

Distributional National Income Account of Taiwan

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I. WHAT IS THE QUESTION?

The existing distributional data in Taiwan is highly unreliable. For example, there is an inconsistency between micro and macro data. As a result, it's hard to know the true level of inequality in Taiwan.

II. WHY SHOULD WE CARE ABOUT IT?

The official statistics are doubted to be underestimating the inequality in Taiwan. If so, we might have underestimated the urgency to make changes as well. In the long run, the unawareness of people and government could lead to even higher level of inequality in the future.

III. WHAT IS THE AUTHOR'S ANSWER?

By redistributing national income to every individual in Taiwan, the authors found that the Gini coefficient was severely underestimated. Moreover, the top 1% and 10% income shares were higher than the US, which had a high level of inequality. Finally, the redistribution policy was becoming less effective and the real poverty rate in Taiwan was about 18% recently.

IV. WHAT COULD WE LEARN FROM IT?

The government should take on the fact that inequality is indeed a problem in Taiwan. That is, more radical distributional policy should be proposed.