Singapore is the most expensive city in the world.

True or false?

This debate was one of the most-watched spectator sports last week, and is still making the rounds. The different reactions to the Economist Intelligence Unit (EIU) survey were more interesting than the result itself because of what they say about this evergreen cost-of-living issue.

The question then is whether Singaporeans ought to be concerned that their country is the costliest place for expatriates, at least according to the EIU.

Some obviously do, going by the responses of this newspaper's readers. Their views are aptly summed by this excerpt from a letter we published last week:

"Although it is true that the kinds of goods and services included in the survey are not those consumed by 'ordinary' Singaporeans, we cannot assume that all Singaporeans are ordinary. Many of us, even the 'ordinary' ones, do have aspirations. We do yearn for imported cheese, filet mignon, high-end dining and so on. If we do not buy them, it is not because we do not want them but because we cannot afford them."



Costliest city? But Can it be Home to Citizens?

In one camp are those who rubbished the survey, accusing it of using flawed methodology and making invalid comparisons across cities. I think we can ignore this group because, like it or not, it was a well-researched study done by an established organisation of the international news weekly, The Economist, and which had been doing it for the last 30 years.

But it is important to understand exactly what the study is about and who it was meant for. In fact, it was done mainly for companies which post staff overseas and want to know how much "cost of living" allowance to pay them.

So, for example, taking New York's index at 100, Singapore scored 130 in the latest survey, which means that if a company went strictly by the EIU's index to peg its rates (most would take other factors into account), it would pay someone being posted here 30 per cent more in allowances than another person in the Big Apple.

The study was never meant to determine the cost of living here compared with New York's for citizens of either city.

One quick point, though, about the survey lest it be thought it covered only things bought by expats on million-dollar salaries who eat imported cheese every day. In fact, the EIU studied the prices of more than 160 items, including very ordinary ones such as white rice, bread, toothpaste, detergent, water and electricity.

That's as it should be, as even Ferrari-owning foreign bankers need to clean their teeth and wash their clothes. And it obtained these prices from three types of shopping places - supermarkets, and mid-price and specialised shops - depending on where they were mostly bought from.

But the sentiment behind that reader's comment about aspiring to want the good life is a valid one and needs to be addressed. Another reader