Retirement Sum Pay-as-you-go Retirement System • Current generation of working adults pay (taxes) for • Amount of money expected to be **Key Parameters to determine Retirement Wealth in CPF** needed at retirement to provide for a current generation of elderly basic standard of living during Individual contribution rate **Funded Retirement System** • Rate of growth of contributed funds • Greater returns when aggregate economic growth is retirement years. Each generation saves money high while they are working adults. compared to -> • More greatly impacted by ageing population • Money is invested and then returned to them at retirement **Central Provident** Are the returns from CPF adequate? Fund (CPF) • Rate of return is modest compared to overall economic growth **Life Cycle Model** LIFE CYCLE RETIREMENT Over our lifetime, our **PROBLEM ADEQUACY** consumption must be GES1035/GESS1025: LECTURE supported by our income **Demand, Supply & Productivity: Basic Economy** economic cause of income inequality • Jobs with high demand and **WAGES & INCOME** MICORECONOMIC productivity have low supply of **POLICIES TRANSFER** workers • Jobs with low demand and The Four Myths of Inequality in Singapore productivity have high supply of (Low, 2014) workers **TRANSPORT COMPARATIVE ECONOMICS TAXES** Challenging hegemonic accounts of the primacy of economic growth **Minimum Wage Policy** • The Singapore government's approach to • Trade-off: Risk of reducing demand for inequality is grounded in a number of labour at that price, creating **Restricting car ownership Basic Public Finance Trade-off** implicit, but strongly-held, assumptions • To reduce costs (e.g emissions, accidents, lot Deadweight costs of taxation unemployment about the objectives of economic policy business) of traffic congestion from accumulation of • Taxes cost more than the amount raised because it and the relationship between economic drivers during the peak period in high congestion discourages productive behaviours (e.g work, growth and social equity **Negative Income Tax (e.g WIS)** areas investment) • Have posed a challenge in pursuing • Given to low-income earners whose pragmatic and creative solutions to the

Consumption Tax (e.g GST)

• Raising revenue based on what we consume

higher proportion of their income

policies like GST vouchers

• Regressive tax: People with low income spend a

• Efficient way of reducing the tax burden of

lower-income residents through transfer

Price-based system (e.g COE)

transport

• Right to purchase a vehicle is auctioned

• Favoured over lottery and alternate-day policies as it

• But existing inequities translate to unequal access to

only to those who are willing and able to pay

is an efficient way to give rights to vehicle ownership

Quota limiting vehicle ownership

challenge of inequality

issue of inequality?

• Have current policies addressed the

• Is inequality something that can be

addressed by financial transfers alone?

income falls below a certain level

• Government transfer supplement

• Benefits decrease as income rises. But

not withdrawn too quickly so that

workers still have an incentive to

based on income

increase skills