Poverty in Taiwan: A profile in the new century

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Outline

- The changes of household structure (living arrangement) in the new century
- The profile of poverty rates in Taiwan
- Examining the poverty of the special groups (the aged, female headed, one-parent family)
- The official poverty (low-income household)
- The anti-poverty program during Global Financial Crisis.
- Conclusions

The coming of an aged society
(台灣於2018年3月進入老齡社會)

The percentage of people above 65 years old reached to 14% this year, so called an aged society. Up to 2026, it will reach 20%, Taiwan would become a super-aged society.

Household Structure in Taiwan (台灣的家戶結構) : 2000-2015
Increasing of households and households with the elderly (有65歲以上老人家戶增加快速，其中2015年單人戶有44%是老人，夫婦戶有61%是老人)

The trend of household size and female headed households (家戶人口減少，女性戶長不斷增加)

The share of female headed household by household type (各類家戶的女性戶長占比)

The Measurement of Poverty

- According to the OECD Family Database, a poor household is defined as "a household with an equivalent disposable income less than 50% of the median of equivalent disposable income of national households".
- The "equivalent disposable income" refers to the family's disposable income adjusted by the square root of family members
- The data used for Taiwan was the survey of family income and expenditure.
**Table: Poverty Rates by Household Type**

<table>
<thead>
<tr>
<th>Household Type</th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall household</td>
<td>7.64</td>
<td>8.82</td>
<td>9.9</td>
<td>8.93</td>
</tr>
<tr>
<td>Male headed households</td>
<td>6.27</td>
<td>7.51</td>
<td>8.32</td>
<td>7.3</td>
</tr>
<tr>
<td>Female headed households</td>
<td>13.44</td>
<td>13.6</td>
<td>14.34</td>
<td>12.89</td>
</tr>
<tr>
<td>Household with aged</td>
<td>14.16</td>
<td>16.74</td>
<td>16.03</td>
<td>14.58</td>
</tr>
<tr>
<td>Household without aged</td>
<td>4.94</td>
<td>5.01</td>
<td>6.43</td>
<td>4.94</td>
</tr>
<tr>
<td>Overall one-parent families</td>
<td>13.9</td>
<td>13.59</td>
<td>14.98</td>
<td>14.23</td>
</tr>
<tr>
<td>Single-father families</td>
<td>9.65</td>
<td>11.34</td>
<td>12.9</td>
<td>12.69</td>
</tr>
<tr>
<td>Single-mother families</td>
<td>16.29</td>
<td>14.69</td>
<td>16.04</td>
<td>15.08</td>
</tr>
<tr>
<td>Overall population</td>
<td>5.15</td>
<td>5.49</td>
<td>6.7</td>
<td>5.55</td>
</tr>
<tr>
<td>Elderly population</td>
<td>13.8</td>
<td>17.36</td>
<td>16.57</td>
<td>14.53</td>
</tr>
</tbody>
</table>

Source: Calculation based on the data from the survey of Family Income and expenditure, 2000-2015.

**Figure: Economic Depression**

The poverty rate for households with/without aged and male/female headed households (有老人家戶與女性戶長家戶貧窮率較高)

**Figure: Poverty Rate by Household Type**

The poverty of one-parent family by gender (女單親戶的貧窮率16年當中有13個年份較男單親戶高)

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1.35% 2.09% 1.15% 1.90%
57.75%
35.76%

The Low-income Household: regulated by Social Assistance Act (法定的低收入戶)

- The Social Assistance Act as amended in 2010 changed in the measurement method for the Minimum Living Index (hereafter MLI) and the incorporation of "medium-to-low income household" into the law.
- 2010年修訂社會救助法，改變「最低生活費」計算方式並增加「中低收入戶」的類別。

- The newly MLI is based on the standard announced by the Directorate General of Budget, Accounting and Statistics (DGBAS) as 60% of the median disposable income (before 2011, as 60% of the average expenditure) per capita in the past year in the household's local area.
- 「最低生活費」修訂前採平均消費支出的百分之六十，2010年改為可支配所得中位數的百分之六十。理由：1）消費項目隨時代改變快速且項目繁多，2）所得項目相對穩定且易於查核，3）平均數易受極端值影響。

- The entitlement of low income household is based on that the average monthly income among household members fell below MLI, besides, there is another important regulation, that is, “the total household assets do not exceed the specific amount announced by the central and municipality competent authorities in the year of application.” Household assets include real assets and liquid assets (savings).
- 除了平均每人所得需低於「最低生活費」之外，仍須審查家戶之「動產」與「不動產」。三個條件均符合才具備「低收入戶」資格。
• The MLI for Taipei City for instance is NT$ 16,157. That is, any household registered in Taipei City whose average monthly income among household members fell below MLI, and average savings below NT$ 150,000 per capita and real assets below NT$ 7.4 million fit in the category of “low-income household.”

• 以台北市為例，「最低生活費」為16,157元，動產為平均每人15萬元，不動產為每戶7.4百萬元。三者皆低於該標準，才符合政府救助對象的「低收入戶」。

The improvement

• Before the law was revised, governments at all levels usually defined the “medium-to-low income” or the “economically underprivileged” by individual characteristic and with different criterion. (修法之前各級政府自行定義「經濟弱勢」，常被用來當作選舉支票).  

• Medium-to-low income stipulated in Article 4.1 of the new law as “the average monthly income among household members falls below the amount 1.5 times as much as the MLI. (「中低收入戶」資格，採「最低生活費」1.5倍為標準，動產與不動產資格也都較「低收入戶」寬鬆。)

• Besides, the new law incorporated new measures for helping people out of poverty e.g. 1) the first three years of income increase is not taken into account in the means test, 2) assets accumulation measures for the youth.

• 除原有加強輔導就業，補助低收入戶子女就學，以及醫療補助之外；新法對於準脫貧家戶三年內所增加的所得，不計入資產調查中，強化對第二代的資產累積（鼓勵儲蓄）.
Anti-poverty policy during economic recession: Subsidy for near poor families with full-time workers

- The year of 2008 was a year of instability in global economy. Crude oil surged to US$ 147 per barrel in the first half of the year, followed by global inflation. Purchasing power of the wage class vaporized for at least 10% before the end of the first half.
- Why was "near poor families"? Because the poor families, low-income households in official term, have been well covered under the Social Assistance Act. Families at the borderline of poverty without social aids were highly vulnerable to inflation. Once they fell into difficulties resulted from economic recession, they were likely to fall into poverty.


- This program was aimed to subsidize the near poor families with full-time employment for six months in order to prevent them from becoming working poor.
- While this program was implemented, the global financial crisis hit the world market. A larger number of "near poor families" emerged due to layoffs or forced unpaid leaves. The government thus announced an extension of this program for another six months.
- The administrative offices allocated approximately 300,000 "near poor families" and provided a monthly subsidy of NT$ 3,000 to 6,000 for six months.

The Subsidy for Near-poor Families with Full-time Workers Program was a short-term program integrated with the spirit of "workfare" and the need for "emergency aid" during a financial crisis.

- The government took the initiative to help the "near poor families" suffering from the global financial crisis without complex and annoying application procedures and, of course, high administrative costs. This program brought government assistance to the families in need of the fastest way possible with relatively low administrative costs and more importantly, welfare dependency was effectively prevented.

Low-Income households and population: 1991-2013

<table>
<thead>
<tr>
<th>End of year</th>
<th>Low income households</th>
<th>As % of total households</th>
<th>Low income population</th>
<th>As % of total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>42,665</td>
<td>0.82</td>
<td>116,225</td>
<td>0.56</td>
</tr>
<tr>
<td>2001</td>
<td>67,191</td>
<td>0.99</td>
<td>162,699</td>
<td>0.73</td>
</tr>
<tr>
<td>2002</td>
<td>70,417</td>
<td>1.02</td>
<td>171,200</td>
<td>0.76</td>
</tr>
<tr>
<td>2003</td>
<td>76,406</td>
<td>1.08</td>
<td>187,875</td>
<td>0.83</td>
</tr>
<tr>
<td>2004</td>
<td>82,783</td>
<td>1.15</td>
<td>204,216</td>
<td>0.90</td>
</tr>
<tr>
<td>2005</td>
<td>84,823</td>
<td>1.16</td>
<td>211,292</td>
<td>0.93</td>
</tr>
<tr>
<td>2006</td>
<td>89,902</td>
<td>1.22</td>
<td>218,151</td>
<td>0.95</td>
</tr>
<tr>
<td>2007</td>
<td>90,682</td>
<td>1.21</td>
<td>220,990</td>
<td>0.96</td>
</tr>
<tr>
<td>2008</td>
<td>93,032</td>
<td>1.22</td>
<td>223,697</td>
<td>0.97</td>
</tr>
<tr>
<td>2009</td>
<td>105,265</td>
<td>1.35</td>
<td>256,342</td>
<td>1.11</td>
</tr>
<tr>
<td>2010</td>
<td>112,200</td>
<td>1.41</td>
<td>273,361</td>
<td>1.18</td>
</tr>
<tr>
<td>2011</td>
<td>128,237</td>
<td>1.59</td>
<td>314,282</td>
<td>1.35</td>
</tr>
<tr>
<td>2012</td>
<td>145,613</td>
<td>1.78</td>
<td>357,446</td>
<td>1.53</td>
</tr>
<tr>
<td>2013</td>
<td>148,590</td>
<td>1.79</td>
<td>361,765</td>
<td>1.55</td>
</tr>
</tbody>
</table>

Source: Data from the website of Ministry of the Interior, (http://www.moi.gov.tw/stat/index.asp)
The profile of Low Income Households

Conclusions

- No extreme poverty as UN defined in Taiwan.
- Compared with the average of OECD, the poverty rate in Taiwan was lower in many aspects. However, Poverty rates was higher for aged population (16.6%) compared with the average of OECD countries (12.7%) in 2010. The increasing lone elderly was the most economic vulnerable, and need for policy concern in Taiwan.
- In Taiwan, else of the elderly experienced higher poverty rates, the poverty rate of female-headed households was higher than their counterparts, single-mother family in particular. Compared with the average of OECD (31%), however, the poverty rate for single-mother family was lower in Taiwan (15%).
- Around 85% of households own their home. This results in the low rate of official low-income households in Taiwan. The increasing during 1998-2012 was mainly due to the revision of the Law.
- The increasing poverty rates during global financial crisis was soon offset by the anti-poverty policy (i.e. near poor policy).

Relative Poverty Rate: Lower than a half of the Median Income of the overall households

Poverty Rate in 2010: Taiwan and OECD countries

<table>
<thead>
<tr>
<th>Year</th>
<th>Taiwan</th>
<th>OECD countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The poverty rate in Taiwan was lower in many aspects compared with the average of OECD countries.
Income Inequality in Taiwan: 1964-2012

Income ratio of Highest to Lowest in quintile

GINI

global financial crisis

THANK YOU!