

Subject/Title	Preliminary Analysis of the Sources of Household Income Inequality in Taiwan
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Abstract	<p>As a result of globalization, in the past three decades the labor market and industry in Taiwan have experienced rapid structural change and transformation. This has been accompanied by rapid changes in the distribution of income. Data from the Taxation Center show that the income gap between Taiwan's richest 5% and poorest 5% of households increased from 32-fold in 1998 to 93-fold in 2010. The annual growth rate of the average individual worker's regular salary was 2.5% during 1992-1999 in real terms, but this went down to 0.3% in 2000-2007, and dropped further to -0.9% in 2008-2011. This has resulted in the coexistence of an expansion of the gap in household income and stagnation in real wage growth. Using data from the Manpower Utilization Survey and the Survey of Family Income and Expenditure, this paper will analyze and explain the cause of this paradoxical result. We found changes in the industrial structure have a significant impact on household income inequality. The increasing share of the service sector of the economy has significant and differential effects on regional development, highlighting the importance of development trends in regional industry specialization and the formation of increasing regional income disparity. The increasing proportion of female employment relative to male employment also increased household income inequality, and the deterioration effect of a rapidly aging population and an increasing unemployment rate on households' income inequality is also considerable and should not be neglected.</p>
Keyword(s)	Globalization, Household Income Inequality, Wage Stagnation, Human Capital, Industry Structural Change.