

Impact of the “500 plus” policy on the Polish economy using CGE model

Rumiana Górska
Szkoła Główna Handlowa w Warszawie

Abstract

The purpose of the study is to analyze the impact of financial support policy for families with children, known as "500 plus", on the Polish economy using the Computable General Equilibrium (CGE) model. The decision to introduce financial support for families with more than one child, as well as its subsequent extension - regardless of the number of children - is a part of demographic policy of the government in response to the aging population. This decision has many supporters as well as opponents. The aim of the study is not to assess the appropriateness of this policy, but to analyze its effects on the economy using the CGE model. CGE framework is widely used in economic analysis of the consequences of government policy decisions and implementation of various legislative solutions - e.g. to assess the effects of changes in tax levels, changes in the country's trade policy, as well as changes in the environmental policy. For the purpose of this study a standard single country CGE model was constructed and calibrated using GAMS software. The results concern the changes in GDP, household incomes and consumption.