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Going Dutch

By RUSSELL SHORTO

PICTURE ME, IF YOU WILL, as I settle at my desk to begin my workday, and feel free to use a [Vermeer](#) image as your template. The pale-yellow light that gives Dutch paintings their special glow suffuses the room. The interior is simple, with high walls and beams across the ceiling. The view through the windows of the 17th-century house in which I have my apartment is of similarly gabled buildings lining the other side of one of Amsterdam's oldest canals. Only instead of a plump maid or a raffish soldier at the center of the canvas, you should substitute a sleep-rumpled writer squinting at a laptop.

For 18 months now I've been playing the part of the American in Holland, alternately settling into or bristling against the European way of life. Many of the features of that life are enriching. History echoes from every edifice as you move through your day. The bicycle is not a means of recreation but a genuine form of transportation. A nearby movie house sells not popcorn but demitasses of espresso and glasses of Dutch gin from behind a wood-paneled bar, which somehow makes you feel sane and adult and enfolded in civilization.

Then there are the features of European life that grate on an American sensibility, like the three-inch leeway that drivers deign to grant you on the highway, or the cling film you get from the supermarket, which clings only to itself. But such annoyances pale in comparison to one other. For the first few months I was haunted by a number: 52. It reverberated in my head; I felt myself a prisoner trying to escape its bars. For it represents the rate at which the income I earn, as a writer and as the director of an institute, is to be taxed. To be plain: more than half of my modest haul, I learned on arrival, was to be swallowed by the Dutch welfare state. Nothing in my time here has made me feel so much like an American as my reaction to this number. I am politically left of center in most ways, but from the time 52 entered my brain, I felt a chorus of voices rise up within my soul, none of which I knew I had internalized, each a ghostly simulacrum of a right-wing, supply-side icon: [Ronald Reagan](#), [Jack Kemp](#), [Rush Limbaugh](#). The grim words this chorus chanted in defense of my hard-earned income I recognized as copied from [Charlton Heston](#)'s N.R.A. rallying cry about prying his gun from his cold, dead hands.

And yet as the months rolled along, I found the defiant anger softening by intervals, thanks to a succession of little events and awarenesses. One came not long ago. Logging into my bank account, I noted with fleeting but pleasant confusion the arrival of two mysterious payments of 316 euros (about \$410) each. The remarks line said "accommodation schoolbooks." My confusion was not total. On looking at the payor — the Sociale Verzekeringsbank, or Social Insurance Bank — I nodded with sage if partial understanding. Our paths had crossed several times before. I have two daughters, you see. Every quarter, the SVB quietly drops \$665 into my account with the one-word explanation *kinderbijslag*, or child benefit. As the SVB's Web site cheerily informed me when I went there in bewilderment after the first deposit: "Babies are expensive."

Nappies, clothes, the pram . . . all these things cost money. The Dutch government provides for child benefit to help you with the costs of bringing up your child.” Any parents living in the country receive quarterly payments until their children turn 18. And thanks to a recently passed law, the state now gives parents a hand in paying for school materials.

Payments arrive from other sources too. Friends who have small children report that the government can reimburse as much as 70 percent of the cost of day care, which totals around \$14,000 per child per year. In late May of last year an unexpected \$4,265 arrived in my account: vakantiegeld. Vacation money. This money materializes in the bank accounts of virtually everyone in the country just before the summer holidays; you get from your employer an amount totaling 8 percent of your annual salary, which is meant to cover plane tickets, surfing lessons, tapas: vacations. And we aren’t talking about a mere “paid vacation” — this is on top of the salary you continue to receive during the weeks you’re off skydiving or snorkeling. And by law every employer is required to give a minimum of four weeks’ vacation. For that matter, even if you are unemployed you still receive a base amount of vakantiegeld from the government, the reasoning being that if you can’t go on vacation, you’ll get depressed and despondent and you’ll never get a job.

Such things are easy for an American to ridicule; you don’t have to be a Fox News commentator to sneer at what, in the midst of a global financial crisis, seems like Socialism Gone Wild. And stating it as I’ve done above — we’ll consume half your salary and every once in a while toss you a few euros in return — it seems like a pretty raw deal.

But there’s more to it. First, as in the United States, income tax in the [Netherlands](#) is a bendy concept: with a good accountant, you can rack up deductions and exploit loopholes. And while the top income-tax rate in the United States is 35 percent, the numbers are a bit misleading. “People coming from the U.S. to the Netherlands focus on that difference, and on that 52 percent,” said Constanze Woelfle, an American accountant based in the Netherlands whose clients are mostly American expats. “But consider that the Dutch rate includes social security, which in the U.S. is an additional 6.2 percent. Then in the U.S. you have state and local taxes, and much higher real [estate taxes](#). If you were to add all those up, you would get close to the 52 percent.”

But to ponder relative tax rates is only to trace the surface of a deeper story. In fact, as my time abroad has coincided with the crumbling of basic elements of the American economic and social systems, and as politicians, commentators and ordinary Americans have cast about for remedies or potential new models, I have found myself not only giving the Dutch system a personal test drive but also wondering whether some form of it could be adopted by my country. One subtext of the [World Economic Forum](#) at Davos in January was the question of whether, amid the derailing of American-style capitalism as we have known it, the European approach, which marries capitalism and social welfare, and which in times of economic crisis seems to offer more stability both to individuals and to society, could suit the United States. [President Obama](#)’s initial budget called for a \$634 billion fund over the next 10 years for revamping the health care system: an attempt to make good on his campaign promise of moving toward universal coverage, which of course is a basic component of the European social system. Two years ago, the Bush administration sent an emissary to examine the Dutch health care system in particular, thanks to its novel blend of public and private elements.

With the political atmosphere in Washington in flux, there is no saying what kinds of changes will come. But most people seem to agree that something has to happen. And in talking both with American expats and with experts in the Dutch system, I hear the same thing over and over: American perceptions of European-style social welfare are seriously skewed. The system in which I have embedded myself has its faults, some of them lampoonable. But does the cartoon image of it — encapsulated in the dread slur “socialism,” which is being lobbed in American political circles like a bomb — match reality? Is there, maybe, a significant upside that is worth exploring?

LET'S FOCUS FIRST ON the slur. I spent my initial months in Amsterdam under the impression that I was living in a quasi-socialistic system, built upon ideas that originated in the brains of Marx and Engels. This was one of the puzzling features of the Netherlands. It is and has long been a highly capitalistic country — the Dutch pioneered the multinational corporation and advanced the concept of shares of stock, and last year the country was the third-largest investor in U.S. businesses — and yet it has what I had been led to believe was a vast, socialistic welfare state. How can these polar-opposite value systems coexist?

A short stroll from my apartment suggests the outlines of an answer. In about six minutes you reach the Dam, the wide plaza that is the Times Square of Amsterdam. It is no misnomer: after groups of settlers decided, around 1200, to make their homes at this spot where the Amstel River flowed into the inland bay called the IJ, they blocked up the river in order to control the water (hence the city's name: Amstel . . . Dam). Beneath the Dam is, thus, an actual dam. The square is the center of the city's history. [Rembrandt](#), Spinoza and troops of Dutch Masters-looking gents trod these paving stones in the 17th century. One grim day in May 1945, just after the Nazis surrendered the city but before they left, German soldiers fired into the celebrating crowds on the square, killing 20 people.

The Dam is therefore a reminder not only of the country's past but also of its ceaseless battle with water. And that battle turns out to be the key to understanding the Netherlands' blend of free market and social welfare. The Low Countries never developed a fully feudal system of aristocratic landowners and serfs. Rather, sailors, merchants and farmers bought shares in trading ships and in cooperatives to protect the land from the sea, a development that led to the creation of one of the world's first stock markets and helped fuel the Dutch golden age. Today the country remains among the most free-market-oriented in Europe.

At the same time, water also played a part in the development of the welfare system. To get an authoritative primer on the Dutch social-welfare state, I sat down with Geert Mak, perhaps the country's pre-eminent author, to whose books the Dutch themselves turn to understand their history. The Dutch call their collectivist mentality and way of politics-by-consensus the “polder model,” after the areas of low land systematically reclaimed from the sea. “People think of the polder model as a romantic idea” and assume its origins are more myth than fact, Mak told me. “But if you look at records of the Middle Ages, you see it was a real thing. Everyone had to deal with water. With a polder, the big problem is pumping the water. But in most cases your land lies in the middle of the country, so where are you going to pump it? To someone else's land. And then they have to do the same thing, and their neighbor does, too. So what you see in the records are these extraordinarily complicated deals. All of this had to be done together.”

There were political movements in the 20th century — like the sexual and social revolutions of the '60s — that gave the country its reputation for no-holds-barred liberalism. But by Mak's reckoning these

developments were little more than varnish on the surface. The nation today embodies a centuries-old inclination toward collectivism, which one writer characterized as “the democracy of dry feet.”

“We are still in the polder, always searching for agreement among all parties,” Heino van Essen, former chairman of PGGM, one of the largest Dutch pension funds, told me. “Even our pension system is collectivist, in which employers, employees and the government collaborate.” The collaboration goes all the way to the top, where something called the Social Economic Council — consisting of trade-union, business and government representatives — advises the government on major issues. “It’s possible because our trade unions still play a prominent role,” said Alexander Rinnooy Kan, the chairman of the council. “In the U.S., the relationship between employers and unions is adversarial, but here we’ve learned there’s a joint interest in working together.”

There is another historical base to the Dutch social-welfare system, which curiously has been overlooked by American conservatives in their insistence on seeing such a system as a threat to their values. It is rooted in religion. “These were deeply religious people, who had a real commitment to looking after the poor,” Mak said of his ancestors. “They built orphanages and [hospitals](#). The churches had a system of relief, which eventually was taken over by the state. So Americans should get over ‘socialism.’ This system developed not after [Karl Marx](#), but after Martin Luther and [Francis of Assisi](#).”

IF “SOCIALISM” IS THEN something of a straw man — if rather than political ideology, religious values and a tradition of cooperation are what lie beneath the modern social-welfare system — maybe it’s worth asking a simple question of such a system: What does it feel like to live in it?

In 1992, Julie Phillips flew from her home in New York to visit a friend from college who lived in Amsterdam. She found that she liked the city. “You don’t know any nice, single, straight men here, do you?” she asked her friend. He said he knew one and introduced her to Jan. Julie married Jan, and Amsterdam became her home. Julie is a friend of mine, part of my American expat cabal in Amsterdam. She’s a fellow writer, and the second of her two children, Jooske, was born at home. Julie told me she isn’t a “hard-core granola type,” but giving birth at home, with the help of a [midwife](#), is a longstanding Dutch tradition, so, she said, “I was very when-in-Rome about it.” She is now a fan of home birth. “It was incredibly pleasant,” she said. Bart (“one of the Netherlands’ only male midwives,” according to Phillips) showed up at her door at 11 in the morning. The baby was born a few hours later. “It was just me and Bart and Jan. Later, I was with the baby in the bedroom, listening to them yakking in the kitchen. I thought, Here I am with my baby in my bed, and everyone is having a nice time in my house.”

The Netherlands has universal health care, which means that, unlike in the United States, virtually everyone is covered, and of course social welfare, broadly understood, begins at the beginning. In Julie and Jan’s case, although he was a struggling translator and she was a struggling writer, their insurance covered prenatal care, the birth of their children and after-care, which began with seven days of five-hours-per-day home assistance. “That means someone comes and does your laundry, vacuums and teaches you how to care for a newborn,” Julie said. Then began the regimen of regular checkups for the baby at the public health clinic. After that the heavily subsidized day care kicked in, which, Julie told me, “is huge, in that it helps me live as a writer who doesn’t make a lot of money.”

The Dutch health care system was drastically revamped in 2006, and its new incarnation has come in for a lot of international scrutiny. “The previous system was actually introduced in 1944 by the Germans, while they were paying our country a visit,” said Hans Hoogervorst, the former minister of public health who developed and implemented the new system three years ago. The old system involved a vast patchwork of insurers and depended on heavy government regulation to keep costs down. Hoogervorst — a conservative economist and devout believer in the powers of the free market — wanted to streamline and privatize the system, to offer consumers their choice of insurers and plans but also to ensure that certain conditions were maintained via regulation and oversight. It is illegal in the current system for an insurance company to refuse to accept a client, or to charge more for a client based on age or health. Where in the United States insurance companies try to wriggle out of covering chronically ill patients, in the Dutch system the government oversees a fund from which insurers that take on more high-cost clients can be compensated. It seems to work. A study by the Commonwealth Fund found that 54 percent of chronically ill patients in the United States avoided some form of medical attention in 2008 because of costs, while only 7 percent of chronically ill people in the Netherlands did so for financial reasons.

The Dutch are free-marketers, but they also have a keen sense of fairness. As Hoogervorst noted, “The average Dutch person finds it completely unacceptable that people with more money would get better health care.” The solution to balancing these opposing tendencies was to have one guaranteed base level of coverage in the new health scheme, to which people can add supplemental coverage that they pay extra for. Each insurance company offers its own packages of supplements.

Nobody thinks the Dutch health care system is perfect. Many people complain that the new insurance costs more than the old. “That’s true, but that’s because the old system just didn’t charge enough, so society ended up paying for it in other ways,” said Anais Rubingh, who works as a general practitioner in Amsterdam. The complaint I hear from some expat Americans is that while the Dutch system covers everyone, and does a good job with broken bones and ruptured appendixes, it falls behind American care when it comes to conditions that involve complicated procedures. Hoogervorst acknowledged this — to a point. “There is no doubt the U.S. has the best medical care in the world — for those who can pay the top prices,” he said. “I’m sure the top 5 percent of hospitals there are better than the top 5 percent here. But with that exception, I would say overall quality is the same in the two countries.”

Indeed, my nonscientific analysis — culled from my own experience and that of other expats whom I’ve badgered — translates into a clear endorsement. My friend Colin Campbell, an American writer, has been in the Netherlands for four years with his wife and their two children. “Over the course of four years, four human beings end up going to a lot of different doctors,” he said. “The amazing thing is that virtually every experience has been more pleasant than in the U.S. There you have the bureaucracy, the endless forms, the fear of malpractice suits. Here you just go in and see your doctor. It shows that it doesn’t have to be complicated. I wish every single U.S. congressman could come to Amsterdam and live here for a while and see what happens medically.”

I’ve found that many differences between the American and Dutch systems are more cultural than anything else. The Dutch system has a more old-fashioned, personal feel. Nearly all G.P.’s in the country make house calls to infirm or elderly patients. My G.P., like many others, devotes one hour per day to walk-in visits. But as an American who has been freelance most of his career, I find that the outrageously significant difference

between the two systems is the cost. In the United States, for a family of four, I paid about \$1,400 a month for a policy that didn't include [dental care](#) and was so filled with co-pays, deductibles and exceptions that I routinely found myself replaying in my mind the Monty Python skit in which the man complains about his insurance claim and the agent says, "In your policy it states quite clearly that no claim you make will be paid." A similar Dutch policy, by contrast, cost 300 euros a month (about \$390), with no co-pays, and included dental coverage; about 90 percent of the cost of my daughter's braces was covered.

HEALTH CARE IS MAYBE the most distinguishable part of social welfare, but the more time I spend in the Netherlands, the less separable health care becomes from the whole. Which is to say that to comprehend this system is to enter a different state of mind. People have a matter-of-fact belief not in government — in my experience the Dutch complain about government as frequently as Americans do — but in society. As my Dutch teacher, Armelle Meijerink, said: "We look at the American system, and all the uninsured, and we can't believe that a developed country chooses for that. I have a lot of American students, and when we talk about this, they always say, Yes, but we pay less tax. That's the end of the discussion for them. I guess that's a pioneer's attitude."

Decent housing is another area where the Dutch are in broad agreement. As does nearly every Western nation, the Netherlands has a public housing system, in which qualified people get apartments for below-market rents. About one-third of all dwellings in the country are "social housing." But here again, attitudes are different from those in the United States. I was surprised to learn, for example, that a friend who is a successful psychologist lives in a social-housing apartment, which he has had since his student days. It turns out the term does not have the stigma attached to it that "public housing" does in the United States. ("In the U.S., public housing is a last resort, but here it's just a good, cheap house," said Fred Martin, an official at Impuls, an Amsterdam social-services organization.) Beyond that, while my friend obviously can afford to pay more than his bargain-basement rent of 360 euros (\$470), the system doesn't require him to move on, and one reason is that there is perceived to be a value in keeping a mix of income levels in the units.

Social housing differs from much of the public housing in the United States in that the government does not own or manage the properties. Rather, each is owned by an independent real estate cooperative. The system is not-for-profit, but it pays for itself. The housing market, then, is actually two real estate markets running alongside each other, one of which operates at government-mandated cheaper rates.

This points up something that seems to be overlooked when Americans dismiss European-style social-welfare systems: they are not necessarily state-run or state-financed. Rather, these societies have chosen to combine the various entities that play a role in social well-being — individuals, corporations, government, nongovernmental entities like unions and churches — in different ways, in an effort to balance individual freedom and overall social security.

So here is a little epiphany I had through the experience of living in Europe. Maybe we Americans have set up a false dichotomy. Over the course of the 20th century, American politics became entrenched in two positions, which remain fixed in many minds: the old left-wing idea of vast and direct government control of social welfare, and the right-wing determination to dismantle any advances toward it, privatize the system and leave people to their own devices. In Europe, meanwhile, the postwar cradle-to-grave idea of a welfare state gave way in the past few decades to some quite sophisticated mixing of public and private. And

whether in health care, housing or the pension system (there actually is still a thriving pension system in the Netherlands, which covers about 80 percent of workers), the Dutch have proved to be particularly skilled at finding mixes that work.

O.K., ENOUGH EUPHORIA. It's true that I have grown to appreciate many aspects of this system. But honesty compels me to reveal another side. There is a mood that settles into me here, deepening by degrees until its deepness has become darkness. It happens typically on a Sunday afternoon. I'll be strolling through a neighborhood on the outskirts of Amsterdam, or cycling in a nearby small town, and the calm, bland streets and succession of broad windows giving views onto identical interiors will awaken in my mind a line from Camus's "Myth of Sisyphus" that struck me to the core when I first read it as an undergraduate: "A man is talking on the telephone behind a glass partition; you cannot hear him, but you see his incomprehensible dumb show: you wonder why he is alive."

Something about this place rekindles the existential rage of my youth. Why are we here? How does a person achieve contact with his soul? Or in somewhat less grandiose terms: What do you do with yourself on a lazy Sunday afternoon? You pop into a shop. You sit at a cafe and read. You linger in a bookstore. Is this not why we have cities? Alas, such activity is largely impossible on a Sunday in my adopted city. A collusion of two forces in the mid-20th century — the workers' movement and the church — resulted in a policy of restricted business hours, and the conservative Dutch system is resistant to change. The supermarket in my tiny hometown in western Pennsylvania is open 24 hours a day. I challenge you to find anything open 24 hours a day in this supposedly world-class city. Indeed, most shops close by 6 p.m. — precisely when people leaving work might actually want to patronize them.

This rant has a couple of deeper points behind it. For one, the sameness suggests a homogeneous population, which the Netherlands long had. A broad social-welfare system works if everyone assumes that everyone else is playing by the same rules. Newcomers, with different ways of life and expectations, threaten it. This is one reason the recent waves of non-Western [immigration](#) have caused so much disturbance. Can such a system work in a truly multiethnic society?

Then, too, one downside of a collectivist society, of which the Dutch themselves complain, is that people tend to become slaves to consensus and conformity. I asked a management consultant and a longtime American expat, Buford Alexander, former director of McKinsey & Company in the Netherlands, for his thoughts on this. "If you tell a Dutch person you're going to raise his taxes by 500 euros and that it will go to help the poor, he'll say O.K.," he said. "But if you say he's going to get a 500-euro tax cut, with the idea that he will give it to the poor, he won't do it. The Dutch don't do such things on their own. They believe they should be handled by the system. To an American, that's a lack of individual initiative."

Another corollary of collectivist thinking is a cultural tendency not to stand out or excel. "Just be normal" is a national saying, and in an earlier era children were taught, in effect, that "if you were born a dime, you'll never be a quarter" — the very antithesis of the American ideal of upward mobility. There seem to be fewer risk-takers here. Those who do go out on a limb or otherwise follow their own internal music — the architect [Rem Koolhaas](#), say, or [Vincent Van Gogh](#) — tend to leave.

So where does this get us? If the collectivist Dutch social system arises from the waters of Dutch history,

how applicable is it to American society, which was shaped by the wagon train and the endless frontier? And why would a nation raised on “You can go your own way” and “Be all that you can be” even want to go Dutch?

To the first point, there are notable similarities between the two countries. The Dutch approach to social welfare grew out of its blend of a private-enterprise tradition and a deep religious tradition. The ways in which the United States seeks to fix its social system surely stem from its own strong tradition of religious values, and also from a desire to blend those values with its commitment to private enterprise.

And while I certainly wouldn't wish the whole Dutch system on the United States, I think it's worth pondering how the best bits might fit. One pretty good reason is this: The Dutch seem to be happier than we are. A 2007 [Unicef](#) study of the well-being of children in 21 developed countries ranked Dutch children at the top and American children second from the bottom. And children's happiness is surely dependent on adult contentment. I used to think the commodious, built-in, paid vacations that Europeans enjoy translated into societies where nobody wants to work and everyone is waiting for the next holiday. That is not the case here. I've found that Dutch people take both their work and their time off seriously. Indeed, the two go together. I almost never get a work-related e-mail message from a Dutch person on the weekend, while e-mail from American editors, publicists and the like trickle in at any time. The fact that the Dutch work only during work hours does not seem to make them less productive, but more. I'm constantly struck by how calm and fresh the people I work with regularly seem to be.

I'm not the only American to note this. “The thing that impressed me from Day 1, 25 years ago, is the sense of community,” said Buford Alexander, the former McKinsey director. “They know how to work and how to live. That's why I stayed.”

Geert Mak, the Dutch author, insisted that happiness is tied directly to the social system. We were sitting at his favorite cafe, a hangout of Dutch journalists since the end of World War II, and the genial, old-wood setting of the place, as well as its location, around the corner from the Dam and the center of the city's history, added a bit of luster to his words and reminded me, for the thousandth time, why I'm still here, despite the downside. “One problem with the American system,” he said, “is that if you lose your job and are without an income, that's not just bad for you but for the economy. Our system has more security. And I think it makes our quality of life better. My American friends say they live in the best country in the world, and in a lot of ways they are right. But they always have to worry: ‘What happens to my family if I have a [heart attack](#)? What happens when I turn 65 or 70?’ America is the land of the free. But I think we are freer.”

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