

Book Reviews

Rainer Diaz-Bone · 2015

Die „Economie des conventions“: Grundlagen und Entwicklungen der neuen französischen Wirtschaftssoziologie.

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Speaking about “new economic sociology,” what first comes to mind is, usually, “American” and not “European” economic socio-

logy (Smelser and Swedberg 2005, 17). This is no coincidence. The label was created in the United States, as a response to what was then understood as “economic imperialism” (Convert and Heilbron 2007, 35): new efforts to explain “the social” by generalizing the rational-choice approach, advancing

new institutional economics, or turning to behavioral economics altogether. In countering these tendencies, “new economic sociology” and “socio-economics” represented alternative strategies to bring sociology back in (ibid., 45–46): the “intra-disciplinary strategy” sought to revitalize the anaemic subdiscipline of economic sociology (with the support of the Russel Sage Foundation, albeit ironically under the latter’s “Behavioural Economics” program), whereas the “interdisciplinary strategy” led to the founding of the “Society for the Advancement of Socio-Economics” (in mimicry of the already existing “Society for the Advancement of Behavioral Economics”).

In this context, the “new” American economic sociology, which gathered around a concrete interest in the relations, networks, organisations, and institutions that economic action is “embedded” in, came to be distinguished from the “old” American economic sociology, whose abstract structural-functional orientation was now depicted as an “oversocialized” complement to the “undersocialized” vision of neoclassical economics (Granovetter 1985; 1990). At the same time, although this was less explicit, the new American economic sociology (e.g., Smelser and Swedberg 1994; Guillén 2002) kept their distance from what could be referred to as old or classical European economic sociology, or at least from its more historical, holistic, and critical strands (which had some parallels in old American institutionalism).

Now, what is the “new French economic sociology” about? How does it differ from older approaches in French economic sociology, and how does it relate to the classics of economic sociology? Diaz-Bone’s monograph

(henceforth EC), which reconstructs the institutional origins and conceptual foundations of the “economy of conventions,” provides answers to these questions. It points to the long-standing Durkheimian tradition and the strong influence of structuralist and post-structuralist research paradigms in twentieth-century French scholarship (EC 28–29, 61–66) as well as to the fading dominance of late-Marxist regulation theory in French socio-economics towards the end of the century on the one hand (EC 218–21) and of Bourdieu’s structuralist constructivism in contemporary French sociology on the other (EC 56–59, 64–67). The most important attribute distinguishing the economy of conventions, which is at the core of the new French economic sociology (EC 22), from earlier scholarship in this field is that it is “pragmatist” in orientation (EC 30–32, 324–27). It focuses on what actors do in situations of uncertainty, how they may interpret situations in the light of different conventions, each of which allows them to coordinate action in a different way (EC 135–36, 327–28). As to other “praxeological” approaches in contemporary French scholarship, namely, actor-network theory (EC 32–33), the economy of conventions shares the latter’s interest in “distributed cognition,” to which actors contribute as much as things, or so-called “collective cognitive dispositives” (EC 38, 259–60, 324).

As a label, the economy of conventions stands for a “transdisciplinary” academic movement, or network of scholars, whose personal scope and scientific output may well be comparable to that of new American economic sociology (EC 22), but whose international reception has long been hampered by it being French (EC 51–54, 357–60). More precisely, much of the litera-

ture that Diaz-Bone presents in his book to illustrate research strategies and key findings of the economy of conventions is undoubtedly more accessible and attractive to a French audience than an Anglophone or international one. This is not only a matter of language or publication strategies, but also due to the theoretical and empirical frame of reference of the studies, whose focus likewise is on France. The main task of this book is thus to act as an “intermediary” (EC 18, 110–11) between the original (French) authors and an extended (German) readership, by translating, contextualizing, and explaining what the economy of conventions is all about. This requires going beyond its most prominent and popularized works, which are already available in various languages, such as Boltanski and Thévenot’s *On Justification* (in French 1991; in English 2006; in German 2007) and Boltanski and Chiapello’s *The New Spirit of Capitalism* (in French 1999; in English 2006; in German 2003).

The latter can be understood as a sequel to the former in that *On Justification* introduces six ideal types of moral order, or logics of coordination, which *The New Spirit of Capitalism* complements with yet another one. This yields a typology of seven alternative conventions (“commercial,” “industrial,” “domestic,” “civic,” “reputational,” “inspirational,” and “network”); Boltanski and Chiapello 2006, 136), which may be available to coordinate action in different situations (EC 139–58). While a concrete situation may be governed by a prevailing convention, the pragmatist stance of the economy of conventions is that actors are often required and also competent to negotiate between a plurality of conventions (EC 324–25). Moreover, the available conventions may dif-

fer across time and space, with institutional investments being made to increase their scope and durability (EC 89–91). Similar typologies of conventions are reported for various subject areas throughout the book, which does remind the (German) reader of Weber’s ideal-typical method, not least because Diaz-Bone repeatedly uses this term as well (EC 107, 130, 159, 197).

Such ideal types can be identified for the “meso” level of certain industries, regarding the assessment of human resources (EC 107–9), creditworthiness (EC 208–11), or product qualities (EC 159, 171, 183), as well as for the “macro” level of political economies, regarding the classification of different production systems (EC 197–99), statistical regimes (EC 301–3), and legal cultures (EC 264–67). The identification of the latter is directly inspired by Weber’s ideal types of law (EC 266; Weber [1922] 1978, 641–900), which raises the question to what extent the economy of conventions is in line with Weber’s interpretative sociology and ideal-typical method (EC 336–39). Perhaps overemphasizing Weber’s “deductive” use of generalized ideal types over their “inductive” origin in different value spheres and the respective value orientations of actors (Lindbekk 1992), Diaz-Bone highlights that the position of the economy of conventions is “internalist,” which would rule out the imposition of any “external” typologies (EC 343). At the same time, the economy of conventions obviously does employ ideal types also as heuristics to find similar conventions at work in different empirical constellations (EC 140).

Somewhat internalist is also Diaz-Bone’s standpoint as a self-declared “intermediary” (EC 18) of the economy of conventions who has been engaged in this busi-

ness for quite a while already: the bibliography includes 35 entries with him as author, co-author, or editor of relevant writings. Yet, this first comprehensive monograph (EC 19) on the economy of conventions is cautious in making any authoritative claims about the academic movement as a whole or its representatives in particular, even though the reconstructions and qualifications offered cannot be neutral (EC 111). However, by and large, Diaz-Bone seems to confine his task to presenting a plurality of works from within and to merely orchestrating the multiplicity of voices, without removing any dissonances or filling any silences. This accounts for the main benefits as well as the limits of this volume.

What the reader receives is a comprehensive *vade mecum* that opens up a literature, much of which may so far have remained outside his or her purview, but which is certainly worth exploring in any endeavour to advance economic sociology (as well as socio-economics) by old or new means. What this book does not provide is certainty about how to better counter economic imperialisms of a rationalist, institutionalist, or behavioralist kind – be it with new American or old European, contemporary French or classical German economic sociology. Other than what is distilled from the writings of the scholars discussed (mostly with regard to new institutional economics), there is no systematic comparison or confrontation of different explanations of “the social” in economic spheres of action. The choice of argumentative strategy and empirical proof rests, quite pragmatically, with the reader. What may be comforting, in this situation, is that the availability of alternatives can be regarded as a value in itself (EC 123, 319).

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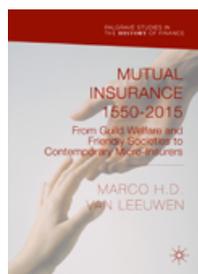
Mutual Insurance 1550–2015: From Guild Welfare and Friendly Societies to Contemporary Micro-Insurers.

**Palgrave Studies in the History
of Finance.**

London: Palgrave Macmillan.

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Marco van Leeuwen's book *Mutual Insurance 1550–2015* offers a historical analysis of the different forms of micro-insurance in the Netherlands and thereby complements the growing number of historical studies about British friendly societies (Pearson 2002; Weinbren 2006; Gorsky 1998). Van Leeuwen builds on previous economic and sociological work on insurance problems, such as adverse selection and moral hazards (Akerlof 1970; Heimer 1985), and makes use of welfare economics (Arrow 1963) in order to chart the demands for and the conditions of mutual insurance in light of their socio-historic context.

The book traces the development of mutual insurance from 1550 through 2015. In the introduction, the author explains his interest in publishing such a comprehensive historical account: Whereas mutuals had played a significant role in the earlier Dutch

welfare economy, nowadays, state and commercial insurance providers dominate the scene; the (dis) advantages of the mutual form of organizing insurance seem to have been forgotten. Hence, van Leeuwen wants to provide information as to how and why micro-insurance worked in the past, as well as to discuss whether it can still work today. Chapters 2–5 are arranged in chronological order: The analysis covers the guilds during the period of 1550–1800 (Chapter 2), the friendly societies in the nineteenth century (Chapter 3), trade union insurance from 1900–1965 (Chapter 4) and new initiatives from 1965–2015 (chapter 5). Chapters 2–4 are previously published articles that were rewritten for this book; Chapter 5 presents new material on current mutual insurance schemes. The conclusion summarizes the book's insights into the principles and practices of mutual insurance.

Overall, van Leeuwen delivers a highly informative book. The chapters of his historical analysis (2–4) are extremely rich in detail, and he aptly frames the material gathered from Dutch statistical offices by asking how and why mutuals "worked." He explicates which parts of the population joined these insurance providers, what kinds of damages they covered, and how classic problems of insurance were solved. However, the discussion of empirical details does not quite merge into one consolidated answer or hypothesis, but instead unravels into various interesting suggestions.

Two reoccurring analytical themes are particularly worth mentioning: sociability and formalization. Sociability appears to be at the core of what distinguishes mutuals from other forms of insurance, and therefore it is a promising starting point from which to

determine whether there is a place for mutuals in today's insurance mix. Van Leeuwen's analysis shows that sociability is a successful means for combating moral hazards. The Dutch guilds, friendly societies, and trade unions attached a great deal of significance (and resources) to collective festivities, the attendance of commemorative days, and representational equipment such as banners (61, 138). Furthermore, sociability also appeared in the more mundane activities such as attending members' funeral services and visiting sick members. At one point in the book, van Leeuwen departs from simply describing such activities and remarks more generally on the functions of sociability (146, similarly 265). First, he describes how sociability creates visibility or transparency of the actual physical and economic condition insurance members are in. This makes it more difficult to collect undue claims from the insurance funds and thereby integrates social control into the insurance relationship. Second, he states that social ties of mutual insurances go beyond mere insurance relations as they additionally rely on friendship or collegiality. The interweaving of different types of relationships increases the chances of getting caught with fraudulent claims and raises the overall stakes for committing fraud, since one would not only harm fellow insureds, but also one's friends and colleagues. Third, he notes that allowing for participation in the decision-making processes of mutual insurance meant that the funds were not necessarily contractually bound to fixed premiums and benefits, but would organize support to react to external events by lowering or raising them – provided members agreed. For all three functions of sociability, there are

numerous examples in the book, though the use of the concept itself remains somewhat unsystematic (for example, there is no subchapter on sociability in the last two chapters).

With these observations of sociability in the history of mutual insurance in mind, van Leeuwen moves on to the more recent phenomenon of Dutch bread funds. Surprisingly, he almost completely omits the previously emphasized aspects of social control. It is only in passing and towards the end of the book that van Leeuwen wonders at what point the sociability of modern mutuals could be 'excessive' in terms of social control (278): Would potential members be willing to expose themselves to practices of monitoring? At this point a substantial discussion of realistic alternatives to membership in mutual insurance would have been apt. In previous chapters van Leeuwen had already argued that in the nineteenth century the incipient middle class had an alternative to voluntarily joining friendly societies, namely poor relief; so did the working class when it came to the more affordable burial insurance. Poor relief, however, was hardly considered an option because it was damaging to one's budget as well as to one's reputation. Such information about the socio-economic status and realistic alternatives would have been extremely helpful in figuring out the relevance and the potential of today's Dutch mutuals. Instead, van Leeuwen simply remarks that privacy concerns may seem less relevant when control is exercised by friends and in an atmosphere of conviviality (278).

Next to sociability, van Leeuwen also stresses organizational experience and formalization as central themes relating to mutual insurance. Indeed, several tools

that van Leeuwen mentions in the book are part of the classic repertoire of insurance techniques. For example, waiting periods, i.e. arranging for a fixed amount of time before one can claim support from one's fund, are thought to reduce adverse selection. Co-insurance is another widely used mechanism which is said to combat moral hazard by making members participate in the costs of their claims (Heimer 1985). And the reliance on statistical data for purposes of extrapolating future costs is typical for many insurance branches (Lengwiler 2003). While these techniques are applied in all types of insurance, the book also emphasizes the organizational expertise that is specific to micro-insurers. Van Leeuwen points out that mutuals were not able to sustain the same level of sociability as they expanded. Instead of frequent gatherings and festivities, more formal organizational tools were increasingly experimented with to gather information, control for moral hazard, and conduct economic planning (262). Van Leeuwen shows that as mutual insurance providers grew in size, they tended to adopt structures similar to those of commercial insurance providers (or in the case of Dutch labor unions – morph into state insurance). The existence of mutuals therefore seems to hinge on maintaining a balance between sociability and organizational rationalization. He could have engaged more systematically with the argument, widely discussed in the literature (Knights and Vurdubakis 1993; O'Malley 2004), that it is this tension that marks the historic development of mutuals. It is, however, only towards the end of the book that van Leeuwen wonders whether formalization might not be detrimental to the mutuals' sociability (278). Unfortunately, he doesn't pursue

this intriguing thought further, maybe because it would have been somewhat detrimental to his narrative that one “incarnation” of mutual insurance acts as a “guiding beacon” to the subsequent one (14, 248, 253) – an assumption that justifies the goal of the book, namely to close an information gap about a widely forgotten form of insurance.

In conclusion, this book provides wide-ranging empirical insights into Dutch guilds, friendly societies, and labor unions. The chapter on new initiatives is less comprehensive, though still highly informative. Had these in-depth descriptions of mutual insurance organizations and their social environments been channelled into more general statements, for example about the tensions between different principles of association, such a study would have provided us with better analytical tools to

assess the question of how and within which limits mutual insurance schemes can still work today.

Endnotes

- 1 Van Leeuwen also comments on micro-insurance in developing countries, which I am not going to discuss, since the initial puzzle focused on the Dutch welfare economy.

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