

**U.S. Exceptionalism?
Dutch Exceptionalism?
Neither?
Both?**

Henry J. Aaron

Bruce and Virginia MacLaury Senior Fellow
The Brookings Institution

- For many years, the Netherlands spent nearly as much on disability benefits as on retirement benefits

- Dutch disability benefits have served as extended unemployment benefits

- The United States spends about one-sixth as much on disability benefits as on retirement benefits

- The United States links financing of disability coverage to financing of old age pensions



- ★ The size and financial structure of the Dutch and U.S. DI problems differ in fundamental ways

Similar fundamental challenge

- not so much how to pay for benefits
- not even how many to admit to the rolls

But rather how to get people off the rolls

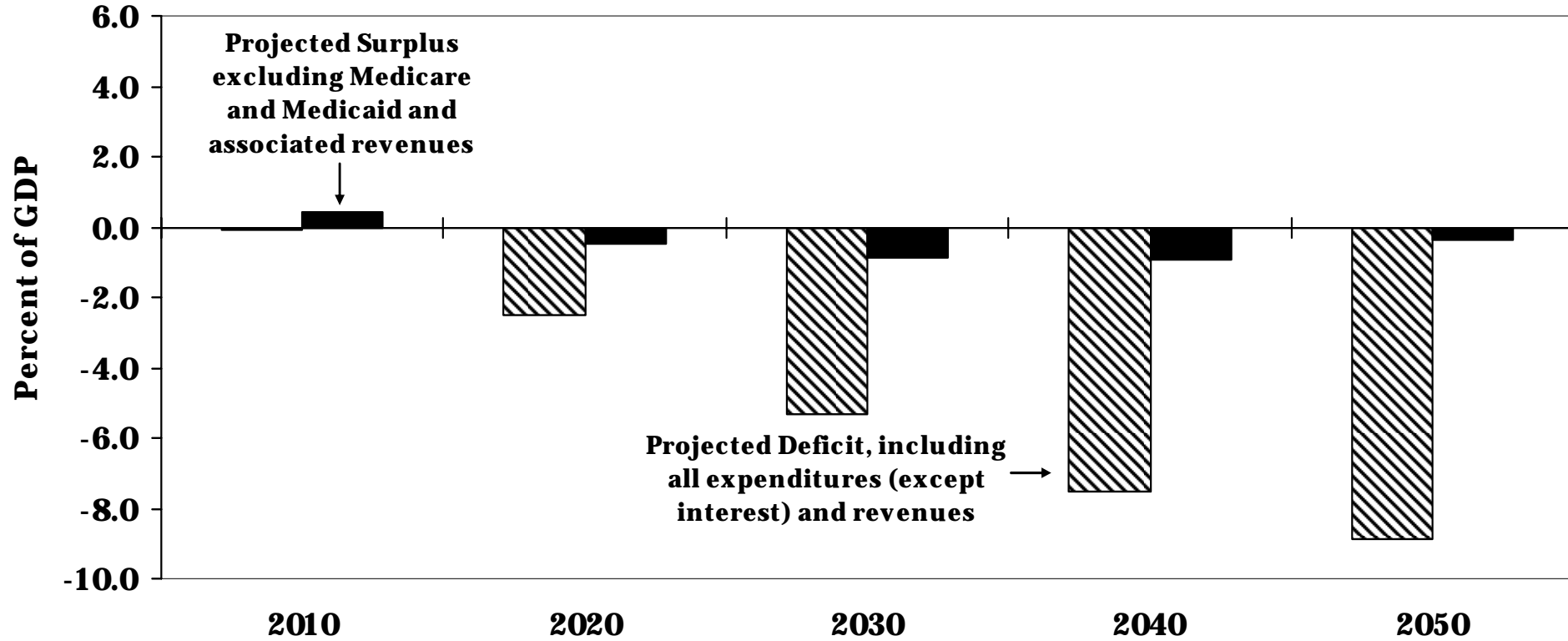
The U.S. experience has not, to understate matters, been entirely successful!!

There is a lot of confusion about what the U.S. funding problem really is...

Trust fund problem--DI is a small piece of the OASDI financing challenge, which is relatively small (0.4 to 0.7 percentage points of GDP over 75 years), technically easy to fix, and politically vexing

Long-term budget problem—DI and OASDI are not the source of projected long-term deficits; health care spending is

Alternative Fiscal Scenario



Bottom line

The Netherlands may have a disability problem

The United States has a health care financing
(and coverage and quality)

PROBLEM