THE POLITICAL ECONOMY OF HOUSEHOLD SERVICES IN EUROPE

Over the past two decades, countries in Continental and Northern Europe have set up specific policies to promote the development of household services. This book analyses the aims pursued with these policies and the ways in which the issues have been framed. It also examines the labour market outcomes of these policies, focusing on the forms and quality of employment in the household services sector, and highlights both the symbolic and economic effects of these policies in terms of constructing domestic and care services as low-skilled, low-value work. A key result here is that these policies have actively contributed to the structuring of dualisms in the labour market, reinforcing social, gendered and ethnic cleavages. Finally, the book sheds light on the distributive effects of these policies, which essentially benefit affluent households. The public cost of these policies is also questioned in terms of their efficiency, not least with regard to their employment objectives.

Main schemes supporting household services in Europe

<table>
<thead>
<tr>
<th>Country</th>
<th>Scheme</th>
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<tr>
<td>Austria</td>
<td>Tax credit for household services (BHT) and for home renovation (RUT)</td>
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<tr>
<td>Belgium</td>
<td>Tax credit for services and housing renovation</td>
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<tr>
<td>Finland</td>
<td>Tax credit for home purchases</td>
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<td>France</td>
<td>Tax credit for home purchases</td>
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<td>Germany</td>
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<td>Sweden</td>
<td>Tax credit for home purchases</td>
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Care services included

- Yes
- No

Intermediation regulation

- No
- Yes

Social security for workers

- Yes
- No

Subsidy rate

- 50% (national subsidy + 30% tax benefit on remaining cost)
- 44% tax credit if intermediated and 21% rate reduction of direct labour

Minimum tax benefit per year

- 42,000 person
- 19,000 person

Contributions and contributors

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Nathalie Morel and Clément Carbonnier

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Chapter 12. Job Creation, Public Cost and the Distributive Profile of Tax Allowances for Household Services in France

Clément Carbonnier

This book puts into perspective some celebrated employment miracles, which, if on the one hand they allowed low-skilled individuals to access jobs, at the same time reinforced old inequalities and generated new ones. With its multidisciplinary approach, this book sheds light on the increasing use of fiscal instruments in Continental and Nordic welfare states to lower tax-skilled employment, on the labour market outcomes of these policies, as well as on the symbolic and welfare consequences. It recommended reading to all those who want to understand the complexity of post-industrial societies.

Jane Jenson, Department of Political Science, Université de Montréal

This is a wonderfully illuminating book presenting a new incisive analysis of the political economy of household services. It shines light on the increasing use of tax breaks in Continental and Nordic welfare states to support the private employment of household and care services. While the political legitimacy for this is that it helps the productivity of skilled professional workers in the knowledge economy and employment for those marginalised from the labour market, the reality is new social, gendered and ethnic inequalities and labour market dualisms. A major contribution to understanding the contradictions of neo-liberal welfare policies.

Fiona Williams, Emeritus Professor of Social Policy, University of Leeds, UK.