

LIS

Working Paper Series

No. 799

Inequality, Poverty and Child Benefits: Evidence from a Natural Experiment

Piotr R. Paradowski, Joanna Wolszczak-Derlacz

Original version July 2020

(revised in March 2025)



Published:

A revised version of this paper is published as Paradowski, P.R., & Wolszczak-Derlacz, J.
Inequality, poverty, and child benefits: evidence from a natural experiment.
Post-Soviet Affairs 41, no. 3 (2025), 242–262.
<https://doi.org/10.1080/1060586X.2025.2487372>

Luxembourg Income Study (LIS), asbl

INEQUALITY, POVERTY AND CHILD BENEFITS: EVIDENCE FROM A NATURAL EXPERIMENT

Piotr R. Paradowski,* Joanna Wolszczak-Derlacz**

This version: March 21, 2025

Post-Soviet Affairs, 1–21. <https://doi.org/10.1080/1060586X.2025.2487372>

Abstract

In this article, we empirically address the link between policy, and inequality and child poverty. Our analysis fills a gap in policy assessment research by examining the effect of introducing a cash universal child benefit (the program Family 500+ in 2016 in Poland) on income inequality and poverty, specifically child poverty. The analysis utilizes micro-level household data from the Luxembourg Income Study (LIS) and Statistics Poland. We examine the changes in various indicators of inequality and poverty and their decomposition. All conducted distributional analyses suggest that a decrease in income inequality and poverty reduction is attributable to the program Family 500+. We assess relative and subjective poverty and show that both are influenced by the program. The causal relationship between the benefit and the decline in child relative and subjective poverty is confirmed by difference-in-differences estimation, in which treated and non-treated households are compared before and after the program's introduction.

JEL: I32, I38, G15

Keywords: inequality, poverty, child benefit

*Luxembourg Income Study (LIS), 11 porte des Sciences, L-4366 Esch/Alzette, Luxembourg and Gdansk University of Technology, Faculty of Management and Economics, Narutowicza 11/12; 80-233 Gdańsk, Poland, e-mail: paradowski@lisdatacenter.org (corresponding author)

**Gdansk University of Technology, Faculty of Management and Economics, Narutowicza 11/12; 80-233 Gdańsk, Poland, e-mail: jwo@zie.pg.gda.pl

Joanna Wolszczak-Derlacz acknowledges co-funding from the Erasmus+ Programme of the European Union (Jean Monnet Chair in Economics, Dec No: 574599-EPP-1-2016-1-PL-EPPJMO-CHAIR). The European Commission's support does not constitute an endorsement of the contents of this publication, which reflects the views of the authors alone; the Commission cannot be held responsible for any use that may be made of the information contained therein.