

Evaluating Taiwan's 2025 "Universal 10,000 NTD Cash Handout Program" with AP Economics Concepts and Context Analysis

Ethan Ko Chan

Kang Chiao International School, New Taipei City, Taiwan

DOI: 10.46609/IJSSER.2026.v11i09.024 URL: <https://doi.org/10.46609/IJSSER.2026.v11i09.024>

Received: 20 August 2026 / Accepted: 10 September 2026 / Published: 24 September 2026

ABSTRACT

In 2025, the Taiwanese government implemented the "Universal NTD10,000 Cash Handout Program," allowing every resident of Taiwan to receive 10,000 NTD. Starting in late November 2025, residents can receive the funds through online registration, post office pick-up, or ATM withdrawal. Although the public is excited, this program may represent a political strategy rather than a meaningful fiscal policy. The program's emergence is deeply connected to debates over tax surplus management and the ongoing Great Recall Wave. This research evaluates the program using context analysis and macroeconomic models, including the business cycle, the neoclassical AD-AS model, the production possibility frontier (PPF), the loanable funds market, and demographic impacts. The analysis suggests that the concerns of excessive inflation, lack of long-term growth, government debt accumulation, and intergenerational inequity outweigh the short-term benefits. In the long run, the cash handout fails to enhance Taiwan's production capacity and may overstimulate an already expanding economy. Finally, the paper provides guidance on how to use economic concepts such as country economic status, production capacity, debt repayment rates, and societal characteristics to evaluate future cash handout and voucher distribution policies.

Keywords: Universal cash handout, Fiscal policy, Taiwan, Neoclassical AD-AS model, Loanable funds market, Intergenerational equity, Political strategy

1. Introduction

To begin, understanding the history and background context is an indispensable first step when evaluating any cash handout or consumption voucher policy. In the 21st century, Taiwan has launched four major universal voucher or cash transfer programs to stabilize its macroeconomy. In 2008, President Ma Ying-jeou's administration launched the "3,600 NTD Consumption Voucher Distribution Program" to stimulate private consumption following the contractionary shocks of the 2008 global financial crisis (Directorate-General of Budget, Accounting and

Statistics [DGBAS], 2009; Central News Agency, 2023).

In July 2020, President Tsai Ing-wen's administration launched the "Triple Consumption Vouchers Program" to support struggling domestic retail and service sectors during the early wave of the COVID-19 pandemic. Under this program, eligible residents paid 1,000 NTD to receive 3,000 NTD worth of consumption vouchers, a design specifically intended by policymakers to lower the saving substitution rate and maximize the short-run economic multiplier (Executive Yuan, 2020; Ministry of Finance, 2026; National Development Council [NDC], 2020; Central News Agency, 2023).

As domestic service industries faced further pandemic restrictions under a Level 3 alert, the government expanded the previous model in October 2021 by issuing the "Five Times Consumption Vouchers Program," where eligible residents paid 1,000 NTD to receive 5,000 NTD worth of stimulus vouchers (Central News Agency, 2023).

Finally, in 2023, following consecutive years of good economic performance and a record of annual tax surplus, the government passed the post-pandemic special budget to implement the "Universal 6,000 NTD Cash Handout Program," distributing cash directly to residents through digital bank transfer, ATM withdrawal, or post office pickup (Executive Yuan, 2023; Central News Agency, 2023).

By comparing these historical measures, a major structural similarity can be observed in their timing: the 2008, 2020, and 2021 voucher programs were expansionary fiscal tools deployed during contractionary economic phases to boost consumer confidence. Conversely, the 2023 universal payout represents a wealth redistribution policy during an economic recovery period.

Since 2021, the Taiwanese government has had a tax revenue surplus each year because the economy in Taiwan has been performing better than expected. The tax revenue surplus is one of the key reasons the "Universal 10,000 NTD Cash Handout Program" emerged in 2025. From 2021 to 2024, Taiwan's Ministry of Finance reported each year's tax revenue surplus as the following: 432.7 billion NTD in 2021, 526.7 billion NTD in 2022, 386.7 billion NTD in 2023, and 528.3 billion NTD in 2024 (Ministry of Finance, 2025). As the tax revenue surplus reaches an all-time high in 2024, members of the Legislative Yuan from different political parties provided ways of how they believe the tax revenue surplus should be managed in 2025 (Ministry of Finance, 2025).

In Taiwan, Kuomintang (KMT) and Taiwan People's Party form the majority coalition of the Legislative Yuan.

The Democratic Progressive Party (DPP) is the current ruling party, while the KMT and TPP are

the major opposition parties. On the topic of how to manage the tax revenue surplus, different parties announced their proposal in February 2025. KMT proposed a 10000 NTD cash handout to the public as they believe this is a better choice for returning the tax surplus to the public. Similarly, TPP supported the concept of returning the tax surplus to the public by proposing a similar 6000 NTD cash handout (Chinese Nationalist Party [KMT], 2025; Li, 2025). On the other hand, the DPP and the Ministry of Finance proposed using the tax surplus to reduce the national debt and implement new policies that can foster long-term growth and promote economic stability (Accounting Research Monthly, 2025; Taiwan Fact Check Center, 2025). Besides the debate on how to manage the tax revenue surplus, the Great Recall Wave on KMT members of the Legislative Yuan was another political movement happening during the discussion of the cash handout policy. As KMT faced the challenge of the Great Recall Wave, KMT's proposal of the 10000 NTD cash handout program was commonly believed as a possible strategy used to win people's support and protect its members of the Legislative Yuan (Fu, 2025; KMT, 2025).

After months of debate in the Legislative Yuan, the "Universal 10000 NTD Cash Handout Program" proposed by the KMT officially passed due to the great majority of residents who are in favor of this program (Mei Hua News, 2026). As a result, residents of Taiwan can receive their 10000 NTD starting from late November (Fu, 2025; Mei Hua News, 2026).

2. Literature Review and Theoretical Framework

Evaluating cash handout programs or voucher distributions requires an understanding of how governments manage fiscal policy and the signals they send to economic actors. While cash handouts are widely popular, their economic consequences differ significantly depending on the timing of implementation, the country's debt profile, and existing demographic factors. Prior studies have compared cash handouts across different contexts, such as the analysis of stimulus packages in Australia and the United States by Davidson and de Silva (2013), and the comparative study of cash handout policies in Hong Kong and Macau by Kwong (2013). These studies demonstrate that the design and political context of transfer programs are essential determinants of their ultimate macroeconomic effects.

To systematically evaluate Taiwan's 2025 universal cash handout, this study employs several macroeconomic models and concepts (Ray and Anderson, 2022):

The Business Cycle: Shows whether expansionary fiscal policies are appropriate. In contractionary phases, cash handouts stimulate demand to close recessionary gaps; in expansionary phases, cash handouts can overstimulate the economy.

The Neoclassical AD-AS Model: Illustrates the short-run expansion of aggregate demand (AD)

resulting from government transfer payments and the long-run self-adjustment mechanism where the short-run aggregate supply (SRAS) shifts leftward, leading to inflation.

The Keynesian Expenditure Multiplier: Quantifies the total increase in Gross Domestic Product (GDP) from an initial change in autonomous consumption.

The Production Possibility Frontier (PPF): Models the trade-off between consumer goods and capital goods. (capital goods are expected to expand future production capacity and drive long-term economic growth).

The Loanable Funds Market: Explains how government borrowing to fund handouts shifts the demand for loanable funds, raises real interest rates and crowds out private consumption and investment.

Demographic and Intergenerational Equity: Examines how the financial burdens of current debt-financed or surplus-depleting transfers are shifted to future generations.

Government Signaling Theory: Adapts corporate signaling theory to public administration, proposing that the specific policies a government implements can be seen as signals of its underlying goals.

2. Methodology

This research utilizes qualitative policy evaluation, context analysis, and quantitative macroeconomic modeling to analyze Taiwan's 2025 "Universal 10,000 NTD Cash Handout Program."

First, a historical and contextual analysis is conducted, comparing the 2025 program with previous cash handout and consumption voucher initiatives implemented in Taiwan in 2008, 2020, 2021, and 2023. Data regarding these earlier policies were obtained from official publications and legislative reports (Fu, 2025; Ministry of Finance, 2025; DGBAS, 2009; Executive Yuan, 2020, 2023; Central News Agency, 2023; NDC,2020)..

Second, the timing of the program is evaluated against Taiwan's current position in the business cycle, utilizing the country's reported 2025 real GDP growth rate of 7.37% (Directorate-General of Budget, Accounting and Statistics [DGBAS], 2025).

Third, a neoclassical AD-AS model is constructed to analyze short-run and long-run price and output adjustments (Ray and Anderson, 2022)..

Fourth, a quantitative simulation of the aggregate demand shift is performed using the Keynesian expenditure multiplier. The simulation assumes a total government transfer of 230 billion NTD to

residents. Based on a predicted marginal propensity to consume (MPC) of 0.3, the initial increase in consumption and the subsequent total expansion in GDP are calculated using the multiplier of 1 divided by the MPC ($1 / 0.3 = 3.33$) (Ray and Anderson, 2022).

Fifth, the long-term impact on production capacity is evaluated using the neoclassical AD-AS model and the PPF analysis (Ray and Anderson, 2022)..

Sixth, the loanable funds market model is applied to assess interest rate behavior and the crowding-out effect, drawing on actual public debt and debt repayment data from 2021 to 2024 (Ministry of Finance, 2025).

Seventh, demographic projections for Taiwan's population through 2070 are integrated to perform an intergenerational equity analysis of the program's fiscal effect (National Development Council [NDC], 2024).

4. Macroeconomic Analysis and Discussion

4.1 Timing of Taiwan's 2025 Program relative to the Business Cycle

By comparing the 2025 "Universal 10,000 NTD Cash Handout Program" to past examples, one of the major differences we can observe is the economic condition of Taiwan when the government implements such programs. From 2008 to 2023, when the government implemented cash handout or consumption voucher programs, Taiwan's economy was in the contractionary phase or the recovery phase of the business cycle; nevertheless, when the government implemented the "Universal 10,000 NTD Cash Handout Program" in 2025, Taiwan's economy is actually experiencing a 7.37% economic growth rate that is the highest in the last 15 years (Directorate-General of Budget, Accounting and Statistics [DGBAS], 2025). As mentioned earlier, KMT and TPP stated that the purpose of the cash handout program is to return the tax surplus to the public, but not an expansionary fiscal policy for recession recovery (Fu, 2025). Besides, this cash handout program proposal might also be a political strategy that the KMT utilized for the Great Recall Wave (Fu, 2025). Regardless of what the real reason is for KMT and TPP to propose the "Universal 10,000 NTD Cash Handout Program," this program will certainly stimulate the economy based on historical examples. Together, we can draw a conclusion that this cash handout program is going to stimulate the economy when the economy is already in an expansionary phase of the business cycle, which leads to possible concerns of overstimulation (Ray and Anderson, 2022).

Table 1. Historical Comparison of Taiwan's Cash Handouts and Consumption Voucher Programs

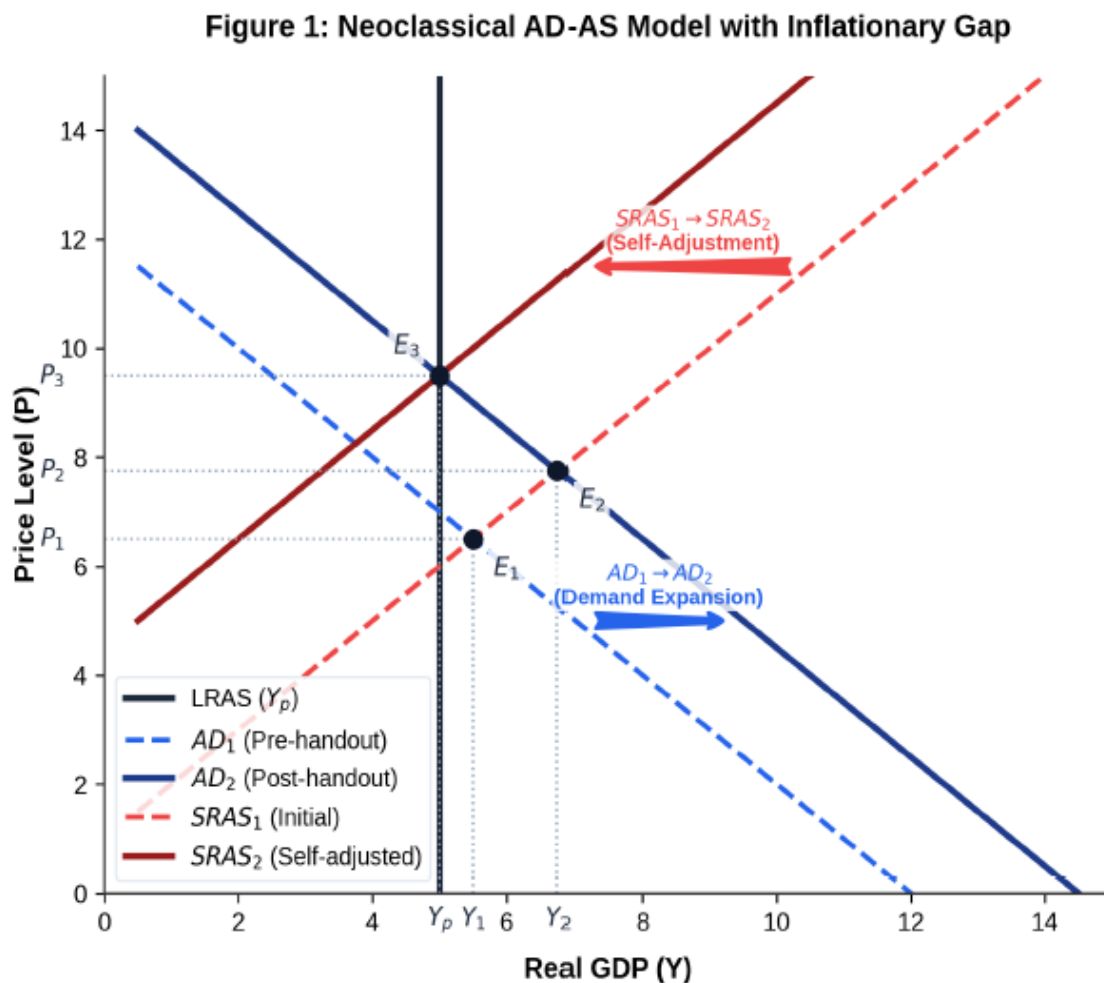
Year	Sponsor / President	Program Name	Economic Context	Mechanism & Details
2008	Pres. Ma Ying-jeou	3600 NTD Consumption Voucher Program	Contractionary phase (2008 global financial crisis)	Stimulus vouchers issued to all citizens.
2020	Pres. Tsai Ing-wen	Triple Consumption Vouchers Program	Contractionary phase (COVID-19 pandemic)	Citizens pay 1000 NTD to receive 3000 NTD vouchers.
2021	Pres. Tsai Ing-wen	Five Times Consumption Vouchers Program	Contractionary phase (subsequent wave of COVID-19)	Followed the triple vouchers model.
2023	Pres. Tsai Ing-wen	Universal 6000 NTD Cash Handout Program	Recovery phase (encouraging consumption post-COVID)	Cash transfer issued directly to citizens.
2025	Kuomintang (KMT) Proposed	Universal 10,000 NTD Cash Handout Program	Expansionary phase (7.37% GDP growth rate)	Tax surplus distribution; political strategy against Great Recall Wave.

4.2 Excessive and Unstable Inflation (Neoclassical AD-AS Model)

By connecting the concept of the business cycle to the Neoclassical AD-AS model, a country's economy that is in the expansionary phase means that the country is producing beyond its potential output (Ray and Anderson, 2022). On an AD-AS graph, this scenario is depicted by an SRAS and AD intersection that is on the right side of the LRAS, creating an expansionary gap (Ray and Anderson, 2022). Under the "Universal 10,000 NTD Cash Handout Program", aggregate demand will increase and the AD curve will shift to the right because consumption increases from the government transfer. As the AD curve shifts right, SRAS and AD intersect at a new equilibrium that has a greater real output and a greater price level (Ray and Anderson, 2022). Based on neoclassical economics and their belief in the long-run self-adjustment, the economy automatically returns to the long-run potential output due to flexible prices and wages

(Ray and Anderson, 2022). On the AD-AS graph, SRAS shifts to the left as self-adjustment when an economy is experiencing an expansionary gap because more output means more demand for factors of production, higher prices of factors of production, and less aggregate supply (Ray and Anderson, 2022). Before this program, as Taiwan's economy was already in an expansionary gap, SRAS would shift left by "x" if long run self adjustment occurs, intersecting AD and LRAS at a new long-run equilibrium and creating inflation (Ray and Anderson, 2022). After this program, since Taiwan's economy is in an even larger expansionary gap, long-run self-adjustment requires SRAS to shift left by more than "x" units, intersecting AD and LRAS at a new long-run equilibrium that has a greater average price level, which represents even higher inflation (Ray and Anderson, 2022).

Figure 1. Neoclassical AD-AS model illustrating the inflationary effects of Taiwan's 2025 universal cash handout program (not drawn to scale)



4.3. Lack of Long-Term Growth (Neoclassical AD-AS Model and PPF)

At the same time, some people might question why the LRAS or potential output does not increase from this program. To answer this question, we will need to look at why aggregate demand increases once again. Based on neoclassical economics, LRAS or potential output increases when an increase in aggregate demand can increase SRAS and the country's production capacity; for example, increasing spending on education, healthcare, and infrastructure (Ray and Anderson, 2022). For the "Universal 10,000 NTD Cash Handout Program," residents who receive the money would spend it on consumption instead of increasing Taiwan's production capacity, which is why this program does not lead to an increase in LRAS or potential output. Another way of explaining this is to use the production possibility frontier (PPF). Consider an economy that is producing consumer goods and capital goods; an increase in the production of capital goods will lead to more future economic growth but an increase in the production of consumer goods won't. As the "Universal 10,000 NTD Cash Handout Program" increases consumption instead of investment, it increases the production of consumer goods, which is less likely to lead to economic growth in the long run (Ray and Anderson, 2022).

4.4. Problem of National Debt and Interest Rate (Loanable Funds Market)

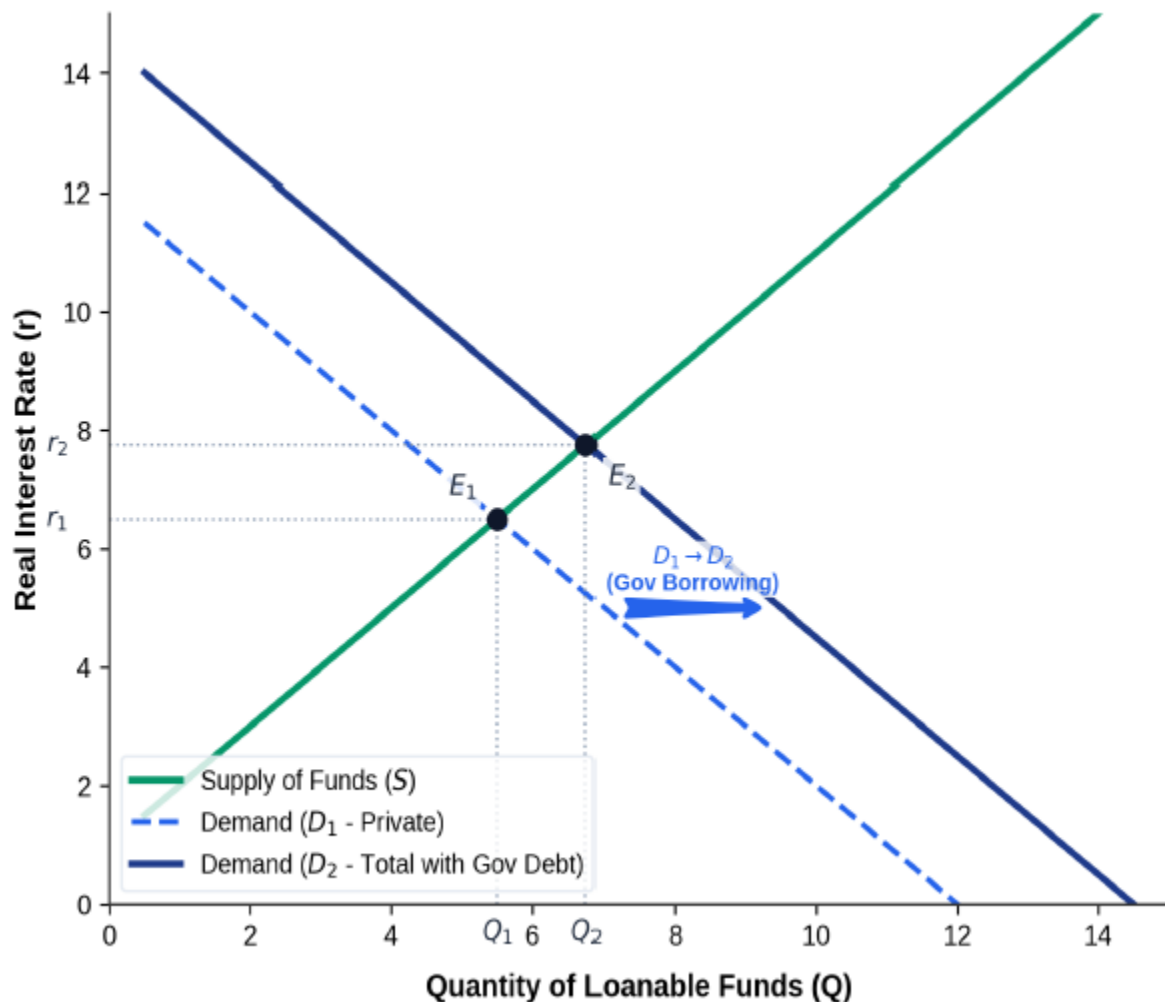
Even though some people believe that the government is implementing the "Universal 10,000 NTD Cash Handout Program" using tax revenue surplus and not increasing national debt, this belief might not be the most accurate. Despite multiple years of tax revenue surplus, the government's approach to debt repayment is passive and inconsistent with its stated priorities (Ministry of Finance, 2025). From 2021 to 2023, the government accumulated a tax revenue of NT\$1.34 trillion while only paying back NT\$396 billion in debt, a ratio of less than 30% (Ministry of Finance, 2025). In 2024, the government collected a tax revenue surplus of NT\$528.3 billion while the allocated debt repayment was only NT\$135.8 billion, falling below the 30% mark once again (Ministry of Finance, 2025). By consistently repaying the debt using less than 30% of tax revenue surplus, implementing the cash handout program will certainly cause the government to issue more national debt.

Table 2. Taiwan's Annual Tax Revenue Surplus and Debt Repayment Metrics (2021–2024)

Period	Tax Revenue Surplus	Debt Repayment	Repayment Ratio (%)
2021–2023 (Accumulated)	NT\$1.34 trillion	NT\$396.0 billion	< 30% (29.55%)
2024 (Single Year)	NT\$528.3 billion	NT\$135.8 billion	< 30% (25.71%)

Figure 2. Loanable funds market demonstrating the crowding-out effect and upward pressure on real interest rates from deficit-financed government transfer payments

Figure 2: Loanable Funds Market & Crowding Out



Regarding national debt, another aspect to look at is the loanable funds markets and real interest rates. As Taiwan's government implemented the "Universal 10,000 NTD Cash Handout Program," the national debt of the Taiwanese government increased, leading to an increase in the demand for loanable funds (Ray and Anderson, 2022). The increase in demand for loanable funds increased the real interest rate of the market while discouraging consumption and investment, which is the effect also known as the crowding out effect (Ray and Anderson, 2022). Using the crowding out effect, we can see how the cash handout policy might seem good to Taiwan in the short run, but not in the long run, as consumption and investment are discouraged

(Ray and Anderson, 2022). Moreover, the concern of this program in the long run does not stop here. Since the economy is overstimulated by this cash handout program, increasing the interest rate should be the contractionary policy that the central bank and government consider for effectively restoring the economy to long-run equilibrium (Ray and Anderson, 2022).

However, since the government has a great national debt, increasing the interest rate is disadvantageous for the government to repay the national debt. At the same time, the economy would be overstimulated once again if the government or central bank lowers the interest rate for repaying national debt, which leaves the government in a dilemma of whether to increase or decrease interest rates.

4.5. Social Issues and Demographic Decline

Taiwan faces a severe and accelerating demographic crisis caused by both low birth rates and population aging. This trend projects a future population decline, potentially falling below 20 million by 2050 and around 15 million by 2070 (National Development Council [NDC], 2024). Consequently, the elderly population will eventually surpass the youth population. While the national debt continues to increase and inflation continues to rise, the economic burden falls on the few future generations of young people. Even though this cash handout program stimulates the economy and benefits the KMT for the Great Recall Wave, this program is potentially leading to what's known as "intergenerational theft" since Taiwan's population is declining simultaneously to an increase in Taiwan's national debt and inflation rate.

5. Conclusion and Policy Evaluation Framework

As a conclusion, we can see how the Taiwanese government's decision to implement the "Universal 10,000 NTD Cash Handout Program" can lead to a lot of concerns when it is not implemented at the right time. From excessive inflation to lack of long-term growth, to problems with national debt and interest rate, to social issues, this cash handout program is not an ideal fiscal policy.

At the end of this research paper, the author would like you to remember some ways of how you can evaluate cash handout or voucher distribution programs in the future:

1. **Consider the economic status of the country launching these programs.** This is a vital first step since whether this country is in expansion or contraction will greatly influence the programs' effectiveness. If a country's economy is currently in a contractionary phase, cash handouts and voucher distributions could be helpful; however, if an economy is currently in an expansionary phase, cash handouts and voucher distributions could lead to unnecessary inflation and many other issues.

2. **Consider how these programs could lead to long-term growth by increasing the country's production capacity.** When evaluating a policy, long-term growth is always a very important aspect. If the government implements a healthcare voucher distribution program, more people might actually take a thorough physical health check-up, which is a form of long-term growth for a country. On the other hand, if the government implements a simple cash handout program, more consumer goods will be consumed compared to capital goods, which limits the long-term growth for a country.
3. **Take note of the country's national debt and debt repayment rate.** The amount of national debt for a country and its debt repayment rate reveal future interest rates and possible economic situation in the future. If the government is not using its tax surplus for debt repayment and still implementing cash handout programs, this country can experience the same dilemma as the Taiwanese government.
4. **Finally, always consider the situation of the society regarding population, land, government, etc.** By considering the social conditions of a country, the evaluation of a cash handout or voucher distribution will be more complete since it ensures that the people's living conditions are also considered.

Acknowledgment

I would like to thank my research advisor for their invaluable guidance, encouragement, and supervision throughout the development and preparation of this manuscript. I am also grateful to the institutional support that facilitated this study. Additionally, the author acknowledges the technical assistance of Gemini Notebook (2026) in designing and rendering the Neoclassical AD-AS and Loanable Funds Market vector illustrations.

References

- Central News Agency. (2023, January 5). Cong xiaofeiqian, sanbeiqian, wubeiqian dao ling 6000, weihe zhengfu potianhuang pufaxianjin? [From consumption vouchers, triple vouchers, five-times vouchers to receiving 6,000: Why did the government distribute cash for the first time?]. Global Views Magazine. <https://www.gvm.com.tw/article/98364>
- Davidson, S., & de Silva, A. (2013). Stimulating savings: An analysis of cash handouts in Australia and the United States. *Agenda: A Journal of Policy Analysis and Reform*, 20(2), 39–57. <http://www.jstor.org/stable/43199703>.
- Directorate-General of Budget, Accounting and Statistics (DGBAS), Executive Yuan. (2009). 039 Han dong sui mo tie xin li: Xiaofeiqian zhi fafang [039 A warm winter gift:

Distribution of consumption vouchers]. Government of the Republic of China (Taiwan).
https://www.dgbas.gov.tw/News_Content.aspx?n=4500&s=2714

Directorate-General of Budget, Accounting and Statistics (DGBAS), Executive Yuan. (2025).
Economic growth rate revisions and macroeconomic forecasts. Government of the
Republic of China (Taiwan).

Executive Yuan, Republic of China (Taiwan). (2020, July 23). Sanbeiquan ji qite zhenxingquan
banli qingxing [Implementation of triple vouchers and other revitalizing vouchers].
Executive Yuan Meeting Agenda.
<https://www.ey.gov.tw/Page/448DE008087A1971/efe11f7f-613a-401f-b28f-d8b931e9ea53>

Executive Yuan, Republic of China (Taiwan). (2023, June 8). Yihou qianghua jingji yu shehui ren
xing ji quanmin gongxiang jingji chengguo tebie yusuan zhixing qingxing baogao:
Quanmin gongxiang pufa xianjin zhixing gaikuang [Execution report on post-pandemic
economic and social resilience and sharing economic results special budget: Overview of
the universal shared cash handout execution]. Executive Yuan Meeting Agenda.
<https://www.ey.gov.tw/Page/448DE008087A1971/82869337-edb3-4985-8f34-1c34e39e862b>

Fu, K.-C. (2025, February 13). Returning tax to the people? KMT proposes universal 10,000
NTD cash handout as last year's tax surplus hits record high of NT\$528.3 billion.
Legislative Yuan, Republic of China (Taiwan).
<https://www.ly.gov.tw/Pages/Detail.aspx?nodeid=54301&pid=248665>

Gemini Notebook. (2026). Vector illustration models for neoclassical AD-AS and loanable funds
market shifts. Google.

Kwong, B. K. K. (2013). A comparative analysis of the cash handout policy of Hong Kong and
Macau. *Journal of Current Chinese Affairs*, 42(3), 87–100.
<https://doi.org/10.1177/186810261304200305>

Ministry of Finance, Department of Statistics. (2025, February 18). Analysis of tax collection in
R.O.C. Year 113.
<https://service.mof.gov.tw/public/Data/statistic/bulletin/114/113%E5%B9%B4%E7%A8%85%E6%94%B6%E5%BE%B5%E8%B5%B7%E6%83%85%E5%BD%A2%E5%88%86%E6%9E%90.pdf>

Ministry of Finance. (2026). Public Finance Statistics Database. Government of the Republic of
China (Taiwan).

<https://web02.mof.gov.tw/njswww/WebMain.aspx?sys=100&funid=defjspf2>

National Development Council (NDC). (2020, December). Zhenxing sanbeiquan zhi jingji xiaoyi pinggu [Economic benefit evaluation of triple stimulus vouchers] (Project Hosts: Chang, C.-Y., & Hua, C.-C.). Government of the Republic of China (Taiwan). https://www.ndc.gov.tw/nc_415_35602

National Development Council (NDC). (2024, October). Population projections for the Republic of China (Taiwan): 2024–2070. Government of the Republic of China (Taiwan). https://pop-proj.ndc.gov.tw/main_en/

Ray, M., & Anderson, D. (2022). Krugman's macroeconomics for the AP® course (4th ed.). Worth Publishers.