

## **GDP still vital tool, but new ways needed to take Singapore's pulse; Indicators more intricate than just economic growth are needed to ascertain if life has improved for individuals, say economists**

***Vivien Shiao***

***The Business Times***, 3 September 2018

THE gross domestic product (GDP) may be a country's most closely-watched key performance indicator, but economists said it might be time to start paying more attention to other ways of measuring the well-being of Singaporeans.

The suggestion comes as Singapore arrives at a more sophisticated stage in its development - and economists said indicators more intricate than just economic growth are needed to ascertain if life has improved for individuals.

"GDP was never meant to be an all-in measure - it is just one objective measure of where the economy is," said Maybank Kim Eng economist Chua Hak Bin. "Quality of life would probably be a broader measure of well-being and happiness, but the difficulty is getting the right metric."

Gauges of how well people are really doing are not new. There are the Organisation for Economic Cooperation and Development's (OECD) Better Life Index; the United Nations' (UN) Human Development Index; and the UN Sustainable Development Solutions Network's World Happiness Report - just to name a few.

But scholars said having a Singapore-centric study of subjective measures that take into account the local context would be a good complement to the objective measures already in place. It would give a "well-rounded perspective" of society and economy.

**Gillian Koh, deputy director (Research) at the Institute of Policy Studies (IPS), said: "Quantitative measures are quicker to grasp, but we all recognise that we need qualitative ones for their detail and meaningful linkages to various aspects that describe social life."**

Increasingly, more academics from fields as diverse as sociology, business and politics have been stepping out to present findings on different aspects of the welfare of Singaporeans - and of late, their work has been gaining a lot more traction in public discourse and policy-making circles.

**Two pieces of research that arguably received the most attention of late are Nanyang Technological University Associate Professor Teo You Yenn's findings on inequality on Singapore, which upends traditional assumptions of poverty; as well as the IPS Study On Social Capital In Singapore (of which Dr Koh was one of the researchers) which revealed a sharp class divide in Singapore.**

Most recently, NUS Business School associate professors Siok Kuan Tambyah and Tan Soo Juan released their latest Quality of Life Survey. A comprehensive study started in 1996, it offers insights into aspects of subjective well-being in Singapore, such as happiness, achievement and a sense of purpose, among others.

Observers said policymakers already looked at country performance on all fronts - not just economic - but the sheer variety of other well-being indicators conducted by various entities makes it difficult to sieve out what is important.

Walter Theseira, an economist at Singapore University of Social Sciences, said: "When you look at an economic indicator, you know how it was constructed, you know it is comparable to other countries. Also, decision makers in industry value it - it is understood and it's relevant.

"Indicators of well-being are also relevant, but much less understood, which makes it harder for policy-makers to integrate them into policy-making."

He noted that there is "generally much less agreement internationally" on how to measure other aspects of quality of life, and it is also "very rare that there exists a systematic, national effort to track such well-being indicators over time".

Creating a single government-sponsored Quality of Life index is not as straightforward as it seems. Dr Koh said: "The benefit would be to have one that provides a quick take on the situation and, secondly, if you repeat over time, you can track changes because it is the same measure."

However, she warned that relying on one measure gives the illusion that what matters does not change, and that everything important has been captured.

"Even if we were to find a quality of life index we like, it is likely to be inadequate for us to just fixate on one."

She said there should be scope for different researchers and entities to compile various Quality of Life indices, spell out their rationale, repeat measurements for as long as they can, and then for policy makers to take heed of what the "more robust ones" say over time.

For Maybank Kim Eng's Dr Chua, creating a national well-being index can be tricky because of political considerations.

"Because it's very subjective and it will be used to determine policy, you might end up taking the metric to suit what you want to do rather than respond to a metric that gauges what the sentiments are," he said.

To him, the biggest challenge is the subjectivity involved in what constitutes happiness and satisfaction.

"Some might enjoy working, but some don't - so even the number of leisure hours might not accurately measure well-being..."

"It's a worthy start, but there are a lot of issues on how to make sure they are standardised, don't change with time, and there's no incentive to suddenly change the components when they don't go your way."

He added: "I'm not even sure if it's possible for people to be 90 per cent happy, for example, and whether it's even in the realm of policy to deliver. I don't know if that's asking too much from the government."

But observers agree that more robust studies on quality of life issues would add further pieces to the jigsaw puzzle - not replace the need for economic indicators.

CIMB Bank economist Song Seng Wun said: "Well-being studies are worth pursuing as they contribute to the debate - they complement the hard data."

Aside from the standard economic indicators, he also looks at surveys that explore social issues to get a better overall picture of the state of Singapore.

"I do so because it's the psychology of individuals that shapes society as well. It could have implications on the overall confidence of the economy.

"I think Singapore has reached a stage of growth where we can spend more time on issues like well-being. From a political standpoint, putting more effort to ensure that people will not be left behind is also important for socio-economic stability."