

## Abstract

This research discusses the relationship between aging population and income distribution, and examines how the aging population affects income distribution. The independent variables were acquired from the Statistical Yearbook of the Interior, The Survey of Family Income and Expenditure, the Statistical Yearbook of Labor Force and the Statistical Yearbook from each twenty-three counties and cities in Taiwan to construct a data set from 1998 to 2005. Using the ordinary least squares method and choosing the gini coefficient as a dependent variable to observe the relationship between income distribution and aging population.

According to the result of the empirical study, we discover that the effect of aging population is significant and has a positive relationship with income distribution. Income inequality is worse when the aging population increases. Other significant independent variables are disposable income per person, the square of disposable income per person, female labor participation rate and the regional dummy variables. Besides the square of disposable income per person, all variables have a positive relationship with the gini coefficient. In addition, the variable of income shows that Kuznets curve appears in Taiwan. The expansion of the female labor participation will cause the income distribution to change into inequality. Also the north region has the worst income distribution in Taiwan. The results of the social welfare variable, the education variable and the industry variable are insignificant so that in this article we

can not observe how the three variables effect the income distribution in Taiwan.

Keywords: Aging population, Income distribution, Ordinary least squares, Taiwan