



Written by [Michael Tennant](#) on September 20, 2017

Baby Bust Threatens Finland's Already Precarious Welfare State

Finland, once proclaimed the [best country in the world](#) by *Newsweek* because of its lavish welfare state, is now facing the same crisis besetting all other welfare states: too many tax-eaters and too few taxpayers.

According to [Bloomberg](#), the root of the problem is that Finns aren't procreating enough. The Finnish birth rate is just 1.57 children per woman, the lowest since the great famine of 1868. It needs to be at least two per woman to keep the welfare state afloat, Aktia Bank chief economist Heidi Schauman told Bloomberg. "We have a large public sector and the system needs taxpayers in the future," she explained.



In other words, just as in Bernie Madoff's get-rich-quick scheme, paying benefits to today's investors (i.e., taxpayers) requires finding new suckers tomorrow.

The Finnish welfare state, like many of those in the West, was primarily erected during the post-World War II baby boom, when the number of people dependent on the government was few and dozens of future taxpayers were being born every day. Also like most welfare states, it started out small and grew to offer greater benefits to ever more beneficiaries over time. Bloomberg mentions the country's "famous baby-boxes," which started out as simple care packages for the poor but eventually came to "include all sorts of goodies" and were distributed to all families, regardless of income.

Today, with the Nordic countries' lowest ratio of youths to the working-age population and highest rate of old-age dependency, Finland is discovering the truth in Margaret Thatcher's assertion that socialists "always run out of other people's money." It is also learning that massive welfare states, contrary to progressives' pie-in-the-sky pronouncements, invariably mean lower standards of living for everyone: The European Commission expects Finland's annual economic growth to peak at 1.9 percent in 2035, then fall to 1.5 percent, where it will remain for a decade.

Bloomberg, which finds the current birthrate "surprisingly low ... given the efforts made by the state to support parenthood" — doesn't every government program produce the opposite of its stated intentions? — suggests that the solution to Finland's crisis is still more government intervention. Schauman herself argued that "what Finland really needs is a political program that treasures the family and increases the value of parenthood."

But what if the problem isn't too few babies but too many government dependents? After all, even if Finland were somehow to discover a couple million new taxpayers tomorrow — the country's population is about 5.5 million — that would only put off the day of reckoning until those people either died or dropped out of the workforce in favor of living at others' expense.

No, the real problem with Finland's welfare state is spending, as Finnish tax adviser Kaj Grussner



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explained in a 2010 [article](#):

The Finnish welfare state comes at a price we can't afford. The healthcare system is severely inefficient and costly, and stands in the way of normal people's access to the truly great medical care provided by the private sector. The public education is also very costly and constantly short of money. Textbooks are passed on from generation to generation, everybody learning the same fallacies as the ones before them, provided that books are even readable.

The idea of everyone's right to a university degree has resulted in a very high number of university graduates, but their degrees are often of no value on the job market. Due to high taxes and both the legal and financial risks of employing people, an 8 percent unemployment rate is considered normal. And did I mention that the retirement system is every bit as much of a Ponzi scheme as the US Social Security system, and is on the verge of collapse?

The national debt has already reached alarming levels.... Bankruptcy will come unless significant changes are made.

Those "significant changes" most emphatically do not include more government programs aimed at encouraging procreation or [exhortations that reproduction is a patriotic duty](#). Instead, they entail slashing spending and taxes; getting the government out of education, healthcare, and other sectors; and letting Finns decide for themselves how many children to have. That way leads to liberty and prosperity. Finland's present course is, unfortunately, the [road to serfdom](#).



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