

Introduction of Distributional National Income Account of Taiwan

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1 What is the question of the paper?

How to construct the distribution of National Income of Taiwan correctly? Previously, this is done by using tax data. However, there is a huge gap between tax data and aggregate income in National Income Account. Thus, in this paper, they follow the methodology proposed by Alvaredo et al. (2016) combining individual income tax data, family income surveys, and all aggregate data to generate new series of the distribution of national income of Taiwan.

2 Why should we care about it?

Both in reality and economic theory, the inequality has become a hot topic. Before we analyze this issue, we need to know the panoramic view of it. Thus, it's important to capture the distribution of the National Income. After constructing this distribution, by collecting series data and observing the trend, we could look into the changes of inequality and the effect of government's redistribution policy.

3 What is the authors' answer?

The authors conclude that we have much bigger inequality than what the government suggested and it has been enlarging these years. The distribution of economic growth is also unequal between income groups. The poverty rate is more severe and the redistribution policy only has modest effect.

4 What is the implication of the answer?

When we do policy analysis via wrong data, it's likely for us to get wrong conclusion. What's more, it may lead policy makers to implement inappropriate policy and make things even worse. Thus, it's important to use the right way to get the data we want.