

Two Centuries of Solidarity: German, Belgian, and Dutch Social Health Insurance, 1770-2008

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Reviewed for EH.NET by John E. Murray, Department of Economics, University of Toledo.

This is a valuable book. It is a translation from the Dutch of a 2001 work on a topic that has seen little written in English: the history of how Continental health insurance systems began and developed. Combined with Paul Dutton's short history of French health care finance [1], we now have a solid overview in English of the origins of Continental state-led health insurance systems.

Companje et al. describe their subject in minute detail. They begin with high medieval guilds, and pay particular attention to the prehistory of health insurance in Flanders and among German miners. The end of the guild system after the French Revolution left sickness insurance funds free to develop as workers and employers saw fit. The era of what might be called free insurance, analogous to free banking, did not begin to dissolve until the German state required insurance coverage in the late nineteenth century. While the German story of pioneering state intervention in health care financing markets is well known, previous histories have not covered its development at this level of detail. Elsewhere, the early twentieth century history of health insurance in the Low Countries is considerably less familiar, but not because it was dull. In Belgium health insurance provision was a political football knocked around by Catholic and Socialist parties. The Dutch network, a "motley collection" (p. 98) of insurance funds, grew rather more horizontally across the economy than vertically through the government.

In *The Divided Welfare State* [2], Jacob Hacker wrote that among the obstacles to government insurance in the United States were certain democratic institutions that national governments in Europe need not have trifled with. Exhibit A of this model is surely the Dutch experience from 1914 to midcentury. From the Great War onwards every effort to enlarge the government's presence in health insurance markets halted due to unwanted amendments, parliamentary deadlock, dissolved governments, and other flotsam of a democratic polity. The authors concede in the midst of describing one of many such cycles (p. 165), "This is beginning to sound monotonous." But all was not lost. The arrival of Nazi occupation forces spelled springtime for health insurance. To bring the Netherlands in conformity with the example of Das Vaterland, the occupiers promulgated a compulsory sickness fund decree, thoughtfully issued in Dutch as well as German, that broke through the parliamentary clutter and established government health insurance once and for all. As for Belgium, the Allied breakout from Normandy caused the Germans to put Nazifying health insurance on hold. But soon after liberation the Belgians too enacted compulsory insurance. Thus, among both destroyers and defenders of the West, government health insurance was an idea whose time had come by the mid-twentieth century.

This book's virtues are many. Much writing on the subject can take on a polemic aspect which either thrills or dismays, depending on the reader's perspective. Perhaps because they are writing for a readership for whom the state has provided health insurance for generations, the present authors take the government's role for granted, and so their narrative proceeds self-assuredly rather than aggressively. The authors are also attentive to the critical economic problems in insurance contracts that plagued all the programs discussed, some more than others. For example, since monitoring and administrative costs increase less than proportionally as membership, such scale economies tended to favor larger funds in late nineteenth century Netherlands (p. 100). Throughout the authors rely on sources in Dutch and German, many of which are difficult to obtain in the United States. The bibliography alone is worth asking your library to buy a copy. They also note opportunities for further research, such as the lack of studies on factory funds in late nineteenth century Belgium, so the book can serve as both instructor and guide to field work for interested readers. And, a nontrivial feature is the excellent translation into smooth English.

Of course any reviewer will find points that he would like to have seen developed in further detail. In this case, the discussion of the Hartmann Bund (p. 77), a league of physicians in Germany, notes the near strike that was avoided in 1913, but does not note the actual strikes that occurred in 1903-04. The difference between avoiding and enduring a physician strike would have made for an interesting analysis. I would also have liked reading more about the role of honorary members in Belgian funds. That attractive assurance of tone also leads to some question begging, as in the proclamation that health insurance is a government responsibility (p. 63). Still, the authors do acknowledge that, for example, the growing generosity of the Belgian government's subsidies in the 1920s came with all manner of compulsory conditions attached (p. 150). In addition, a final chapter that did not appear in the Dutch edition covers political developments since 2001, perhaps at a level of resolution too fine for most historians. And the lack of an index is regrettable; the inclusion of one would have increased the book's value to scholars markedly. These are small points that are outweighed by far by this volume's clarity and usefulness.

Two Centuries of Solidarity deserves a wide readership among English-speaking historians of social insurance and the welfare state.

Notes:

1. Paul V. Dutton, *Differential Diagnoses: A Comparative History of Health Care Problems and Solutions in the United States and France*, Ithaca: Cornell University Press, 2007.

2. Jacob Hacker, *The Divided Welfare State: The Battle over Public and Private Social Benefits in the United States*, New York: Cambridge University Press, 2002, pp. 191-196.

John E. Murray is the author of *Origins of American Health Insurance: A History of Industrial Sickness Funds*, New Haven: Yale University Press, 2007.

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