

FINLAND Country Summary

Introduction and Overview

Despite its own unique political and economic history and ethnic roots, Finland shares what is now described as the Scandinavian pattern: it is a generous welfare state with a strong family policy commitment. Government spends a (relatively) high percentage of GDP, it has high social protection (social welfare) expenditures, and related, relatively high taxation levels. Finland has enjoyed remarkable economic growth since World War II and, directly influenced by its neighbors, has developed a welfare state which features universalistic strategies. Finland shows the Scandinavian commitment to the concept of the "people's home", a society in which everyone is precious and should be given opportunity. The concept of the welfare state has essentially been accepted by all political parties, despite some 1990s cutbacks during the economic recession.

Policy also is very much influenced by one of the preconditions of the country's economic growth, sometimes the highest (or one of the highest) female labor force participation rates (over 72 percent in 2002) among the pluralistic democracies, much of it (87 percent) full-time. In this context, child and family policy has had strong political support. The need for childcare arrangements has resulted in a rich array of guarantees and options, making Finland's under-3 policy particularly worthy of note. Income supports, childcare options, preventive health services and a generally high standard of living have placed Finland among the top countries in the world in its low infant mortality record. It is almost free of child poverty.

And, until the severe economic recession of the early 1990s, it had committed itself to further improvements in its policies and programs. Having largely recovered in the late 1990s, it has solidified core child and family policy, but, according to Taskinen (2003), has not reestablished all family benefits and services to their previous levels. The family policy objective is as follows: "to create a safe environment for children and to guarantee parents the material and psychological resources to bear and raise children", ensuring financial support and child care arrangements "to level out the expenses that children bring" (OECD, 2000b, p. 4). And we might add to ensure gender equality.

Government Agencies

In recent years reorganizations have placed planning and policy development in a single ministry (Social Affairs and Health) combining health and social welfare concerns and joining both income transfers and services. A related National Research and Development Center for Welfare and Health, (STAKES), subsidiary to the Ministry, does developmental and applied research, compiles national statistics, and has some residual administrative responsibilities. The Ministry of Environment is responsible for housing allowances. There is no specialized agency for family and child policy, nor is there an integrated plan. Nonetheless the concept of family policy (to include children) has been widely used in government and in public discussion. Policy initiatives

and coordination reside in the Social Affairs and Health Ministry. Implementation of services is assigned to lower tiers, largely the 450 municipalities, which have become particularly important recently, especially with regard to childcare policies. The intermediate provincial level (5 provinces) has also been becoming more important, in a supervisory role, especially in the health and social service fields.

Municipalities are responsible for providing social and health care services; the basic, required services are defined by national legislation. The central government provides each municipality with a block grant based on a number of population, health, and economic variables. This is supplemented by municipal taxes and some user fees for social and health care services.

Demographic and Other Social Trends

Salient for family policy are the facts that Finland is a country of 5.2 million people (2000). Of its 1.4 million families, some 635,000 were families with children, an average of 1.8 per family. Children under age 15 constitute 19 percent of the 5.2 million people. Ninety percent of children live in families with two parents. About 19 percent of families with children under 17 were single parent families (1999). Almost 1 percent of children under age 18 are in foster homes or residential institutions.

There has been a steady decline in the number of births, continuing in the 1990s, with both a fall in the number of women of childbearing age and a fall in the fertility rate. Yet at 1.73 (2000) Finland's fertility rate is comparatively high for Europe. The age of mother at first delivery is high and the mean age at birth overall is very high. Since the 1970s, Finland-like many European countries-has experienced a significant increase in cohabitation, reaching 20 percent of "families" by 1995. Many cohabiters marry when a child is born. Of all mothers there was a proportionate increase in unmarried mothers from 5 to over 9.2 percent over the 90s (a low rate, comparatively). About 30 percent of all children are born to cohabitating parents. Some 15 percent of children live with single parents. The teen-age abortion rate and the teen-age birth rate are low.

Some 70 percent of mothers of young children are in the paid labor force, mostly full-time. Single and married women have similar employment rates, but childless women have lower rates than those with children. Finland, and the other Nordic countries, have the highest female labor force participation rates in the OECD, over 72 percent (2000) and Finish women mostly work full-time. Over 80 percent of couples with children are dual-earners. Fewer single mothers are employed (50 percent). Over 90 percent of single fathers also are employed. Half of all children have two working parents. Finland was the first European country to give women the vote.

Along with Japan, Sweden and Norway, Finland leads the world in low infant mortality and has low rates for low birth-weight births. It has the best EU records of dental health in 12 year-olds. There is concern about increased smoking, by 8th and 9th grade, and relatively high rates of use of alcohol and illegal drugs by the same age group, however. Finland's young male suicide rate leads Europe.

Social Protection

In various studies during the 1990s, Finland was consistently seen as the most, or one of the most, egalitarian OECD countries in income. Its social protection (social welfare) system has a strong commitment to the principle of equality. It has one of the lowest OECD poverty rates. Ranked 14th among 19 OECD countries in per capita GDP, it has the sixth lowest child poverty rate in the group (6.9 percent), employing the U.S. poverty measure. (The U.S. rate by comparison is 13.9 percent.) Measured under the European relative system (less than half the median income), Finland has the third lowest rate (4.3 percent). The lone parent family poverty rate is 7.1 percent, and the rate for other families is 3.9 percent (UNICEF, 2000, Figures 1, 2, & 3).

As in the other Scandinavian countries, Finland's social assistance rates for both female and male single parent families are far higher than for the population at large.

According to news releases from the Ministry of Social Affairs and Health late in 1999 and early in 2000: "The aim of Finnish family policy is to create a safe environment for children to grow up in and to provide parents with the material and psychological means to have and raise children. Society uses various forms of financial support and child care arrangements to even out the costs of children for families."

Finland began with family allowances in 1948, turned to the larger tasks of the health insurance and pension systems, and then upgraded the lagging child allowances in the mid-70s when family policy attracted more attention. The development of the child caring systems started in the 70s and continued: the full definition of entitlements and options occurred in 1990 and 1996. Finnish childcare and child allowance systems are universal.

Finland is alert to and conscientious about international conventions and directives relevant to children and family policy. It sent a full report to the UN in 1995 on implementation of the Convention of the Rights of Children and although a member of the European Union (EU) only since 1995, is the only country to have implemented all EU social directives.

Finland's family policy was influenced in the 1930's by the concern with the fertility decline and began with some tax concessions for families with children and maternity grants for low-income mothers. Allowances were inaugurated in 1943 for large families, again in the pro-natalist mode (abolished in 1974), as were loans for young couples. However, when the present child allowance system was inaugurated in 1948 it was a response to employer's desire to restrain general wage increases (repeating the French history). The Agrarian party urged that all families with children be covered. There was, as indicated, a general decline in the value of these benefits from the mid-1950s to the early 1970s, but the interest revived then, allowances were increased several times, and a supplement for under-3s was added. While some still attribute policies to fertility concerns, other experts have cited a broader concern with equalization of burdens and the enhancement of child development.

Despite active and visible demographic research and reporting and population policy discussions, pro-natalism has apparently not been an important explicit driving force in child and family

The Clearinghouse on International Developments in Child, Youth and Family Policies at
COLUMBIA UNIVERSITY

policy most recently. The social welfare minister of Finland, Tarja Halonen, subsequently the President, told the Conference of Family Ministers in 1987: "We have no population policy programme....The increasing number of the elderly and the probably reduction of the birth rate have brought about concern, however....When the age group of children diminishes there will be better future possibilities for family policy to shift from quantitative to qualitative needs...". Nonetheless, a system which pays higher allowances to later children is at least implicitly pro-natalist.

Finland is one country that still offers a cash birth grant, of 128 Euros, but most often (78 percent) paid in kind with a very popular, and more valuable, "package," of which policy makers are quite proud. It contains all that an infant needs during the first year. Only mothers who report for prenatal care are eligible.

As has been the case in much of Europe, Finland has recently adjusted and cut local and national assistance programs to ensure that everyone in need receives a minimum level of income, while increasing work incentives.

In the Scandinavian pattern, Finland has a large public sector (government revenue and expenditures as a percentage of GDP, levels of personal income tax, social protection expenditure as a percentage of GDP). For example, in 1996 the EU average country spent 28.7 percent of GDP for social protection; Finland spent 32.1 percent. Moreover, only a very few European countries spent as high a proportion of their total social benefits on behalf of family/children's benefits as did Finland (12.5 percent) in 1996. In 1998 Finland spent 30.5 percent of GDP when the EU average was 27.7. With a larger GDP, the 1999 social protection proportion was 26.2.

Departing from universalism principles, however, Finland coped with financial pressures of the recession of the 1990s by increasing from 11 to 16 percent the portion of its total social expenditures that is means-tested. Only Ireland, U.K. and Spain have higher rates; the EU 1996 average was 10.5 percent.

Finland spends 9.8 percent of its social expenditures on family benefits, compared to an EU average of 8.3 (1998). In the unique Scandinavian pattern, Finland tends to spend as much or more for childcare as for child allowances. The table which follows, referring to diverse family benefits, places the programs reviewed in comparative perspective for 1997:

Child Allowances	33.1 %
Day Care	32.8 %
Child Home Care	8.1 %
Private Child Care	0.2 %
Parental Leaves	10.8 %
Advance Maintenance	1.9 %
Housing Allowances	5.0 %

Home Help	0.8 %
Institutional Care, Children, and Young People	3.1 %
Other	4.2 %
	100.2 %

(Finnish Ministry of Social Affairs and Health, 1999)

Child, Youth and Family Policies

Maternity, Paternity, Parental, and Family Leaves

Finland has an 18-week maternity benefit, of which 5 weeks may be taken before confinement and the remainder thereafter. Income replacement is at 70 percent of earnings except for quite-high earners. There also is a 26-week parental leave, all with income replacement of about 70 percent. Wage "replacement" for mothers or fathers on leave, but without labor force attachment, is a set percentage of an average wage. The parental leave is for either parent. There also is a child rearing leave at a flat rate extending until the child is three. A reduced payment is available to a parent who works up to 30 hours. Fathers also may take 6-12 days to help with the new child or older children in the family, plus six more days. In rural areas, under collective bargaining arrangements, local government finances farm labor replacement for the mother while she is on leave. Like all Finnish social insurance, these leaves are financed by government (45 percent), employer (35 percent), and employee (13 percent) contributions.

The "child-rearing" or "home care" allowance that begins after the leaves and extends until a child is 3 emerged from a debate between those favoring the childcare provisions described above and those who favored financially-aided home care of young children. The "compromise" was to do both. The provision that continues this option is most attractive to relatively low earners or to those two-earner couples whose total income is such that they can tolerate a decrease. The basic home care allowance, currently 3027 Euros annually, provides about 15 percent of an average wage. There is a supplement if the family has more than one child or is low-income, raising it to about 30 percent. Many families use part of the home-care option to extend the parental leave. Time at home caring for a child under age 3 and receiving a home care allowance is considered labor force time so that (since 1991) pension credits also accumulate.

Thus the child care and leave provisions of Finland's family policy offer the richest array available, in a class with -but less generous than-Sweden and matching but richer than Germany. It is Finland's explicit response to a pattern in which 81 percent of couples with children are dual earners and about half of single parents are at work.

Early Childhood Education and Care (ECEC)

The well-developed, high-quality system has developmental and educational objectives.

With high and mostly full-time maternal employment, Finland has built up its childcare guarantees. As of 1990, parents have had unconditional entitlement, whether or not they work, to daycare for children under age 3, and since 1996, parents of all children under school age have had a municipal entitlement, or funds for a private facility (not much used). The home care

The Clearinghouse on International Developments in Child, Youth and Family Policies at
COLUMBIA UNIVERSITY

allowance is the alternative. Compulsory school starts at 7, but since August 2001, local authorities have been required to offer one year of pre-school education to all 6-year olds under either the educational or social welfare system. Of the under-3s, 48 percent were in care by the latest reports, a high coverage rate; for the 3-6's it was 73 percent, typical in the Nordic countries, but not high by continental standards. Most are in care all day. Parent fees vary by income and family size and are waived for those of low income. Parental fees meet only about 15 percent of costs. Most children are in the public system. Parents preferring to remain at home get a modest grant (which-see below-is topped up by some municipalities to help control demand for child care space). Since 1997, parents also have the option of a grant to help pay for in-home care or for private care. Family day care (1/3 of children) may be chosen for the youngest children and is regulated. Most care (all types) is full day but some part-time care and some round-the-clock care is available. A partial care leave and allowance (unpaid reduction of work hours) may be worked out with employers until a child enters school.

Finland was part of a 2000 OECD review of ECEC in twelve countries. Consult the full Finnish report on line at: <http://oecd.org/e1s/pdfs/EDSECECDOCA016>.

Family and Child Allowances and Child and Family Tax Benefits

Discussed under the European rubric of "equalization of burdens", child allowances (to age 17) are intended to ease the pressure that comes with the added costs of raising children. Finland's researchers have frequently focused on the costs of a child. Child allowances are estimated as meeting half the costs of rearing a child. They are tax-free, not means-tested, and increase by a child's ordinal position. The first child brings 1080 Euros annually, the third child, 3978. There is a 403 Euro per year supplement for children of lone parents and also a means-tested supplement for low-income families.

Among the Nordic countries (1998), Norway had the highest average child allowance benefits, followed by Finland (and, then, Denmark and Sweden), all in the 900-1400 Euro range, per month.

Until 1994, Finland also had tax allowances for those who rear children, and their total costs were estimated at about equal to the costs of child allowances. Unlike the situation in other European countries where conservatives tend to favor the tax exemption route while the center-left, left, and unions favor child allowances, Finland's conservatives advocate for child allowances. This is consistent with the long-term preference of agrarian parties, with a large low-income constituency, for universal benefits. Thus, whereas there has been much public debate in recent years about home care versus day care, child allowances are a given.

The home care allowance, described above among the "leaves" is considered among the family allowance benefits. Government meets the entire cost of these allowances, with municipalities responsible for financing home care allowances.

Spouses are taxed separately and there are no special family concessions in the tax system.

Child Support

A lone parent who is divorced or separated, or who has a child out of wedlock, is entitled to child support from the non-custodial parent. If that support is not paid, or if paternity has not been established, there is a public child maintenance payment (worth about 6 percent of an average wage in 1992) and the municipality undertakes collection from the liable parent. This payment is neither income-tested nor taxable. It is an addition to the child allowance. Of those under 18, 11 percent of Finnish children received such payments in the late 90s, a bit below Norway (12.5 percent), Denmark (15 percent), and Sweden (15.5 percent).

Other Child Conditioned Income Transfers

The social security system provides for child survivors of workers or spouses caring for children under 18 (or 20, if a student). These are universal benefits that may be supplemented on the basis of an income test for low-income orphans. There is also a disability allowance for non-pensioners, as well as the child allowance for disabled children and the long-term ill. There also are child supplements to unemployment insurance and unemployment assistance. In 1998, 10 percent of single parent households received social assistance.

Child and Adolescent Health

Health care expenditures in Finland are below the OECD average but its services are rated favorably in recent studies. The system combines a social insurance system, financed by employer, employee, and government contributions and a public sector (municipal) health services program financed primarily by local and national taxes. There are insurance deductibles and co-payments. The municipal health services are essentially free.

Municipalities carry the major responsibility for providing health services. Most Finns are served by the primary health care centers and their hospitals. 94 per cent of pregnant women come for a check-up at the maternity clinic before the end of their fourth month of pregnancy. The check-up is a condition for receipt of the maternity grant. During the course of a normal pregnancy, an expectant mother will attend the clinic 12-15 times, normally to see the public health nurse. A doctor will examine her 2-3 times during the pregnancy. Most health centers offer mothers the opportunity of an ultrasound scan, normally 12-16 weeks into the pregnancy. Home births are rare; 99 per cent of women give birth in a hospital.

The role of the child health clinics is to monitor and support children's physical, psychological and social development and where necessary refer them for tests and treatment elsewhere. They also provide support and guidance for the family in bringing up their children and coping with family life.

After the birth the public health nurse from the maternity clinic visits the home, and the child and family then transfer and become patients of the child health clinic. The recommendation is that children visit the clinic for a check-up eight times before their first birthday, 1-2-year-olds four times a year, and older children once a year. Children under one year old are examined by a doctor 2-3 times, and the child is thereafter examined once every second or third year until the start of school at 7 years of age, when the school health care service takes over. The clinic also administers the vaccinations provided under the immunization program.

The Clearinghouse on International Developments in Child, Youth and Family Policies at
COLUMBIA UNIVERSITY

The local authorities also are responsible for providing school and student health care in the comprehensive schools, vocational institutions, and upper secondary schools in their area. Health care in the universities and other institutions of higher education is the responsibility of the Student Health Foundation.

Comprehensive school pupils receive an average of seven health checks during their school career. Each pupil is examined two or three times by a doctor, the other examinations being carried out by the school nurse. The school nurse also has regular consulting hours in the school during which pupils are free to visit for a consultation. Health education and pupil welfare also form an integral part of the school nurse's work. In many schools they also give lessons in human relationships and sex education. Dental care and psychology and speech therapy services are also included within free school health care provision (Taskinen, 1998, p. 262).

School-Aged Children: Policies and Programs

Compulsory school ages are 7 to 16. There is free pre-school for 6's with day care and school components.

We have referred above to health care and cash allowances. Also noteworthy is the policy of ensuring each child and youth in a public program a free, hot noon meal each day. Schoolbooks and supplies are free.

Finland's educational expenditures are above the OECD mean, at the United States level. As much is the case with regard to the portion of the post-25 population with at least secondary education. Finland also has a strong record of gender equality in education. More women than men have academic degrees (23.7 versus 21.2 percent).

Youth

If a youth has been in foster care or institutionalized under the child welfare system, the local social welfare board must provide support from the end of custody or foster care (age 18, at the latest, until age 21).

Finland leads the European Union in the age (18) at which half of all young people have left the parental home, and -with Denmark- in the percentage of young people, ages 16-29, who are cohabitating (over 40 percent) (Eurostat, 2001, pp. 25-26).

While committed in principle to substantial youth participation in all facets of their own affairs and community life, Finnish policy personnel acknowledge that participation goals are "not yet realized." Click here to view in PDF format a table on the ages at which children and youth are legally entitled to carry out a series of acts in EU countries.

Finland was one of the fourteen countries participating in the OECD thematic review, From Initial Education to Working Life—Making Transitions Work. For more detail on the transition to working life in Finland, see OECD's background report on Finland.

Reconciliation of Work and Family Life

The multi-option childcare benefits and the maternity-parental-child care leaves and benefits are considered to be responsive to the high labor force participation rates of mothers. In addition, an employed parent in a two-earner family may claim 4 days of leave to remain at home to care for a sick child. There is no statutory income replacement, but about three-quarters of such parents are provided for by collective bargaining arrangements. Although there is low take-up parents may shorten working hours two hours daily or one full day each week to care for school-age children to age 7 with a partial (25 percent) home care allowance.

Housing Benefits

Allowances are provided to low-income families who rent or own standard housing and whose costs exceed a fixed percentage. They are based on regional scales, family size, and income and are not taxable. There is a special housing allowance for students. Of families eligible for family allowances in the past decade over 40 percent have been lone-parent families and they have constituted 40-50 percent of housing allowance recipients.

Families with children are not homeless in Finland, i.e. they may be homeless only for a couple of weeks. Then they usually stay with relatives and friends or the municipal social welfare offices arrange temporary housing for them for this time either in apartments owned by the municipality or in hotels. Families with children have priority when the occupants for social housing are chosen. If families with children are evicted (because of rent arrears) there usually are other problems in the family, too. In these cases the children might be taken into custody or otherwise taken care of by the social welfare authorities. There are no special shelters for homeless families in Finland (Finnish Ministry of Social Affairs and Health, 1999).

References

- Alestaw, M. (1994). Finland: The welfare state at the crossroads. In N. Ploug & J. Kvist (Eds.), *Recent trends in cash benefits in Europe*, (pp. 73-84). Copenhagen: The Danish National Institute of Social Research.
- Alestaw, M. & Uusitalo, H. (1986). Finland. In P. Flora (Ed.), *Growth to limits: The Western European welfare state since World War II, Vol. II*. Berlin: Walter De Gruyten.
- Eurostat. (2001). *The social situation in the European Union, 2001*. Luxembourg: Office for Official Publications of the European Communities.
- Finnish Ministry of Social Affairs and Health. (2000a). *Early childhood education and care policy in Finland: Background report for OECD thematic review*. Helsinki: Author.
- Finnish Ministry of Social Affairs and Health. (2000b). *The Finnish social protection system and its operation in 1995*. Helsinki: Author.
- Finnish Ministry of Social Affairs and Health. (1999). *Finnish family policy*. Helsinki: Author. Retrieved from the World Wide Web at: <http://www.vn.fi/stm/english/index.htm>.

The Clearinghouse on International Developments in Child, Youth and Family Policies at
COLUMBIA UNIVERSITY

- Kahn, A.J. & Kamerman, S.B. (1994). *Social policy and the under-3s: Six country case studies—Finland*. New York: Columbia University School of Social Work.
- OECD. (2000a). *From initial education to working life: Making transitions work*. Paris: Author.
- OECD. (2000b). *Thematic review of the transition from initial education to working life: Finland background report*. Paris: Author.
- Salmi, M. & Lammi-Taskula, J. (1999). Parental leave in Finland. In P. Moss & F. Deven (Eds.), *Parental leave: Progress or pitfall?* Brussels: CBGS Publications.
- Taskinen, S. (2003). *The situation of families in Finland—2001*. European Observatory on the Social Situation, Demography, and Family. Retrieved April 2003, from the World Wide Web at: http://europa.eu.int/comm/employment_social/eoss/index_en.html.
- Taskinen, S. (1999). Finland. *Family Observer/European Observatory on Family Matters*, pp. 28-29.
- Taskinen, S. (1998). Finland. In J. Ditch, H. Barnes, & J. Bradshaw (Eds.), *Developments in national family policies in 1996*. Brussels: Commission of the European Communities.
- Taskinen, S. (1996). Finland. In J. Ditch, H. Barnes, & J. Bradshaw (Eds.), *Developments in national family policies in 1995*. Brussels: Commission of the European Communities.
- UNICEF. (2000). *Innocenti report card, 1*. (Figures 1,2,3). Florence, Italy: Author.

Last updated March 2003