

Labor Market, Economic Insecurity, and Populism in Taiwan

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Abstract

Are economically insecure voters potential constituents for populism in Taiwan? This essay summarizes three conceptualizations of economic insecurity from the literature and uses them to predict support for populism in its generic form, specifically for the left- and right-wing populist attitudes in Taiwan. The Asian Barometer Survey (2014 and 2018) is used to test the economic insecurity thesis. The essay presents the following findings: First, among the three conceptualizations, the income-based conceptualization is the most consistent predictor for populist support. Second, the China factor is systematically correlated with both left- and right-wing populist attitudes, creating a second dimension along which populist candidates can mobilize voters. Third, the effect of income insecurity is orthogonal to that of the China factor. Income insecurity has a separate and independent effect on populist support that is beyond the impact of economic interdependence with China. Taken together, income insecurity transcends labor market positions and creates a broader social base for populism in Taiwan. As insecure voters are vulnerable to the appeals of both left- and right-wing populist ideas, the ideology to which Taiwan's populism is attached is contingent upon the island's supply-side politics.

Keywords: China factor, economic insecurity, income insecurity, populism, Taiwan.

Across the globe, populist elite and their parties have been on the rise: Donald Trump in the United States, Jair Bolsonaro in Brazil, Le Pen of the National Front party in France, AfD in Germany, Matteo Salvini in Italy, and more. Populist rhetoric once dominated political discussions in the 1930s after the Great Depression and subsided during the following decades. The recent

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surge in populism represents a significant comeback since the 1930s.¹ The populism phenomenon has stirred vibrant political debates about its causes and consequences, many observers pointing to globalization and deindustrialization as the economic roots of the movement.² Yet, most discussions focus on Europe and Latin America (and more recently on the United States after Trump won the presidency).³ Very few studies consider populism in the Asian context. The lack of attention begs the question: Does populism exist in Asia?

Recently, two political outsiders in Taiwan, who quickly accumulated popularity and became serious political contenders in elections, prompted the island nation to widely debate whether populism has social and economic roots in Taiwan. One of these politicians is Ko Wen-je, currently the mayor of the capital city, Taipei. The other is Han Kuo-yu, the recently impeached mayor of Kaohsiung, the second largest city in Taiwan. Ko and Han share similar populist traits. First, both are atypical politicians, rising outside the established political system. With immediate high popularity, Ko and Han won the mayoral elections of special municipalities in 2014 and 2018, respectively. Second, they both aspire to run for president. Han ran in the 2020 presidential election. Although he lost, as the opposition candidate, he posed a credible and serious threat to the incumbent president, Tsai Ing-wen. Ko formed his political party in 2019 and is expected to run for president in 2024. Third, both presidential aspirants portray themselves as “outsiders” and as representatives of “the people” against the “insiders” and the “corrupt elite.”

Despite their quick rise to the political stage, Han lost his presidential bid and the following mayoral recall election in 2020, and Ko’s popularity began to dwindle. Since Taiwan’s main political cleavage does not run on a left-right ideological spectrum, some people argue that the descent of Han’s and Ko’s popularities indicates that populism is only a transient phenomenon, and that there is no ideological space for populism in Taiwan.⁴ Nevertheless, it is undeniable that both Han and Ko attracted widespread fame within a short period of time and had major electoral successes. Even in Kaohsiung’s recall election, Han was able to mobilize his core base successfully. Against this backdrop, immense curiosity prevails as to whether populism already has gained traction in Taiwan and, if so, what determines populist attitudes. To

¹ Ray Dalio et al., “Populism: The Phenomenon” (March 22, 2017), <http://www.obela.org/system/files/Populism.pdf> (accessed November 30, 2021).

² Dani Rodrik, “Populism and the Economics of Globalization,” *Journal of International Business Policy* 1, no. 1 (June 1, 2018): 12-33.

³ Kirk Hawkins and Levente Littvay, *Contemporary US Populism in Comparative Perspective* (Cambridge, UK: Cambridge University Press, 2019).

⁴ Olli Hellmann, “Populism in East Asia,” in *The Oxford Handbook of Populism*, ed. Cristóbal Rovira Kaltwasser et al. (Oxford: Oxford University Press, 2017), and Nathan F. Batto, “When Populism Can’t Beat Identity Politics,” *New York Times* (January 12, 2020), <https://www.nytimes.com/2020/01/12/opinion/taiwan-election-tsai-han-populism.html> (accessed May 25, 2020).

answer these questions, this essay explores demand-side politics and tests the social roots of populism in Taiwan. Specifically, in keeping with the literature addressing economic insecurity, this study tests the economic roots of populism and seeks to answer the following questions: Are economically insecure voters a potential populist constituency in Taiwan? Who are the insecure voters in Taiwan? To what extent is Taiwan's insecure population shaped by the island's increased economic interdependence with China?

This essay is composed of two parts. The first reviews the literature related to the economic roots of populism. It summarizes three ways in which economic insecurity is conceptualized and empirically tests in Taiwan's context the applicability of the economic insecurity thesis—that economic insecurity leads to a growing social base for populism. The first conceptualization follows the endowed factor approach, which identifies unskilled labor as disadvantaged economically when there is economic openness. The second conceptualization follows an income-based approach that measures economic insecurity as people who face current and future income instability and deprivation. The third conceptualization approaches economic insecurity through the lens of one's labor market position, for which the proxy is one's employment status. All three conceptualizations are employed to predict expressions of populist attitudes. Using the 2014 and 2018 waves of the Asian Barometer Survey, the essay finds that the income-based conceptualization is the strongest predictor of populist support in Taiwan, and that income insecurity constitutes a societal base vulnerable to both left- and right-wing populism. The result indicates that populism has an audience in Taiwan, and that it is possible to combine anti-establishment sentiment with either left-wing or right-wing populism. Which subtypes of populism may emerge is contingent upon supply-side politics.

The essay's second part takes a step back to explore the sources of income insecurity in Taiwan and tests the extent to which the China factor contributes to individual income insecurity. Regarding the causes of income insecurity, empirical findings show that income insecurity is not limited to specific industries or positions in the labor market. Instead, low-income earners, females, young people, and people with low levels of education are associated with high income insecurity, which again indicates that the income-based conceptualization of economic insecurity is more encompassing than the position-based conceptualization and creates a broader social base for populism to grow in Taiwan. Moreover, the China factor is not directly related to income insecurity because people who perceive China's effect on Taiwan as being negative are not associated with high income insecurity. Holding the China factor constant, income insecurity still has an independent effect on voters' preference for populism. Thus, the subjective feeling of income insecurity lies beyond the impact of the China factor and accounts for populist support separately.

Last, the essay shows that the China factor is systematically correlated with left-wing populist attitudes that demand better redistribution as well as with

right-wing populist attitudes that demand trade protection and less immigrant inflow. The China factor creates a second dimension along which populist candidates can mobilize voters. Populist candidates can combine their stances toward China with traditional left- or right-wing populist rhetoric, creating a unique “Taiwan style” of populism.

Definition of Populism

The concept of populism has been murky and contested, so it is vital to first define what populism is. The lack of conceptual clarity stems partially from the empirical variations of what populism looks like across the continents. Most of the discussions of populism center on Europe and Latin America. Very few of them focus on Asia. In the European context, populism is used to describe the rise of right-wing political parties whose members are anti-immigrant nationalists, such as the French National Rally or the Freedom Party of Austria. In Latin America’s context, populism often refers to the leftist national leaders who support socialism and oppose neoliberalism, such as Venezuela’s Hugo Chavez or Bolivia’s Evo Morales. Regional distinctiveness spurs researchers to approach and define such complex concepts in various ways.⁵ However, theorization of populism with empirical work from specific countries or regions inevitably leads to fragmented, if not conflicted, conceptualization.⁶

To measure populism, one must be careful not to associate populism too quickly with specific ideologies. This is particularly important when measuring populism in Asia’s context, where there is still an ongoing debate whether populism exists and, if so, what it looks like.⁷ This essay follows Cas Mudde and Cristobal Rovira Kaltwasser’s ideational approach and defines populism as “a thin-centered ideology that considers society to be ultimately separated into two homogeneous and antagonistic camps, ‘the pure people’ versus ‘the corrupt elite,’ and argues that politics should be an expression of the general will of the people.”⁸ Specifically, there are three core elements in this conceptualization: the pure people, the corrupt elite, and the general will. Anti-elite resentment is expressed as negative feelings toward the existing political institutions or political elite as a whole (not toward specific politicians).

The essay adopts the above conceptualization for two reasons. First, this definition is cleaner than other ideology-loaded conceptualizations. Also, narrow conceptualization provides broader applicability. In most

⁵ For a comprehensive comparison of different approaches, see the following works: Cas Mudde and Cristobal Rovira Kaltwasser, *Populism: A Very Short Introduction* (Oxford: Oxford University Press, 2017), and Cristóbal Rovira Kaltwasser et al., “Populism: An Overview of the Concept and the State of the Art,” in *The Oxford Handbook of Populism*, ed. Cristóbal Rovira Kaltwasser et al. (Oxford: Oxford University Press, 2017).

⁶ Kaltwasser et al., “Populism: An Overview of the Concept and the State of the Art.”

⁷ Hellmann, “Populism in East Asia.”

⁸ Mudde and Kaltwasser, *Populism: A Very Short Introduction*, 6.

European and Latin American contexts, populism emerges along the left-right spectrum. Nevertheless, partially the result of the Cold-War legacy, Taiwan's social cleavage has never lain on the left-right spectrum. It is the relationship with China (whether closer or further away economically and politically) that defines the political divide in Taiwan. Consequently, the shape and form of Taiwan's populism is bound to be influenced by the China factor. To define populism as anti-immigrant fascism or preredistribution socialism in Taiwan's context would not have any empirical utility. Therefore, it would be difficult to apply ideology-loaded conceptualization successfully in Taiwan's case. Instead, a narrow definition provides room to combine populism with other ideologies. Second, despite the various approaches to the study of populism, political scientists recently have converged on using the ideational approach specifically because of its wide applicability and comparability.⁹

The Economic Origin of Support for Populism

From a rational choice perspective, populism is the consequence of a dysfunctional political system. A new electorate created by structural changes—regardless of the nature of the changes—fails to have its voice represented in the existing political system. Populist parties or candidates emerge to occupy the electoral space created by the mismatch between changing societal demands and unresponsive political parties.¹⁰ In essence, all economic explanations of populism have a demand-side story. Theories differ in the origin of structural changes and the social groups left out in the process that become the social basis of populism. One prominent line of research traces the roots of populism to the impact of economic openness. The central argument is that economic globalization brings structural transformation whose benefits and costs are distributed unevenly among different social groups. The economic losers are more supportive of populism. Under this overarching generic argument lies various perspectives, which differ regarding who the losers are because of trade openness and the causal mechanisms that drive these economic losers to support populism.

There are two prototype arguments with respect to which social group is most negatively affected by globalization. The first is the factor endowment model, also known as the Heckscher-Olin and the Stolper-Samuelson model. The model states that each country in the world is endowed with principally one (and only one) factor: capital or labor. The model predicts that trade openness benefits (hurts) abundant (scarce) factor owners because countries profit from exporting their abundant factors. Therefore, for capital-endowed developed

⁹ Ibid.

¹⁰ Kirk Hawkins, Madeleine Read, and Teun Pauwels, "Populism and Its Causes," in *The Oxford Handbook of Populism*, ed. Cristóbal Rovira Kaltwasser et al. (Oxford: Oxford University Press, 2017). 273.

economies, skilled workers are winners under economic openness, while unskilled workers are losers. Many scholars have maintained that unskilled labor is attracted to populism and constitutes the social base for right-wing populism in Western Europe.¹¹

The second model is the industry specific model, also known as the Ricardo-Viner model. It argues that factors are not as flexible as we thought. Even though skilled labor should benefit from trade in a capital-intensive economy, not all skilled workers are employed in the tradable sector. Skilled workers employed in an import-affected industry are unlikely to switch to an export-competitive industry overnight. Therefore, the cleavage line between winners and losers should be drawn according to industry competitiveness in an open economy. Workers in import-sensitive industries will be hurt by trade openness regardless of their skill levels. Compared to the factor endowment argument, very few research studies attribute the social base of populism to specific industry workers. Most studies follow the factor endowment argument and identify unskilled workers as the base of populism.

Across both trade models, one's feeling of economic anxiety or insecurity is key to linking the negative effects of economic globalization to support for populism. Therefore, instead of using endowed factors to gauge who the economic losers are in a society, another line of research tries to directly measure economic anxiety and use it to predict populist support.¹² Because economic anxiety is usually related to one's employment or income source, it is often conceptualized in ways that include the risk of job loss. One way is to measure one's fear of future job loss or employment insecurity. Objective unemployment risk at the industrial or occupational level is another common operationalization.¹³ A third way is to measure economic anxiety in a retrospective way by asking whether one, in fact, had an unemployment experience within the last few years.¹⁴ Regardless of how one approaches job-

¹¹ Hans-George Betz, "The New Politics of Resentment: Radical Right-Wing Populist Parties in Western Europe," *Comparative Politics* 25, no. 4 (1993): 413-427; Swen Hutter and Hanspeter Kriesi, "Movements of the Left, Movements of the Right Reconsidered," in *The Future of Social Movement Research: Dynamics, Mechanisms, and Processes*, ed. Jacquelin van Stekelenburg, Conny Roggeband, and Bert Klandermans (Minneapolis: Minnesota University Press, 1999), 398-423; and Duane Swank and Hans-Georg Betz, "Globalization, the Welfare State and Right-Wing Populism in Western Europe," *Socio-Economic Review* 1, no. 2 (2003): 215-245.

¹² Anthony Mughan, Clive Bean, and Ian McAllister, "Economic Globalization, Job Insecurity and the Populist Reaction," *Electoral Studies* 22, no. 4 (2003): 617-633.

¹³ Anthony Mughan and Dean Lacy, "Economic Performance, Job Insecurity and Electoral Choice," *British Journal of Political Science* 32, no. 3 (June 5, 2002): 513-533; Kenneth Scheve and Matthew Slaughter, "What Determines Individual Trade-Policy Preferences?" *Journal of International Economics* 54 (2001): 267-292; and Kenneth Scheve and Matthew Slaughter, "Economic Insecurity and the Globalization of Production," *American Journal of Political Science* 48, no. 4 (2004): 662-674.

¹⁴ Matthew E. Carnes and Isabela Mares, "Coalitional Realignment and the Adoption of Non-Contributory Social Insurance Programmes in Latin America," *Socio-Economic Review* 12, no. 4 (2013): 1-28.

related economic anxiety, the core idea is the same. The high probability of losing jobs in a globally competitive market and the low probability of finding a job equivalent to one's present employment leads anxious workers to reject existing political institutions and to look for an alternative that promises either to close national borders to protect jobs for nationals or to increase compensation and redistribution to those people who feel insecure.

The third strand of research discusses the contribution of globalization and deindustrialization to increased labor market dualization across the developed and developing world, causing a rise in nonstandard employment. Some studies have found that this increasingly stratified labor market has created a new "insiders versus outsiders" social cleavage that has led to divergent political behaviors.¹⁵ Insiders are full-time wage earners with job security; outsiders are people employed in atypical positions, such as part-time or temporary/contract-based work. In Europe's context, labor market outsiders might become supporters of right-wing populism because they resent mainstream parties and the established political elite for failing to provide jobs. Right-wing populist parties become an attractive alternative that can restrict foreigners from taking their jobs.¹⁶ Even though the core idea about the insider-outsider cleavage also hinges on economic insecurity, the theory attributes high levels of economic anxiety specifically to one's employment status in the labor market.

Although globalization might be a common shock to many countries, other factors exist to strengthen, weaken, or transform the disturbance that economic globalization has created. Existing political institutions moderate the impact of structural changes, but their effect is more on the supply side of populism. In particular, the electoral system constrains electoral opportunity for populist candidates. Populist parties are more likely to emerge under a proportional representation system, whereas under a majoritarian system, political candidates must be closer to the centrist view, posing a higher threshold for populist parties.¹⁷

A welfare state is another moderating factor. With the same level of economic openness, welfare states that are more generous and universalism-oriented (i.e., the social-democratic model) dampen support for right-wing

¹⁵ David Rueda, *Social Democracy Inside Out: Partisanship & Labor Market Policy in Industrialized Democracies* (Oxford: Oxford University Press, 2007).

¹⁶ David Rueda, "Insider-Outsider Politics in Industrialized Democracies: The Challenge to Social Democratic Parties," *American Political Science Review* 99, no. 1 (April 4, 2005): 61-74, and Hanna Schwander, "Are Social Democratic Parties Insider Parties? Electoral Strategies of Social Democratic Parties in Western Europe in the Age of Dualization," *Comparative European Politics* 17 (2019): 714-737.

¹⁷ Matt Golder, "Explaining Variation in the Success of Extreme Right Parties in Western Europe," *Comparative Political Studies* 36, no. 4 (May 1, 2003): 432-466, and Pippa Norris, *Radical Right: Voters and Parties in the Electoral Market* (Cambridge, UK: Cambridge University Press, 2005).

populism.¹⁸ The findings complement the compensation hypothesis, which argues that globalization losers demand large welfare states.¹⁹ Economic losers, if compensated adequately by strong welfare states, are more likely to support existing national institutions, which makes them less likely to support the radical right. In other words, when the safety net is strong enough, populism is less likely to emerge in a country.

Dani Rodrik further argues that, despite the same globalization shock, three factors—the welfare state, financial globalization, and salience of the immigrant issue—all moderate social conflicts that emerge along different cleavage lines, resulting in various subtypes of populism.²⁰ Right-wing populism is more prevalent in Europe than elsewhere. The underlying reason is that European welfare states are bigger and economic anxiety is channeled along the ethno/cultural cleavage against immigrants and refugees, which is a more salient issue in Europe. In Latin America, welfare states are not as strong or generous as those in Europe, and immigrants are mostly co-ethnic immigrants. Consequently, social conflict is mobilized along an income/social class cleavage, contributing to left-wing populism. In America, both forces exist. On the one hand, the liberal welfare state does not provide enough compensation for losers affected by economic openness. On the other hand, there has been a continuous influx of immigrants and threats from radical Muslims. Therefore, we see the coexistence of left-wing populism (i.e., Bernie Sanders) and right-wing populism (i.e., Donald Trump).

Some new research finds that economic discontent might not be enough to activate one's support for populism. Economic transformation often occurs in conjunction with cultural changes. For example, jobs related to information technology in Silicon Valley have gained more status than automotive jobs in Michigan, although automotive jobs used to be prestigious in the 1960s. Changing economic status is accompanied by a shifting cultural framework through which people interpret their standings in a society and form their identities.²¹ People's subjective social status, which is the product of material standing and the interpretation of one's relative status in society, affects one's support for right-wing populism. Deteriorating social status is associated with higher support for populist ideas and candidates in developed democracies. In particular, white men without college education form the subgroup whose social status has declined the most since 1987.²²

¹⁸ Swank and Betz, "Globalization, the Welfare State and Right-Wing Populism in Western Europe."

¹⁹ Dani Rodrik, "Why Do More Open Economies Have Bigger Governments?" *Journal of Political Economy* 106, no. 5 (1998): 997-1032, and Brian Burgoon, "Globalization and Welfare Compensation: Disentangling the Ties That Bind," *International Organization* 55, no. 3 (September 1, 2001): 509-551.

²⁰ Rodrik, "Populism and the Economics of Globalization."

²¹ Jan-Werner Müller, *What Is Populism?* (Philadelphia: University of Pennsylvania, 2016).

²² Noam Gidron and Peter A. Hall, "The Politics of Social Status: Economic and Cultural Roots of the Populist Right," *British Journal of Sociology* 68 (November 2017): S57-84.

Overall, there has been a vibrant discussion about what economic insecurity is and the extent to which economic insecurity contributes to the rise of populism around the world. New discussions also have emerged concerning the factors that moderate or mediate the effect of economic insecurity on the rise of populism.

Economic Globalization in Taiwan

In Taiwan's context, economic globalization has been highly connected to greater economic interdependence with China during the last few decades. Exports to China consistently grew from 4 percent of Taiwan's total exports in 1990 to 40 percent in 2017. Since 2000, China has overtaken the United States as Taiwan's largest export market,²³ and Taiwanese businesses have come to rely more and more on the Chinese market. Around 30 percent of the total revenue of Taiwan's top three hundred enterprises came from China in 2012. Among them, nine companies have a larger share of their total revenue from China rather than Taiwan.²⁴ Economic integration with China reached its height after Taiwan signed the Economic Cooperation Framework Agreement (ECFA), a free-trade agreement, with China in 2010. Tariffs on 539 products gradually decreased from as high as 35 percent to 0 percent.

Due to the political nature of the cross-strait relationship, greater economic integration with China has had both economic and political effects. The economic benefits of trade openness are not evenly distributed. The unemployment rate has climbed from 2 to 3 percent to 4.5 percent and has remained almost above 4 percent since 2001. Also, young people below thirty years of age are faced with a higher unemployment rate than older generations. In addition, the higher economic dependence on the China market has created a cross-strait business network as well as local collaborator networks that influence domestic politics in Taiwan and shifted class cleavages and voting behaviors.²⁵ The political motivation of the Chinese Communist Party to unify Taiwan with China also has made Taiwanese people increasingly wary of trading with China.²⁶

Rapid economic integration with China eventually met political resistance from Taiwan's civil society. In 2014, the then incumbent governing party,

²³ Jieh-Min Wu, "The China Factor in Taiwan: Impact and Response," in *Routledge Handbook of Contemporary Taiwan*, ed. Gunter Schubert (London: Routledge, 2016), 425-455, and Robert F. Ash and Y. Y. Kueh, "Economic Integration within Greater China: Trade and Investment Flows between China, Hong Kong and Taiwan," *China Quarterly*, no. 136 (December 1993): 711-745.

²⁴ Wu, "The China Factor in Taiwan."

²⁵ Thung-Hong Lin, "Cross Strait Trade and Class Cleavages in Taiwan," in *Taiwan and the "China Impact": Challenges and Opportunities*, ed. Gunter Schubert (London: Routledge, n.d.), 174-195, and Wu, "The China Factor in Taiwan."

²⁶ Wei-Ting Yen, Kristine Kay, and Fang-Yu Chen, "Is Trading with China Different? Self-Interest, National Pride, and Trade Preferences," *Journal of East Asian Studies* (2021): 1-19.

the Kuomintang (KMT), planned to sign the Cross-Strait Service Trade Pact (CSSTP) with China. It was estimated that the service trade agreement would affect more than four million jobs and industries worth \$400 billion GDP.²⁷ However, plans regarding the CSSTP triggered strong opposition and led to the twenty-four-day occupation of the Legislative Yuan by student-led protests, later named the Sunflower Movement. Worry over growing income inequality and negative macro-level effects of trading with China was one driving force of the protests.²⁸ The Sunflower Movement immediately halted the intensifying economic integration between Taiwan and China and triggered the creation of new political parties (i.e., the New Power Party and the Social Democratic Party). Some political novices also rose to the political stage from the Sunflower Movement, including Ko Wen-Je. Ko responded to public opinion against being too close to and relying too much on China and campaigned on being the “white force,” an influence independent of current political institutions and free of corruption. He campaigned on creating more distance from China, returning power to the people, and promoting social justice. His campaign slogan was “Make Changes Real (改變成真).” Ko’s fresh image quickly won him high popularity and the 2014 Taipei mayoral election. He was re-elected in 2018 and formed his political party, Taiwan People’s Party, in 2019.

People’s objection to too much economic reliance on China led to the KMT’s loss of the 2016 presidential election. Tsai Ing-Wen of the Democratic Progressive Party (DPP) won the presidency. In contrast to the KMT, the DPP has a more pro-independence stance, which China strongly opposes. After Tsai took office, the cross-Strait relationship became lukewarm. China allowed fewer tourists to visit Taiwan, a symbol of close relations under the KMT administration, and eventually stopped issuing individual travel permits to the people of Taiwan.²⁹ It was against this background that Han Kuo-Yu, an obsolete politician who had been marginalized for more than a decade, swept Taiwan with his grassroots, catchy campaign slogan: “Export Goods, Bring People In, Making Taiwan Rich (貨出去人進來,發大財).” Following the KMT’s stance, Han advocated closer economic ties with China to boost the economy. He argued that closer economic and trade relations with China would help to enhance people’s welfare. Like Ko, Han very quickly accumulated great popularity and won the mayoral election of Kaohsiung in 2018. In 2019, Han ran for president and posed a strong threat to the incumbent president. Even though he lost the presidential election, the “Han wave” that he created should not be underestimated.

²⁷ Chung-Hua Institute for Economic Research, *The Evolution of the Cross-Strait Agreement on Trade in Services* (Taipei: Taipei Chung-Hua Institute for Economic Research, 2013).

²⁸ F. Y. Chen and W. T. Yen, “Who Supports the Sunflower Movement? An Examination of Nationalist Sentiments,” *Journal of Asian and African Studies* 52, no. 8 (2017): 1193-1212.

²⁹ “China to Stop Issuing Individual Travel Permits to Taiwan,” *BBC News* (July 31, 2019), <https://www.bbc.com/news/world-asia-49178314> (accessed May 30, 2020).

In the empirical section, this essay focuses on testing whether economic insecurity provides the social foundation for the rise of Ko and Han. Moreover, does China affect whether populist ideas emerge in Taiwan?

Data and Variables

To empirically examine whether economic insecurity generates the social base prone to populist ideas in Taiwan, this study turns to the Asian Barometer Survey. The Asian Barometer Survey is the regional partner of the Global Barometer Survey network and covers most East and Southeast Asian countries. Since 2001, it has collected five waves of data on a range of topics, including people's attitudes toward political regimes, institutions, governance, and so on. More importantly, the Asian Barometer Survey includes instruments needed for different conceptualizations of economic insecurity, the main variable of interest. This study relies on the 2014 wave and the 2018 wave (the latest wave) to test the economic insecurity thesis.

Dependent Variable

This study approaches populism in a number of ways. First, it measures populism in its general form and as an ideology-free concept. Regardless of the subtype, scholars agree that all forms of populism express the key element of the “pure people” being against the “established corrupt elite.” This anti-elite/anti-establishment attitude is one essential criterion constituting populism. The feeling is that the system, occupied by “the elite,” does not work for me, one of “the people.” The meanings of “the people” and “the elite” are socially constructed, contingent upon local social structures that can glue populism to left- or right-wing ideologies.

The anti-establishment sentiment is not necessarily equivalent to antidemocracy attitudes. The belief that populist supporters tilt toward authoritarianism is implied in some research,³⁰ but such a relationship is spurious. This connection is made because populism is usually juxtaposed with liberal democracy and discussed in this context as a threat to liberal democracy. Even though it is possible that serious democratic erosion could result in authoritarian revival, this is not always the case. Moreover, the core idea of populism has its roots in direct democracy, which is a form of governance not antagonistic to democracy and, if properly implemented, a remedy for representative democracy. Therefore, as populism is conceptualized in this research in a way that is free of ideology, its operationalization should be free of any attachment to normative values.

³⁰ Ariel Malka et al., “Who Is Open to Authoritarian Governance within Western Democracies?” *Perspectives on Politics* (2020): 1-20, [malka-lalkes-bakker-spivack-inpress-pop-2020-withfigures.pdf](https://www.malka-lalkes-bakker-spivack-inpress-pop-2020-withfigures.pdf) (wordpress.com) (accessed May 13, 2021).

Accordingly, the essay taps into anti-establishment sentiment through citizens' evaluation of their current political system. In the survey, respondents were asked to assess how well their government system functioned by agreeing or disagreeing with the following statements:³¹

- Over the long run, our system of government is capable of solving the problems our country faces.
- A system like ours, even if it runs into problems, deserves the people's support.
- I would rather live under our system of government than any other that I can think of.
- Compared to other systems in the world, would you say our system of government works fine as it is, needs minor change, needs major change, or should be replaced?

All the questions were coded into binary variables for easy interpretation: 1 indicates that respondents either disagreed with the statement or thought that the current government system needed major changes/to be replaced; 0 indicates otherwise. In other words, 1 indicates an anti-establishment sentiment.

The advantage of this set of dependent variables is that none of the questions includes "democracy," a word avoided on purpose. As mentioned above, the anti-establishment attitude is independent of the antidemocracy (or pro-authoritarianism) attitude. Survey instruments such as satisfaction with democratic regimes or governance would conflate evaluations of both democracy and established institutions. Moreover, studies have shown that the word "democracy" has gained much popularity since the 1990s and now has strong normative connotation that might create social desirability bias for respondents.

The second and the third ways to operationalize populism are related to populism subtypes. In the literature, the anti-establishment sentiment can be combined with different ideologies to form left-wing or right-wing populism. Since it is not yet clear toward which subtypes of populism insecure voters are more likely to tilt in Taiwan, this study empirically tests which subtype is more likely to emerge should a general anti-establishment social base exist.

Left-wing populism, which is prevalent in Latin America, combines populist ideas with some form of socialism that calls for progressive

³¹ The question reads as follows: "Now I'd like to ask you about the kind of government that we have in our country. These questions are not about the current leaders, but about our overall system, the way the government is set up in general, even though leaders might come and go. Agree or disagree."

redistribution and economic powers that are opposed to the accumulation of wealth. Under left-wing populism, the two antagonistic camps are divided along class line: rich versus the poor; the 1 percent versus the 99 percent; the economic elite versus the common people; and so on. This study relies on two survey items to measure left-wing populist attitudes. The first question asked respondents to evaluate the fairness of income distribution in Taiwan. The second question asked respondents how much responsibility they thought the government should bear to narrow the gap between the rich and the poor. Again, binary variables were created for consistent empirical interpretation, with 1 indicating that income distribution is unfair in society and responsibility to narrow the income gap should be borne by the government. In other words, value 1 indicates an inclination for left-wing populism.

Right-wing populism is more common across Europe, often combined with nationalism, and mobilized along ethnic cleavages. It perceives a threat posed by foreign countries. Opposite of cosmopolitan and globalized lifestyles promoting migration of goods and people across borders, right-wing populists are more xenophobic or protectionist in safeguarding “national” values. Consequently, this study relies on anti-immigrant and anti-open trade sentiments as proxies for right-wing populism. Concerning anti-immigrant attitudes, the study uses participants’ responses to whether they thought the government should increase or decrease the inflow of foreign workers. Regarding attitude toward trade, it relies on whether participants agreed to the statement that Taiwan should limit the imports of foreign goods to protect farmers and workers. A dichotomous variable was created with 0 indicating pro-immigrant/trade openness and 1 indicating anti-immigrant/goods inflow, a signal of supporting right-wing populism.

Independent Variable and Controls

The key independent variable of interest is economic insecurity. This concept is operationalized in three different ways in this essay following existing literature. The first operationalization follows the factor endowment theory, which argues that economic losers under globalization create the embryo of populism. In Taiwan, based on the relative comparative advantage thesis, unskilled workers, such as factory machine operators or elementary labor, should be negatively affected by trade openness. *Unskilled* is a dichotomous variable, with 1 meaning unskilled manual labor and 0 otherwise (including those who are not in the labor market).

The second operationalization of economic insecurity follows the income-based conceptualization. The core idea is that any major income disruption creates insecure voters. There are many possible causes of drops in income, including, but not limited to, economic openness. The feature of the income-based approach is that, instead of focusing on causes of income drops—which gauge one’s insecurity level through his or her labor market position—this measure focuses directly on the risk of income loss. One common proxy used

is unemployment risk because unemployment signals major income loss. Objectively, it can be measured through macro unemployment rates or one's past unemployment experiences; subjectively, it can be measured through the evaluation of one's unemployment risk. This essay takes the subjective approach and measures the income-based insecure voters through the following question: "How worried are you that your family might lose its major source of income within the next 12 months?" The more worried one is, the more insecure one feels. The essay also identifies the "working poor" as another subset of insecure voters. As mentioned above, insecure voters are those experiencing major income shocks, which essentially is the experience of not having enough income to get by. Job loss is an obvious factor contributing to income falling below the level of meeting basic needs. However, it is entirely possible that people have trouble making ends meet even with a job. We have seen this "working poor" group rising around the globe. Daily, the "working poor" feel insecure economically even without losing their jobs.³² Therefore, the essay includes the working poor as another subset of insecure voters, using the income-based conceptualization. The question tapping into the working poor group reads as follows: "Does the total income of your household allow you to satisfactorily cover your needs?" It should be noted that the question inquires about the financial situation at the household level, not at the individual level. The assumption, a reasonable one, is that individuals nested within the same household share the same level of anxiety when the household's basic needs are not met. The working poor are those who have any level of difficulty covering their needs. Together, the study uses a dichotomous variable, *Income Insecurity*, that has the value 1, indicating somewhat/very worried about major income loss or expressing inadequate income to cover needs, and 0 otherwise.

The third approach to economic insecurity follows the insider-outsider literature. The idea behind the insider-outsider approach is that a person's employment status determines one's insecurity level. The insiders are wage workers with job and income security. The outsiders are atypical workers (e.g., temporary or contract-based workers, part-time workers, and the like) or the unemployed. Insiders and outsiders have distinctive preference structures, with outsiders being more vulnerable to populism. Following the standard practice, the study measures outsiders as those who are self-employed with no employees as well as the unemployed.

With respect to control variables, the study uses a battery of standard control variables including gender, age, years of education, income level, and geographic location. There are also other factors that may affect one's evaluation of the current political system for which there must be control. The first variable is whether one is a supporter of the incumbent party. Incumbent

³² Gary S. Fields, *Working Hard, Working Poor: A Global Journey* (Oxford: Oxford University Press, USA, 2012).

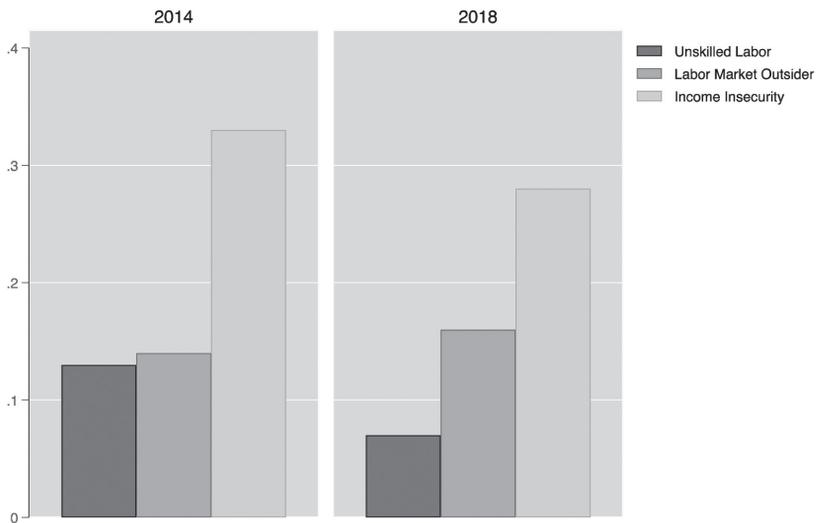
party supporters are more likely to feel that the government is responsive and to view the political system favorably. Therefore, backers of incumbents should show lower support for populist attitudes. The second variable is the China factor. As mentioned above, the advancement of globalization has been highly connected to economic interdependence with China, especially after the signing of the ECFA in 2010. Therefore, one’s evaluation of China’s impact may factor into one’s evaluation of the current system. The study uses responses to the question, “Generally speaking, is the influence China has on our country (positive or negative)?” as the proxy for the China factor. The dummy variable has the value of 1, indicating China’s having a negative impact.

Empirical Results

Testing the Economic Insecurity Thesis in Taiwan’s Context

With three different conceptualizations of economic insecurity, some variations exist with respect to “who” the insecure voters are and the directions of change over time. Figure 1 displays the descriptive comparison of different conceptualizations by wave. Among the three measures, globalization losers, proxied by unskilled manual workers, classifies only 13 percent of the respondents as insecure voters—and the share decreases by five percentage points in 2018. On the other hand, the percentage of labor market outsiders stays constant at around 15 percent in both waves. Last, the income-based conceptualization identifies more than one-fourth of the population as insecure voters in both waves, but the share drops from 33 percent to 28 percent

Figure 1. Comparison of Different Economic Insecurity Conceptualizations



between 2014 and 2018. The coefficient correlations are all below 0.1 across different measures, which indicates that groups identified under different conceptualizations do not overlap one another.

Comparisons of different measures suggest that the income-related conceptualization, which is one's subjective interpretation of current and future income flows, identifies more insecure voters than position-based conceptualizations. Because the income-based conceptualization lumps together people who worry about future income drops with people who already experience income insufficiency, further exploration shows that a constant 14 percent of the people in both waves believe that they have trouble making ends meet, regardless of employment security levels. Around 28 percent of the respondents expressed concern about employment security in 2014 and 24 percent in 2018.

The next step is to use different conceptualizations to predict anti-establishment sentiments in Taiwan. Because the dependent variables are of binary natures, the data are modeled using logistic regression specifications with time fixed effects. All the regression results are displayed in odds-ratio form. If the odds ratio is above 1, it means that the presence of the explanatory variable increases the likelihood of the outcome variable. An odds ratio of 1 indicates the explanatory variable does not increase or decrease the likelihood of the outcome variable, and an odds ratio below 1 means there is a lower likelihood of the outcome with the presence of the explanatory variable. The results are presented in pairs, first without control variables and then with control variables. All dependent variables are dummy variables, with 1 indicating anti-establishment sentiments. Based on the theoretical expectations, higher economic insecurity is associated with stronger anti-establishment attitudes, which means the odds ratio coefficients of economic insecurity should be above 1. Table 1 displays the regression results, and figure 2 visualizes the effects of the three economic insecurity measures more vividly.

Of the three conceptualizations, income insecurity shows the strongest consistency in predicting anti-establishment attitudes. Across all models, income insecurity has coefficients way above 1 regarding statistical significance. Substantively, the study shows that concerns about current or future income flows are associated with negative evaluations of current political systems. Holding all other factors constant, income insecurity makes one at least 20 percent more likely to hold opinions that disapprove of the current political system. Because income insecurity is composed of people who are worried about future income loss and people who already are experiencing income inadequacy, the analysis was rerun within different subgroups to make certain that the results were robust across all of them. The results are almost identical with both sub-samples, which indicates that anti-establishment sentiment is not driven by any specific group. People who are anxious about current or future income stability are both more likely to disapprove of the current political system.

Table 1. Anti-establishment Attitudes Based on Different Conceptualizations of Economic Insecurity

	Conceptualization: Unskilled Labor							
	Can't Problem Solve		Don't Deserve Support		Not Wanting the System		System Needs Reform	
Unskilled	0.95 (0.68)	0.85 (0.28)	1.17 (0.22)	1.05 (0.72)	1.03 (0.81)	0.97 (0.84)	1.10 (0.45)	0.91 (0.49)
Income Insecurity								
Outsider								
Male	0.87 (0.13)		0.99 (0.91)		0.92 (0.34)		1.02 (0.80)	
Age	0.99*** (0.00)		0.98*** (0.00)		0.98*** (0.00)		0.99* (0.01)	
Income	0.99* (0.89)		0.93* (0.04)		0.97 (0.44)		0.98 (0.55)	
Urban	1.25 (0.03)		0.93 (0.52)		1.17 (0.14)		1.31** (0.01)	
Education	1.02*** (0.15)		1.01 (0.41)		0.99 (0.39)		0.97 (0.06)	
Incumbent	0.57 (0.00)		0.44*** (0.00)		0.49*** (0.00)		0.50*** (0.00)	
China	1.20* (0.04)		1.06 (0.49)		0.96 (0.64)		1.12 (0.18)	
Time Fixed Effect	YES							
Observations	2,715	2,229	2,709	2,224	2,670	2,195	2,753	2,261

p-values in parentheses

* p<0.05 ** p<0.01 *** p<0.001

Table 1 (continued 1). Anti-establishment Attitudes Based on Different Proxies of Economic Insecurity

	Conceptualization: Income Insecurity							
	Can't Problem Solve		Don't Deserve Support		Not Wanting the System		System Needs Reform	
Unskilled								
Income Insecurity	1.19* (0.04)	1.36** (0.00)	1.38*** (0.00)	1.39** (0.00)	1.53*** (0.00)	1.64*** (0.00)	1.61*** (0.00)	1.70*** (0.00)
Outsider								
Male		0.88 (0.15)		1.01 (0.88)		0.94 (0.50)		1.05 (0.59)
Age		0.99** (0.00)		0.98*** (0.00)		0.98*** (0.00)		0.99** (0.00)
Income		1.02 (0.55)		0.95 (0.19)		1.01 (0.75)		1.02 (0.51)
Urban		1.25* (0.03)		0.94 (0.56)		1.18 (0.13)		1.32** (0.01)
Education		1.03* (0.04)		1.02 (0.20)		1.00 (0.91)		0.99 (0.35)
Incumbent		0.58*** (0.00)		0.45*** (0.00)		0.51*** (0.00)		0.52*** (0.00)
China		1.20* (0.04)		1.06 (0.52)		0.96 (0.63)		1.12 (0.18)
Time Fixed Effect	YES							
Observations	2,715	2,229	2,709	2,224	2,670	2,195	2,753	2,261

p-values in parentheses

* p<0.05 ** p<0.01 *** p<0.001

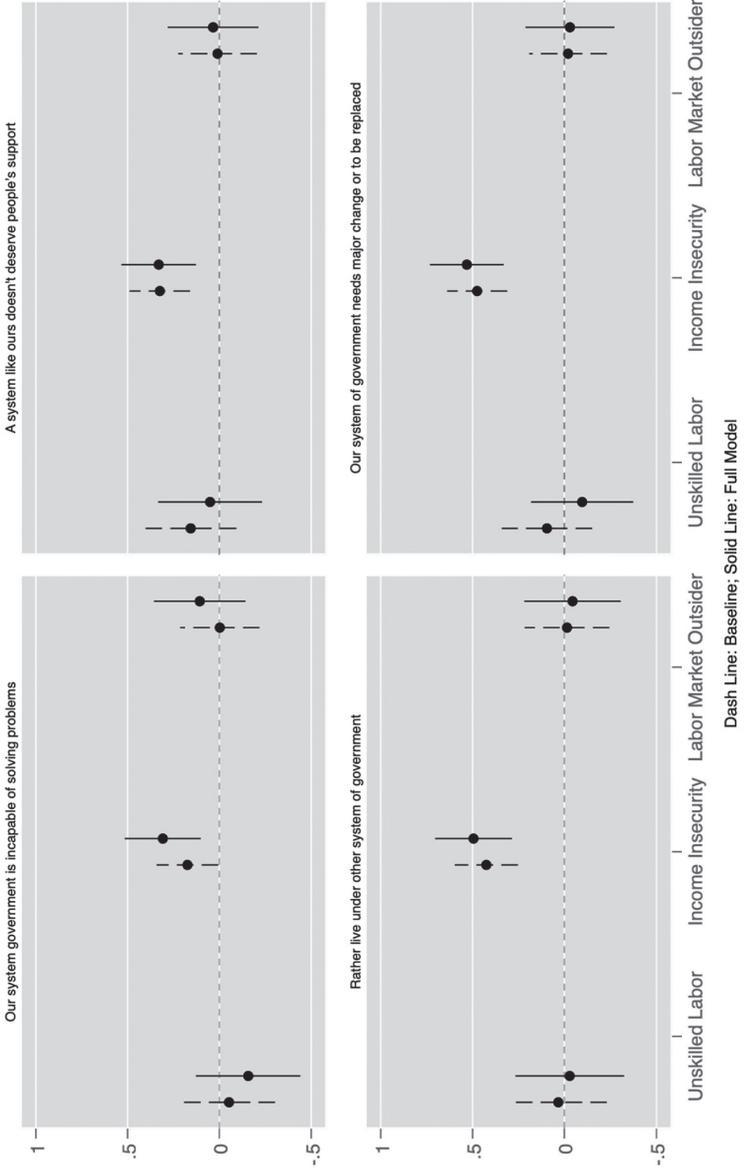
Table 1 (continued 2). Anti-establishment Attitudes Based on Different Proxies of Economic Insecurity

	Conceptualization: Labor Market Outsider							
	Can't Problem Solve		Don't Deserve Support		Not Wanting the System		System Needs Reform	
Unskilled								
Income Insecurity								
Outsider	1.00 (0.98)	1.11 (0.40)	1.01 (0.93)	1.03 (0.79)	0.99 (0.90)	0.96 (0.74)	0.98 (0.85)	0.97 (0.80)
Male	0.86 (0.10)		0.98 (0.86)		0.90 (0.28)		1.01 (0.89)	
Age	0.99** (0.00)		0.98*** (0.00)		0.98*** (0.00)		0.99* (0.01)	
Income	1.00 (0.90)		0.92* (0.03)		0.97 (0.41)		0.98 (0.55)	
Urban	1.27* (0.02)		0.94 (0.54)		1.19 (0.11)		1.33** (0.01)	
Education	1.03 (0.09)		1.01 (0.37)		0.98 (0.32)		0.97 (0.06)	
Incumbent	0.56*** (0.00)		0.44*** (0.00)		0.50*** (0.00)		0.50*** (0.00)	
China	1.20* (0.04)		1.05 (0.61)		0.96 (0.65)		1.11 (0.22)	
Time Fixed Effect	YES							
Observations	2,672	2,202	2,668	2,196	2,628	2,168	2,709	2,233

p-values in parentheses

* p<0.05 ** p<0.01 *** p<0.001

Figure 2. Anti-establishment Attitudes Based on Different Conceptualizations of Economic Insecurity



In contrast, unskilled manual workers and labor market outsiders are weak predictors of anti-establishment sentiments: Neither of the coefficients is statistically significant nor showing clear direction of association with anti-establishment sentiments. The combined evidence shows that the income-based conceptualization has more explanatory power in predicting support for populist ideas than position-based (i.e., occupation or employment status) conceptualizations. The measure tapping into subjective anxieties also captures the scope of those who are insecure better than objective socioeconomic status.

It is not surprising that incumbent party supporters are statistically less likely to hold anti-establishment sentiments. However, feeling negative about China's impact on Taiwan does not have clear correlation with disapproval of current government performance. Even though the associations, in general, follow the hypothesized directions, only one of them passes the statistical test. With respect to other control variables, only age is another significant factor across models. Young people are more likely than older generations to express anti-establishment sentiments.

Unlike configurations in Europe and Latin America, the configuration of Asia's populism is not yet clear. Depending on the ideology which populist leaders employ to mobilize voters, it is plausible that both left- and right-wing populism will grow as long as anti-establishment sentiments provide fertile soil. Since anti-establishment sentiment has roots in Taiwan, especially among people with income insecurity, the next step is to explore which subtype of populism is more likely to emerge in Taiwan's context.

The study first tests whether a social base for left-wing populism exists. Left-wing populism mobilizes people along social class lines. The poor are against the rich, demanding more equal distribution of the country's economic fruit or the break-up of the financial conglomerates that are dominating the market. Following the literature, the study relies on the two inequalities-related survey instruments closest to the left-wing populist ideas and regresses them on different economic insecurity conceptualizations. Like previous model specifications, an odds ratio above 1 indicates that insecure voters reckon society's income to be distributed unfairly and/or that it is the government's responsibility to address income inequality. An above 1 odds ratio with statistical significance would suggest that insecure voters have the potential to be mobilized by left-wing populism.

The regression results are displayed in table 2. Again, only income insecurity has positive and significant association with attitudes prone to left-wing populism. Nevertheless, even though income insecurity prompts people to view societal income distribution as unfair and unequal, income insecurity does not have the same significant association with the perception that government is responsible for narrowing the income gap. While incumbent party supporters are more likely than others to perceive a fairly equal society, people who hold negative views of China's influence on Taiwan are more likely to feel the weight of unequal income distribution.

Table 2. Regress Left-Wing Populism on Different Conceptualizations of Economic Insecurity

	Conceptualization: Unskilled Labor			Conceptualization: Income Insecurity			Conceptualization: Labor Market Outsider		
	Unfair	Narrow	Narrow	Unfair	Narrow	Narrow	Unfair	Narrow	Narrow
Unskilled	1.27 (0.15)	0.96 (0.78)	0.78 (0.13)						
Income Insecurity	1.87*** (0.00)	1.83*** (0.00)	1.14 (0.19)	1.26 (0.06)					
Outsider							1.13 (0.39)	1.19 (0.27)	1.08 (0.55)
Male	0.93 (0.49)	1.24* (0.03)	1.24* (0.03)	0.97 (0.76)	1.24* (0.04)	1.21 (0.07)	0.93 (0.48)	0.93 (0.48)	1.21 (0.07)
Age	1.00 (0.44)	1.02*** (0.00)	1.02*** (0.00)	1.00 (0.55)	1.02*** (0.00)	1.02*** (0.00)	1.00 (0.30)	1.00 (0.30)	1.02*** (0.00)
Income	0.95 (0.26)	0.93 (0.08)	0.93 (0.08)	0.99 (0.85)	0.95 (0.24)	0.93 (0.09)	0.95 (0.31)	0.95 (0.31)	0.93 (0.09)
Urban	1.29* (0.04)	1.12 (0.35)	1.12 (0.35)	1.31* (0.03)	1.10 (0.40)	1.09 (0.49)	1.34* (0.02)	1.34* (0.02)	1.09 (0.49)
Education	1.04* (0.02)	1.06*** (0.00)	1.06*** (0.00)	1.05** (0.00)	1.07*** (0.00)	1.07*** (0.00)	1.04* (0.02)	1.04* (0.02)	1.07*** (0.00)
Incumbent	0.48*** (0.00)	1.01 (0.94)	1.01 (0.94)	0.50*** (0.00)	1.03 (0.79)	1.00 (0.98)	0.47*** (0.00)	0.47*** (0.00)	1.00 (0.98)
China	1.47*** (0.00)	1.01 (0.92)	1.01 (0.92)	1.47*** (0.00)	1.01 (0.91)	1.01 (0.93)	1.49*** (0.00)	1.49*** (0.00)	1.01 (0.93)
Time Fixed Effect	YES			YES			YES		
Observations	2,755	2,245	2,837	2,755	2,245	2,837	2,713	2,219	2,792
									2,260

p-values in parentheses

* p<0.05 ** p<0.01 *** p<0.001

The essay then tests whether the social base for right-wing populism exists with the same modeling specification (see table 3). In line with existing literature in terms of how right-wing populist attitudes are operationalized, the study uses people's attitudes toward trade protection and immigrants as proxies for right-wing populism. Again, both survey items are coded as dichotomous variables, with 1 leaning toward protectionism or opposition to immigrants. Table 3 shows that income insecurity trumps other conceptualizations again with its predictive power and is associated positively and significantly with right-wing populism. People who are worried about current or future income stability are likely to have antagonistic views toward opening borders for goods and foreigners. Even though unskilled manual workers in Taiwan are strong supporters of trade protectionism in the baseline model, as predicted by trade theory, this relationship does not hold water once control variables are added. Similar to the effects on left-wing populist attitudes, incumbent party supporters are also likely to support trade and border openness, whereas people holding negative views of China's influence on Taiwan are likely to oppose globalization. Male, highly educated, and urban-area residents also are more likely than others to support trade protectionism.

In sum, the income-based conceptualization of economic insecurity has consistent and significant explanatory power toward support for populist attitudes. In contrast, position-based conceptualizations (i.e., endowed factor or employment status) show barely any significant association with populist attitudes. The results suggest that one's labor market position may not be a perfect proxy for one's subjective insecurity level. For instance, worry about job loss is not a fear connected specifically to people who are self-employed or temporary workers, and so on. Anxiety about current and future income instability transcends one's position regarding the labor market. The root causes of such phenomena may be attributed to the broader insecure structure of the labor market, but this topic is beyond the scope of this study. With respect to which populism subtype is more likely to emerge on Taiwan's soil, income insecurity is associated positively with both left- and right-wing populism. This suggests that it is possible to mobilize insecure voters to become either left-wing or right-wing populist supporters in Taiwan. Because phenomenon of populism is a two-sided story, the final form of populism still depends on supply-side politics.

Who Are the Insecure Voters in Taiwan?

If income insecurity is a strong predictor of populist attitudes, the next question is who are the insecure voters? In particular, does greater economic interdependence with China contribute to the general public's sense of income insecurity? To answer this question, income insecurity was regressed against people's perception of China's effects on Taiwan. If the phenomenon of income insecurity is connected to the China factor, we should anticipate a positive and significant association between the two variables. Moreover, more

Table 3. Regress Right-Wing Populism on Different Conceptualizations of Economic Insecurity

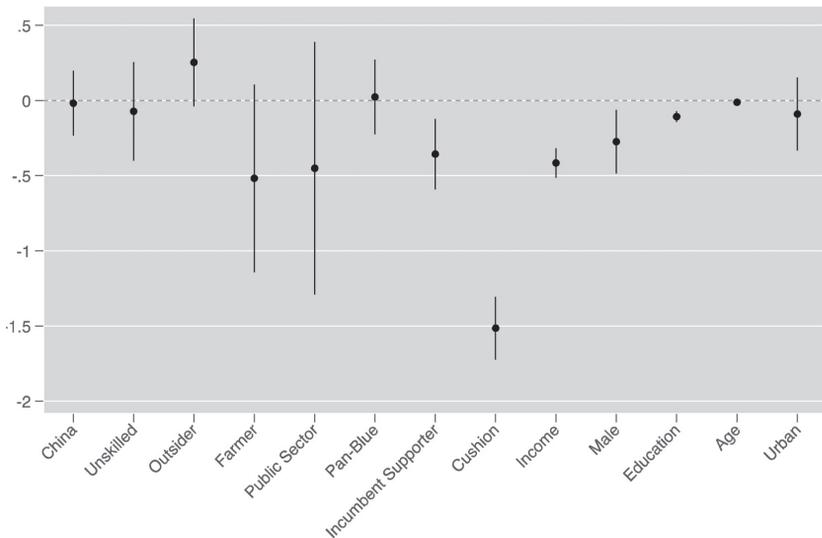
	Conceptualization: Unskilled Labor			Conceptualization: Income Insecurity			Conceptualization: Labor Market Outsider				
	Protection	Immigrant	Immigrant	Protection	Immigrant	Immigrant	Protection	Immigrant	Immigrant		
Unskilled	1.35* (0.02)	1.10 (0.46)	1.05 (0.73)								
Income Insecurity Outsider				1.73*** (0.00)	1.25* (0.04)	1.74*** (0.00)	1.36** (0.00)	1.20 (0.10)	1.04 (0.75)	1.01 (0.93)	0.87 (0.27)
Male											0.76** (0.00)
											0.70*** (0.00)
Age											1.00 (0.03)
											1.01* (0.03)
Income											0.94 (0.12)
											0.88*** (0.00)
Urban											0.98 (0.87)
											0.73** (0.00)
Education											0.92*** (0.00)
											0.93*** (0.00)
Incumbent											0.76** (0.00)
											0.82* (0.04)
China											1.26** (0.01)
											1.59*** (0.00)
Time Fixed Effect											YES
Observations	2,734	2,235	2,724	2,734	2,235	2,724	2,235	2,693	2,207	2,682	2,208

p-values in parentheses
 * p<0.05 ** p<0.01 *** p<0.001

comprehensive institutional safety nets attenuate populist appeals to economic losers.³³ It is hard to test the moderating effects of a welfare system on populist support within the same country; yet, we can test whether a personal safety net (e.g., savings, informal risk pooling networks, and so on) plays the same role in making people less insecure. Therefore, a cushion variable was added in the model, proxied by the perceived level of difficulty if experiencing income loss. Last, income insecurity also was regressed on individual skill level, how one is structured in the labor market (i.e., employment status, farmer, and public-sector workers), political affiliation, incumbent party supporter, and key demographic variables (i.e., income, gender, education level, age, and location).

The results are presented in figure 3. Surprisingly, the China factor does not have any significant association with income insecurity. The phenomenon of income insecurity transcends the economic effects of deeper integration with China. Labor market positions also do not have a significant impact on income insecurity. Unskilled labor, civil servants, or farmers are all insignificant. Only labor market outsiders are associated positively with income insecurity ($p = 0.089$). Geographical location does not matter either. Rural respondents are not necessarily more insecure than urban respondents. Being a KMT supporter is not associated with high income insecurity, but being an incumbent supporter is associated with lower income insecurity. High income insecurity is also

Figure 3. Determinants of Income Insecurity



³³ Swank and Betz, “Globalization, the Welfare State and Right-Wing Populism in Western Europe.”

associated with low-income earners, females, young people, and people with low levels of education. Last, having a personal cushion significantly decreases feeling insecure about current or future income flows.

Previous research finds that trading with China has created new social cleavages as well as new political preferences and voting behaviors in Taiwan.³⁴ While employers and a new middle class benefit from trading with China, people who are self-employed and unskilled workers are hurt by trade openness. To make certain that China's impact on income insecurity is not mediated through different economic classes, another model was run in which income insecurity was regressed against economic classes in Taiwan. Following Lin, the model specified five different classes: the new middle class, the self-employed, unskilled workers, employers, and the non-workforce, which was used as the baseline group in the model.³⁵ The coefficient plot (figure 4) shows that none of the classes is associated significantly with income insecurity. Other results look identical to the results in figure 3. Overall, the results show that income insecurity is more encompassing than position-based conceptualizations and is not limited to specific economic classes. Insecure voters broaden the social base for the growth of populism in Taiwan.

Overall Discussion

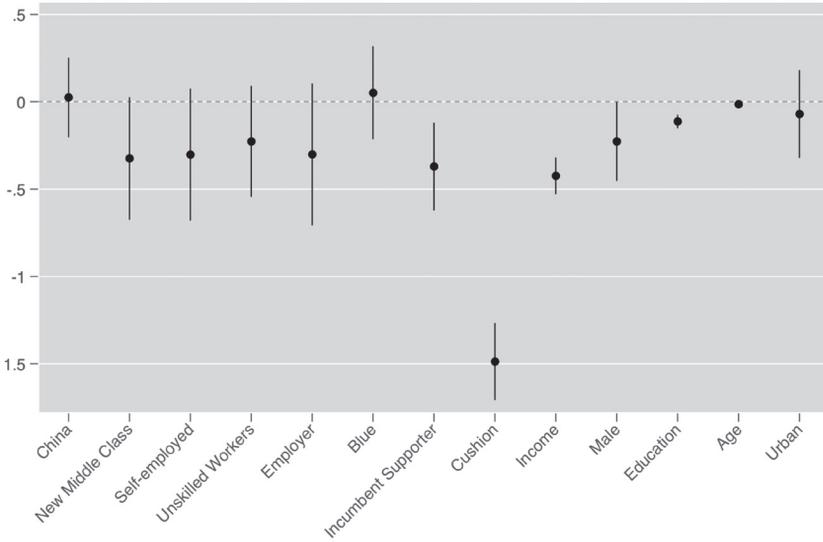
Economic insecurity is a broad term that affects people of various attributes. The essay reviews the literature and approaches the concept from three different perspectives. Among the three, income insecurity seems to trump other position-based operationalizations in predicting anti-establishment attitudes. Moreover, income insecurity predicts both left- and right-wing populism. The cause of income insecurity is not limited to specific industries or positions in the labor market, suggesting that the income-based conceptualization of economic insecurity is more encompassing than the position-based conceptualization and creates a broader social base for the growth of populism in Taiwan. Regarding its impact on Taiwan, China's negative effect is not associated with high income insecurity. Moreover, income insecurity still has an independent effect on voters' preference for populism, after controlling for the China factor. Nevertheless, the China factor is systematically correlated with left- and right-wing populist attitudes, indicating that there is a second dimension along which populist candidates can mobilize voters.

In a nutshell, both income insecurity and the China factor are correlated with left- and right-wing populist attitudes. The two-dimensional preference structure for populism is the consequence of the unique style of populism in Taiwan. Since relations with China still dominate Taiwan's political spectrum,

³⁴ Lin, "Cross Strait Trade and Class Cleavages in Taiwan."

³⁵ Ibid.

Figure 4. Social Class and Income Insecurity



all political candidates must take a stance on relations with China. Because Taiwan adopts the mixed-member majoritarian system (MMM), with one vote for the single-member district (SMD) candidate and the other vote for the party list, the SMD electoral rule also forces Taiwan’s major political parties to distinguish themselves from one another in the electoral market through their stances regarding China. Populist candidates must take a stance, too. Yet, the decision whether to have closer ties with China is not solely an economic matter but also a political issue. As Taiwan is an island nation, trade openness should enhance overall economic well-being. Nevertheless, due to the political intention of leaders in Beijing to unify Taiwan with China, closer economic ties allow China to leverage its economic influence to affect Taiwan’s politics. Taiwanese people grow more worried about achieving economic integration at the cost of national security. The narratives used to keep China at a distance can be multilateral. From one angle, too much economic integration brings undesirable distributive consequences, such as rising inequality or an expanding rate of poverty. Disconnecting from China would correct the skewed distribution of the economic fruit borne by trade openness. From another angle, one can advocate that, for the sake of national security, it is safer to ban Chinese immigrants and increase trade protection.

Given such matters, populist candidates can combine their stances toward China with the traditional left- or right-wing populist rhetoric. Ko’s and Han’s campaigns are vivid examples of how both anti-China and pro-China stances can be portrayed as benefiting “the people.” Ko’s rise was closely related

to the Sunflower Movement. Many of the Sunflower Movement supporters shared concerns about the negative effects (both politically and economically) of being too close to China.³⁶ Ko combined anti-China rhetoric with social justice issues and positioned himself during his campaign as a “white force” that was different from existing political parties. In other words, Ko combined anti-China with left-wing populist ideas. Han’s campaign, on the other hand, promoted closer economic and trade relations with China as the best way to enhance the welfare of Taiwanese people. Han also portrayed himself as the representative of the “common people” and promoted economic integration with China as the pathway to economic security. Thus, Han also used left-wing populist ideas and combined them with pro-China rhetoric. So far, none of the major political candidates has explicitly combine anti-China rhetoric with anti-immigrant/trade protectionism in Taiwan, but it is a possible narrative that could mobilize insecure voters, based on the findings of this study. In sum, Taiwan’s populism is somewhat different. Unlike other countries, the China factor causes Taiwan’s populist candidates to deviate from the traditional left–right populist rhetoric observed in Europe and Latin America. Border closure is not necessarily the discourse used by right-wing populists. In Taiwan’s context, tightening the border against China could have a distributive impact with which left-wing populists likely would resonate. In contrast, closer connections with China can have distributive impact on Taiwanese people, which again echoes the core idea of left-wing populism.

Conclusion

The rise of populism is a two-sided story. This essay focuses on demand-side politics and explores whether the social foundation of populism exists in Taiwan. In particular, the essay focuses on the role of economic insecurity in shaping populist attitudes and the extent to which economic insecurity is influenced by the China factor. The conclusion is that populism has its audience in Taiwan, and it is possible to combine anti-establishment sentiment with either left-wing or right-wing populism. Economically insecure voters are most vulnerable to the lure of the populist, and the source of economic insecurity goes beyond specific sectors, occupations, or employment status. The China factor, on the other hand, is orthogonal to economic insecurity in shaping populist attitudes. As long as the social basis exists, populism always can be a possible choice in Taiwan, but the subtypes would be contingent upon supply-side politics, such as the rhetoric populist candidates use to mobilize voters. Electoral rules also have a direct impact on the likelihood of populist parties.³⁷ Because most legislative seats are governed by the SMD rule, Taiwan is still dominated by

³⁶ Chen and Yen, “Who Supports the Sunflower Movement?”

³⁷ Norris, *Radical Right*.

the two-party system. Consequently, there are apt to be populist candidates in Taiwan, although the likelihood of populist parties arising is much smaller.

Looking beyond Taiwan, findings from this research indicate that populism has potential markets in Northeast Asia. Compared to Taiwan, the level of labor market flexibility is higher in South Korea and Japan. The share of population, especially young people, expressing feelings of insecurity about current or future income is also higher in other Northeast Asian countries than in Taiwan. As income insecurity is a potential cause of populist support, it can be hypothesized that such a social base for the growth of populism is possible in South Korea and Japan. There is a need for future research about the demand-side politics of Asia's populism. Moreover, what also should be studied is how electoral rules and mobilization strategies will determine if, and in what form, populism will arise in Northeast Asia.