

When Work Disappears: The New Poor in Taiwan 1992-2006

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Abstract

Because of economic globalization, many local industries and multi-national companies in Taiwan shift their production centers and employment opportunities to Mainland China and other countries. This resulted in a rapid rise in the unemployment rate, and a sharp increase in the new poor population. Using 1992-2006 Family Income and Expenditure Survey Data, this study aims to investigate the trends of the new poor, the characteristics and the economic status of the new poor, and the transfers they received from the government. It also uses logistic regression analysis to analyze the factors that contributed to the fall into poverty. This study finds that starting from 1998, the new poor in Taiwan have grown rapidly. The characteristics of new poor are quite different from those of the old poor. Over 70 percent of the new poor are middle aged (40 and over) male-breadwinners with dependents at home whose education does not exceed high school. They suffer from income loss due to lose of job or job instability, and the majority of them are not helped by either the Social Assistance Programs or the Employment Insurance Programs. Government transfers only accounted for 11.57 percent of the new poor family's total income. This indicates the social safety nets in Taiwan may fail to provide adequate protection for its growing new poor, as well as point out the new challenge to social security as new poor face the risk of succumbing to a vicious cycle of poverty.

Keywords: poverty, new poor, Taiwan