

Global Recession and Assets Disparities between the Poor and the Rich: Building Assets for All

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Economic Success since 1960s

- 1. An active export industrial technology had transformed Taiwan into a fast growing economic “tiger” with an average 8.0% growth rate per year.
- 2. Not only economic success, Taiwan was also marked in its low inequality and modest income disparities.

Economic Recession after 1997

- 1. The financial breakdown at 1997 had ignited a chain reaction of economic recession all over the Asian area, with no exception for Taiwan.
- 2. Economic recession was outlined as sluggish economic growth, widened income disparities, and skewed saving distribution.

Social Contracts in Taiwan

- 1. An ideology of residual welfare state - 0.85% of population on public assistance
- 2. An obsession of low unemployment rate – over 5% unemployment rate after 1997
- 3. Family support breakdown – lower family members co-residence, fast growing in single parent families
- 4. A call for effective anti-poverty strategies.

Argument for Assets Building

- 1. Uneven economic distribution – Assets inequality is larger than income inequality.
- 2. Changing profile of the poor – A fast increase was found in the working poor.
- 3. Concerning for welfare dependence – Income maintenance vs. Social development
- 4. Long-term welfare effects of assets – Assets built for the nonpoor, but restricted to the poor

Taipei Family Development Accounts 2000-2003

- 1. An assets-based anti-poverty program-
Match savings for the poor to build assets.
- 2. A small scale experimental design-
Run with 100 accounts and three years.
- 3. Financial education provided-
toward intended purposes of using savings
- 4. Voluntary participation by the poor

Findings from TFDAs

- 1. A partnership was built between the public sector and a private firm.
- 2. 69 completed a three-year savings period, with a sum of NT\$19,735,311 (US\$58,044).
- 3. 31 used money for higher education, 23 started small business, and 12 purchased their first houses.
- 4. They build networking within participants, and they stayed employed all the time.

Practice Impacts

- 1. More assets-based programs alike are in practice everywhere.
- 2. Building assets for the poor was included as a clause of the Social Assistance Act.
- 3. Other anti-poverty initiatives were introduced as well, ex. micro-enterprise, promoting human capital.

Policy Impacts

- 1. Evidence of welfare effects of assets was established.
- 2. Building assets for the poor as well as for the rich was weighted in policy design.
- 3. There is more discussion on integrating assets building and income maintenance.
- 4. More NGOs are interested in building assets for the poor.

Theoretical Insights

- 1. Saving and assets building have multiple positive effects, not merely deferred consumption.
- 2. Saving and asset building are shaped by institutions, not merely individual preferences.
- 3. Policies that build assets for all are inclusive and progressive.

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