

**Home or Market Childcare?  
Swapping Child Care Arrangements Across Three European Countries**

Gerlinde Verbist  
University of Antwerp

Joris Ghysels  
University of Antwerp

Josefine Vanhille  
University of Antwerp

Over the past decades, social protection systems in Western welfare states have designed new ways to facilitate the reconciliation of work and family life. Often, the new measures were added to existing family policies and family-dependent taxation rules. This has led to heterogeneous policy mixes relating to caring for children, ranging from support of the working mother (e.g. subsidies for child care) to measures that are aimed at compensating parents for self-provided care efforts (e.g. home-care benefits). This heterogeneity entails complex incentive structures that are not a priori clear. Also, the different policy options are far from distributionally neutral.

In this paper, we use EUROMOD to model the policy measures of both types (work support and home care support) in place in three European welfare states with very distinct care policy systems: Finland, Belgium and Germany. Using microsimulation techniques we introduce the Finnish policy set in Belgium and Germany. The distributional consequences of the “Finnish” allocation of public expenditures for the Belgian and German families and children are investigated. For Belgium, where the impact on work incentives of the new policy is probably most unclear, we also provide marginal effective tax rates.