An Empirical Analysis of the Relationship between the Massive Employment of Foreign Labor and the Deterioration of National Income Growth in Taiwan

Chun-Yuan Wang¹*, Wayne Chao-Wei Wang²

*1. Professor, Vice-president and Dean of Academic Affairs, Business Management Dept. at Nan-Ya Institute of Technology, Chungli, Taiwan.
2. Ph.D. Program, Finance Dept. of Economics School, Peking University, Beijing, Mainland China.

Abstract

We propose a new indicator, i.e., the widening gap of (GDP-NI) amount, to measure the deterioration of National Income Growth. We find that the massive employment of foreign labor since 1991, which accompanies high rise of unemployment rate, has been leading to the significant deterioration of national income growth in Taiwan.

We also find that the economic growth effect driven by employing massive foreign labor since 1991 is not so significant as expected by the industry and by the government during the past 16 years from 1991 to 2006 because both the average economic growth rate and the average unemployment rate deteriorate drastically, comparing to the previous period before 1991 without employing foreign labor.

Keywords: Economic Growth, National Income, Foreign Labor, Unemployment

Email: banking@nanya.edu.tw, banking4303@yahoo.com.tw
Tel: (03)4361070#5604, 0935-890168, 0931-160329, Fax: (03)438-8198