of economies of scale (Båvestam, 1992).

As the negotiations proceeded, an intense public debate developed that radically questioned different aspects of Bofill’s drawings, mostly, however, the design of the facade and its ornamentation. As already noted, the effects of such a debate is hard to
charter and specify. However, it wouldn’t be inaccurate to say that many of the changes made were in the same directions as those mostly prominent in the public debate, i.e. a considerably simplified facade with significantly reduced contrasts. It is perhaps worth noting here that the remaking of the building’s exterior was not considered as an unequivocally positive fact. As claimed by Bedoire (1991) the xenophobia of the public reaction did much to destroy an architecture of high integrity, a perhaps a unique example in the entire project of Södra station which he, along with many others, views as marked by a rather timid, frivolous and halting architecture.

It took almost another four and a half years from the date HSB was commissioned as a developer to carry out the redesign of the drawings, to conclude the period of detailed development planning of the Crescent. The excavation works started by the end of 1988 and the building was nearly completed two years later. Though many factors can be made accountable for the prolongation of the period of detailed development planning, the choice of Bofill seems to have had an important impact in this respect. The redrawing work and the negotiations coupled with cultural and linguistic barriers often resulted in the rescheduling of the project, elevated the costs incurred and protracted inevitably the period of detailed development planning (Båvestam, 1992; Holmqvist, 1992a).

DIFFERENTIATION AND THE TEXTURE OF CO-ORDINATION

The case of Södra station and the planning and construction of the Crescent in particular reveal the interlacing and interaction of several clusters of values and instrumental techniques that attempt to cope with different groups of problems raised by housing projects and the planning and construction of dwellings and town quarters. These problems and the values, instrumental techniques and institutions and organisations associated with them can be said to give rise to three functionally differentiated systems or institutional spheres that they will here be referred to as the societal games of beauty-functionality, justice and scarcity. The notion of the societal game is used to convey the fundamental idea that each of the identified institutional spheres is not to be seen as simply an ensemble of cognitive orientations and techniques but also as a dynamic agonistic context that frames and tends to define the roles, the competencies and the capabilities of the actors involved (see e.g. Lyotard, 1984).

The first major game concerns the issue of creating human and aesthetically convincing quarters that meet the functional requirements of modern society. The values and instrumental techniques that develop around aesthetic and functional issues constitute a fundamental dimension of housing projects, are part and parcel of them. The case of the Crescent shows in various and often dramatic ways that each housing project cannot avoid confronting and addressing the issue of designing and building town quarters that meet the multiple functional requirements of the modern technological world in ways that reinforce, or at least do not violate, important aesthetic values. This is perhaps true for any technological object but housing descends from a centuries-long European tradition that attributes a primacy to the aesthetic effects of buildings and city spaces (Mumford, 1952; Rogers, 1991). Within the overall framework of the housing sector, the aesthetico-functional problem, the values that frame it and the methods and techniques by means of which it is addressed, create a differentiated instrumental context that is associated with its own distinctive
logic of action embodied and mediated by the profession of architecture and the institution of town planning.

The second major societal game, exemplified by the case of Crescent and the project of Södra station in general, evolves around the egalitarian issue of creating dwellings that respond to the housing needs of all the major strata of the modern society. The “right to the city” represents an instance of the major ethical problem of justice confronting pluralist societies (Lefebvre, 1996), while the objective to create apartments for “all types of citizens” illustrates the way such an issue has traditionally been addressed and managed in the Swedish housing sector. As it is the case with the aesthetico-functional problem, the issues that are raised by the game of justice create a distinctive and differentiated policy-making context whose logic and priorities are embodied in the political institutions and traditions dominant in Sweden, mainly the municipality, and often involve decision-making processes that are designed to give voice to and presumably accommodate the interests of all the major parties concerned.

Finally, the third societal game exemplified by the case of Crescent concerns the issue of constructing houses and town quarters with efficient and economically-sustainable methods, i.e. methods that can be defended on economic grounds. The efficiency and economic sustainability of housing projects represent an instance of the major social problem of scarcity (Luhmann, 1982) to be addressed by the free or regulated interplay of economic actors and the considerations that structure their actions, i.e. calculations of costs and benefits. Resources pooled into the construction of houses and town quarters always need to be evaluated against alternative uses. The notion of scarcity is supposed to regulate precisely this game of resource interdependence by allowing economic rationality to frame the problem in accordance with its own premises, imposing, thus, its highly selective criteria of decision-making and action.

It emerges, then, that each societal game is associated with a major social problem to be solved and a particular profile of values and codes that help framing the problem in a distinctive way. The profile of values are materialized through different cognitive-instrumental techniques and communication means that delineate the functional tasks associated with each problem or objective. Cognitive-instrumental techniques are expressed by and embodied in selective regulative structures, i.e. professions, organisations and institutions. Table 1 attempts to summarize the three major societal games involved in the planning and execution of the Crescent.

### Table 1. Societal Games in the Housing Sector

<table>
<thead>
<tr>
<th>Societal Game</th>
<th>Societal Game</th>
<th>Societal Game</th>
</tr>
</thead>
<tbody>
<tr>
<td>Societal Problem</td>
<td>Regulative Structure</td>
<td>Social Values</td>
</tr>
<tr>
<td>Beauty-Functionality</td>
<td>Architecture, Town Planning</td>
<td>Beautiful-Functional Quarters</td>
</tr>
<tr>
<td>Justice</td>
<td>Political Structure</td>
<td>Apartments to All Citizens</td>
</tr>
<tr>
<td>Scarcity</td>
<td>Economic Governance and Co-ordination</td>
<td>Economically-Sustainable Quarters</td>
</tr>
</tbody>
</table>
The case presented here shows that the values associated with beauty-functionality, justice and scarcity, and the instrumental techniques intrinsic to any of these functionally differentiated domains have been involved in various ways in the very conception and construction of the Crescent. All important decisions concerning the design and construction of the Crescent can ultimately be reduced and referred to one or the other of the three major societal games identified here. But can we really infer from, or support with, the empirical data the functional primacy of any of these games/domains? Is there any indication of their relative significance? As it is revealed by the reconstruction of the case, the initial Boillian proposal was subjected to a severe economic scrutiny and was extensively redefined and redrawn to meet the demands of standardized production processes and other requirements imposed by the logic of economic rationality. The radical and comprehensive redefinition and redrawing of the Crescent, that resulted from the thorough economic scrutiny of the building, seem to provide evidence that lends support to the view that economic calculations and the logic associated with economic rationality played a dominant role in the determination of the final outcome.

However, it is important to keep in mind that the redefinition and redesign of the Crescent along economic dimensions have been performed upon an already existing product. The building had initially been conceived and designed by having recourse to the values and instrumental techniques underlying architecture and town planning. The very shape of the building, the expectations attached to it with respect to the architectonic identity of the entire project and the choice of a widely-known architect provide convincing evidence that seem to suggest the central importance, perhaps the functional primacy, of the aesthetico-functional game. At the design stage, economic considerations remained in the background, constraining but not defining the project. It would seem, then, that the techniques and working methods of architecture and town planning, and the values underlying them, played a decisive role in the initial conception and design of the building and determined to a large extent the direction of subsequent changes. It is worth observing that the initial characteristics of the Crescent remain unambiguously recognizable despite innumerable posterior changes and modifications.

Ethical values have also been variously involved in the design and construction of the Crescent. Important characteristics of the building emerged first during the period of area planning and were closely connected to the egalitarian goals and the rhetoric pursued by the political structure and the political leadership exercised by the City Executive Board and the City Council and the pressure of various social groups that attempted to influence the direction of the project. At a more general level, state social policy helped, through subsidies and low-rent loans, to subordinate economic considerations to the pursuit of egalitarian objectives. The goal of producing apartments that fitted the housing traditions and the demographic and income profiles of the major social groups in the City of Stockholm engulfed and defined the entire project of Södra station and had, albeit indirectly, an important effect on the Crescent. Despite its monumental character, the building had to accommodate the primary purpose of the entire project, i.e. that of providing apartments for “all citizens”. A very important characteristic, i.e. its function, was thereby defined by the goals set forth by the political game. The building even had to fit the surrounding environment whose shape and characteristics were closely associated with the pursuit of egalitarian goals. The project of Södra station was, after all, a housing project that sought to accommodate the housing demands of all the major strata of the Swedish population.
However, the story becomes essentially complicated by the fact that the major characteristics of the Crescent — i.e. the central location and the exceptional shape of the building — that emerged first during the period of area planning, seem upon a closer scrutiny to reflect not only the values associated with the game of beauty-functionality but a tangle of different criteria and concerns, among which economic considerations figure prominently. As already indicated, the central location and the exceptional shape of the Crescent were motivated by considerations derived from architecture and town planning and associated with socio-political goals. The emerging city quarter needed both a civic identity and an open city space that moderated the effects of the dense urban texture and the high exploitation of the area as a whole. It is exactly at this cross-roads that we meet a tangle of economic considerations with choices that derive from the aesthetico-functional game and the game of justice. There is little doubt that the high exploitation of the area — the highest in the modern housing history of Sweden — is an instance of how the logic of efficiency that derives from the game of scarcity engulfed and defined the whole project from the very outset.

The very location of the Crescent seems to have been dictated by a peculiar combination of two groups of factors, i.e. the density of the project of Södra station as a whole and the high foundation costs associated with the difficult subterranean morphology of the southern part of the area that called for building as little as possible on its surface. Furthermore, the very shape of the building was partly dictated by the prospect of high foundation costs and partly by the fundamental fact that only an arch-formed building could release many of its apartments from exclusively facing the factory located south of it. Here it would seem as though the premises of the economic game combine with considerations derived from the aesthetico-functional game in the first place and the game of justice in the second. For, the exceptional form of the building helped to reduce dramatic differences between the apartments — an egalitarian issue — and moderated the negative aesthetic and functional effects associated with its southern surroundings.

CONCLUDING REMARKS

It emerges from the presentation and interpretation of the Crescent case that the three major societal games or institutional spheres identified in the present article are variously involved in the definition of the tasks and the management of complexity underlying housing projects. The functional differentiation of the games of scarcity, beauty-functionality and justice partake in the management of complexity by decomposing the synthetic totality that housing represents and allocating the making of important choices to groups of independent and consistent criteria and considerations.

If we are to stick to the Luhmannian framework then each of the three identified institutional spheres needs to be attributed a self-referential, autopoietic character. This should imply that each societal game makes its own decisions predicated upon the premises and instrumental techniques that constitute it, considering the others as ensembles of external constraints. Under these conditions, the problems associated with the co-ordination or mutual adaptation of the separate contributions of each of the identified societal games and their joint effects become of decisive significance. Luhmann’s ideas imply that the mutual adjustment of functionally differentiated domains are largely periodic, obeying a calibrating pattern (Bateson, 1979), as each system or game is capable of reacting solely on the output of the others. The values or
codes of each game are neither communicable nor understandable by the other games. According to this view, the only possible form of communication across the boundaries of the three societial games occurs when the effects that accompany the pursuit of the values of each game are translated to the language of the others, e.g. the output or outcome of the game of beauty-functionality can be apprehended by the game of scarcity only in terms of costs and benefits and vice versa. Beauty-functionality as such is not understandable to economy nor is economic efficiency as such apprehended by the other systems.

It is at this juncture that the notion of the functional primacy of economy emerges as an attractive alternative to the haphazard adaptations of self-referential systems to one another while, at the same time, it offers the promise of bypassing the limitations inherent in traditional theories of rational planning that no longer offer a credible account of complex social processes. Without needing to resort to an omniscient and controlling subjectivity, the concept of functional primacy suggests that the decisions of the different games are co-ordinated, albeit only loosely, by the superior organizational capacity of the game of scarcity. The conflicts intrinsic to different value systems are resolved or, perhaps, transcended by the seeming neutrality of economic calculations that are capable of quantifying and reducing all values to instances of utility (Sen, 1987; Sen and Williams, 1982). The logic of scarcity and the regulative techniques that emanate from it do not belong to anyone but diffuse themselves throughout the social body and become important institutional principles that construct social actors as much as they are constructed by them.

However, and despite the ubiquitous character and the importance of economic forms of social co-ordination, the present investigation cannot be said to offer immediate support for Luhmann’s hypothesis of the functional primacy of the game of scarcity. The interpretation of the empirical data reveal both the impressive and decisive presence of the aesthetico-functional and political games and do not allow us to infer the functional primacy of the game of scarcity. There is little doubt that many important decisions in the project have been influenced and occasionally shaped by economic considerations. Yet, it would seem safe to assume that, despite this influence, the distinctive characteristics of the Crescent were conceived by means of the instrumental techniques of architecture and town planning and as a response to a problem framed in aesthetic and functional rather than economic terms.

This last assertion raises, of course, the crucial question as to the forms and means through which the concept of functional primacy is to be empirically assessed. Luhmann’s formulation, cited earlier in this article, that “functional primacy . . . refers to the position of a subsystem . . . which by virtue of its own complexity and dynamics guides social development and delineates for other subsystems their domains of possibilities” does not offer immediate help as the crucial terms “guides” and “delineates” are semantically open and need to be operationalized or reduced to empirical indicators. Such a task is highly complex and ambiguous, as Luhmann’s subtle views on the functional primacy of economy need be distinguished from other widely-known marxist or liberal interpretations that bear the indelible mark of economic reductionism. Perhaps, the distance between Luhmann’s abstract theoretical scheme and the empirical world is too great to be bridged in an adequate fashion and Luhmann himself does not seem to be concerned with examining the empirical relevance of his ideas (see e.g., Miller, 1994). It could be conjectured that the functional primacy of economy might only make sense from a societal-wide and historical perspective, when housing is placed against the background of the entire
society and in the context of social evolution. It is also possible that the notion of the functional primacy of the economy needs, as Luhmann himself suggests, to be considerably clarified before it could reveal its capacity to recapture the complex totality of social life.

It would even seem reasonable to assume that the Swedish context of housing does not offer an appropriate setting for illustrating the empirical relevance and the issues posited by the idea of the functional primacy of the economic game. Due to Swedish political traditions, this sector has been a major target of political regulation. Nevertheless, theory should be independent of contingencies and the concept of the functional primacy of economy does precisely suggest that, from an evolutionary perspective, political governance gives way to economic forms of co-ordination, due to the inability of the former to deal with the inherent complexity of the contemporary social world. It is reasonable to assume that the persistent centrality of political governance could be interpreted to suggest another alternative to the functional primacy of the game of scarcity. The final outcome of any project that develops at the cross-roads of different societal games may be seen as a compromise of the functional adequacy and relative power of each game.

It is not complexity per se, as Luhmann assumes, that becomes the arbiter of the patterns of social co-ordination but rather the ability of each game to define the centrality of the societal problem it addresses and assert the functional adequacy of its working methods and techniques. The housing sector, which the case of the Crescent so well exemplifies, has always been a contested terrain reclaimed by various societal games (see e.g., Lefebvre, 1996; Rogers, 1991; Södersten, 1994). How housing problems are construed can therefore be seen as the joint outcome of the technical and political capacity of the functional domains involved to frame and define the housing object. No problems exist independent of and prior to the functional and rhetorical ability of the societal games functional domains of beauty/functionality, justice and scarcity to construe and present such problems according to the cognitive and normative principles intrinsic to each one of them (Foucault, 1978; Kemeny, 1984). In other words, each game engulfs and produces the very object it purports to manage, i.e. how to build aesthetico-functional quarters, how to create quarters accessible to all social groups, how to construct economically-sustainable quarters.

Other observations seem to suggest several unexpected turns in the project that demanded the redefinition of the Crescent along lines that could never have been predicted. Many of these changes were associated with the choice of Bofill as the architect of the project and had unexpected economic consequences – prolongation of the period of design and planning, costly negotiations, redrawings, etc. – that do seem to testify that economic calculations had a partial grasp on the project. Therefore, a third well-known theoretical alternative can be invoked here to further question the credibility of the interpretation that accords a functional primacy to the economic game. According to this, the outcome of projects that criss-cross the boundaries of different functional domains can be envisaged as the quasi-accidental amalgamation of local and independent choices that evade comprehensive and deliberate instrumentation and planning (March and Olsen, 1976, 1989). The three major games identified here do produce a functional and temporal segmentation of decisions and courses of action that allow for the local and sequential treatment of the various groups of tasks that defined the project. Functional differentiation and spatio-temporal segmentation create the requirements for planning and controlling particular decisions and courses of action but the overall outcome evades predictability. As March and Olsen (1989:
14) suggestively observe “intention is lost in the context-dependent flows of problems, solutions, people and choice opportunities.” Such an interpretation is however not entirely at odds with the Luhmannian framework and the central importance Luhmann attributes to the unintended consequences of functional differentiation (see e.g. Luhmann, 1989; Miller, 1994).

Be that as it may, the Crescent case seems indeed to recount portions of all the three interpretations. The three major games identified here attempted to define the problem in terms of their own cognitive and normative codes and in so doing produced – rather than simply responded to – the total complexity of the project. Such a complexity had, no doubt, important consequences for the allocation and execution of the individual tasks that made up the project. However, complexity cannot be treated as an independent and exogenous variable. It is a concomitant of the values, instrumental techniques and power relationships by means of which the societal games involved attempted to define and cope with the problem at hand. Furthermore, within the framework of each game, local decisions and courses of action generated unintended consequences and unpredictable outcomes that diffused throughout the project and helped to continuously reframe and redefine its direction. On such an account, the functional primacy of economy emerges as a pale shadow of the complex totality of events that constitute housing projects in particular and all cross-functional projects in general.

Let us conclude by noting that an adequate theory of the interaction forms of the function systems of society that wants to have empirical relevance needs to consider in detail the various processes by means of which functional differentiation is enacted and carried out in the various contexts of social life. The high selectivity in decision making and action of the function systems cannot be understood solely in terms of a social mechanics at an operative level (Luhmann, 1996) but has to consider and give an account of the technical and rhetorical means through which the functional adequacy of the various functions are socially constructed and their social importance explained and asserted.

NOTES
1. The article has been financially supported by Riksbankens jubileumsfond.
2. My deep thanks to Björn Moen and Ulf Kjellén for many valuable comments made on an earlier draft.
3. The project has not yet been completed.

REFERENCES


