

# The welfare state reconsidered



**Our attitude towards taxation, is that a key part of the lack of popular support of a well functioning societal safety net here in Canada?**

That is what a visiting Finnish social psychologist seems to think. In Finland, he says, the taxpayer knows it is worth paying as he knows he gets something back. In Canada the idea that taxes are extra costs that will not be returned to the taxpayer is widely shared.

A Finnish social psychology exchange student, currently residing in Toronto, Juha Mikkonen discusses the advantages of Nordic welfare state. The social democratic welfare state has, or has had, a pervasive social security system that has effectively prevented absolute poverty. In addition to the absence of absolute poverty, Nordics statistically tend to be also healthier than others. Finally, the Nordic model has offered equal opportunity for everyone to get educated, creating a less rigid class structure.

Welfare is a concept that hardly leaves anyone without impressions or connotations. Here in Canada, going on welfare is thought to have a negative denotative meaning, something to be ashamed of, should such an unfortunate state of affairs befall oneself.

Many in Canada believe that welfare is only associated with poverty and failure. In contrast, in Finland, welfare is considered more universal. Finns, having grown up with free health care, education and small differences in income levels, tend to regard welfare as uncontestedly positive. In general, Finns have been willing to pay more taxes in order to keep the welfare system

running.

Different cultural approaches owe to the threefold approach to producing welfare services. In the liberal state, welfare services are mainly produced in the private sector, and are treated more in the way of any other market commodity. The state interferes less in the process. Classical example of liberal state would be the United States. The conservative welfare state, such as Germany, relies more on families as safety net. The third way of thinking about and producing welfare services is the social democratic state, perhaps best represented by the Nordic states.

## **Taxes as "extra costs"**

The downside of the Scandinavian welfare state is that with a larger public sector, the tax rate is usually higher. But with all the advantages of the social democratic welfare state considered, Mikkonen finds it rather odd how unpopular the notion of higher tax rate and extensive social benefits has been outside Scandinavia. In fact, in Canada, the idea that taxes are extra costs that will not be returned to the taxpayer is widely shared. Mikkonen has repeatedly encountered this attitude among the

young people and students he has met during his stay in Toronto.

Juha Mikkonen's message is unambiguous. Being more inclined towards liberalism, the contemporary Canadian ethos is geared into unsolidarity and personal gain when it comes to the role of the public sector as welfare services provider.

The challenge of the social democratic welfare system is that it must be fully embraced in order for it to work properly. The volume is key here; the more services are produced in the public sector, the cheaper they will be for the public. And more extensively available, too.

In similar vein, Mikkonen contends that the legitimacy of higher taxes has not yet eroded in Finland, but the future of the system should not be taken for granted. It is essential that social welfare services be produced mainly by the public sector also in the future, in order to keep the social welfare infrastructure up and running.

**VESA LAHTINEN**

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