

Wealth Matters More in Rich Nations: Study

It suggests developed nations focus on both economic and social goals

Priscilla Goy

The Straits Times, 3 September 2014

Being rich in a wealthy nation lifts a person's satisfaction with life more than being rich in a poorer place, a new study has found.

This is contrary to the popular belief that money matters more to people in poorer countries.

It also suggests that developed countries such as Singapore should not simply neglect economic growth if they choose to refocus on social issues. "Instead, they need to strike a balance and continue to focus on both," wrote Dr Ng Weiting, a senior psychology lecturer at SIM University (UniSIM), and Dr Ed Diener, a senior scientist at research firm Gallup.

Their article was published in the *Journal Of Personality And Social Psychology* last month

Dr Ng presented the study findings at a symposium entitled "Well-being in Singapore" at UniSIM yesterday.

The researchers analysed data on well-being from a Gallup poll of more than 838,000 respondents from 158 countries, conducted from 2005 to 2011, and economic data from the World Bank.

They found that having a higher income lifts a person's satisfaction with life across all countries, but it matters more to those in rich nations.

One possible reason for this is that money is less important to live comfortably in poor nations. For instance, in developing countries, food and shelter may be obtained through barter trade or subsistence agriculture instead.

Those in rich nations also tend to have higher material aspirations, as they strive "to keep up with the Joneses".

With rich countries having more access to the Internet and being technologically advanced, it is also easier for people there to compare across the world and access quality material possessions.

In other words, being rich in a developed economy makes a bigger difference than being rich in a poor country, said Dr Ng.

"If you were a rich person living in Singapore and you love chocolates, you can easily get access to quality chocolates..."

"If you were a rich person living in the Philippines, you may not be able to buy them even if you could afford them, simply because they may not be available in your country."

A debate has been raging in countries including Singapore on whether the Government should prize social welfare over economic growth.

But Dr Ng cautioned that developed economies should not disregard economic gains.

Sociologist Tan Ern Ser of the National University of Singapore agreed on the need to have a balance in achieving both social and economic goals.

“Individuals could decide that they do not need a lot of money to be happy. They can live well with less, but with more time to smell the roses. But the Government needs to ensure that there are sufficient, decent-paying jobs to meet the aspirations and expectations of people.”