This paper seeks to clarify the causes and effects of low fertility in Europe with a special emphasis on the Czech Republic. Instruments to measure fertility and the efficiency of investments in children and human capital are defined. Generational accounting is used to show that low fertility has severe effects on the long-term sustainability of the Czech fiscal system. Social Welfare Stock (SWS) is developed as an alternative to the Gross Domestic Product (GDP). SWS-growth is forecasted to be weak unless fertility increases. The main cause of low fertility, are high opportunity costs of children due to Familism and gender regimes. The PAYG pension system is claimed to have abolished the old-age insurance motive for having children. Children bring economic dissatisfaction: “on the basis of a purely economic approach, the optimal number of children for a rational agent is zero” (Stanca 2009). A further cause of low fertility is an inefficient public administration due to corruption, lack of political incentives and budgetary constraints. Proposed policies to increase fertility are: increased share of GDP on child benefits from 2.2% to 2.95, with a higher share of the benefits for young children; child-related pensions; more quality child care for children aged 0-3; parenting training and interventions for high-risk children; shorter but better paid parental leave; two months of parental leave for each parent; more part-time jobs; easier re-entry to employment; child-benefits conditioned on parental employment or studies; a children’s ombudsman; a commissioner for future generations; gender quotas; lower voting age, improved education of civil servants; human capital-, generational- and social welfare-accounting.