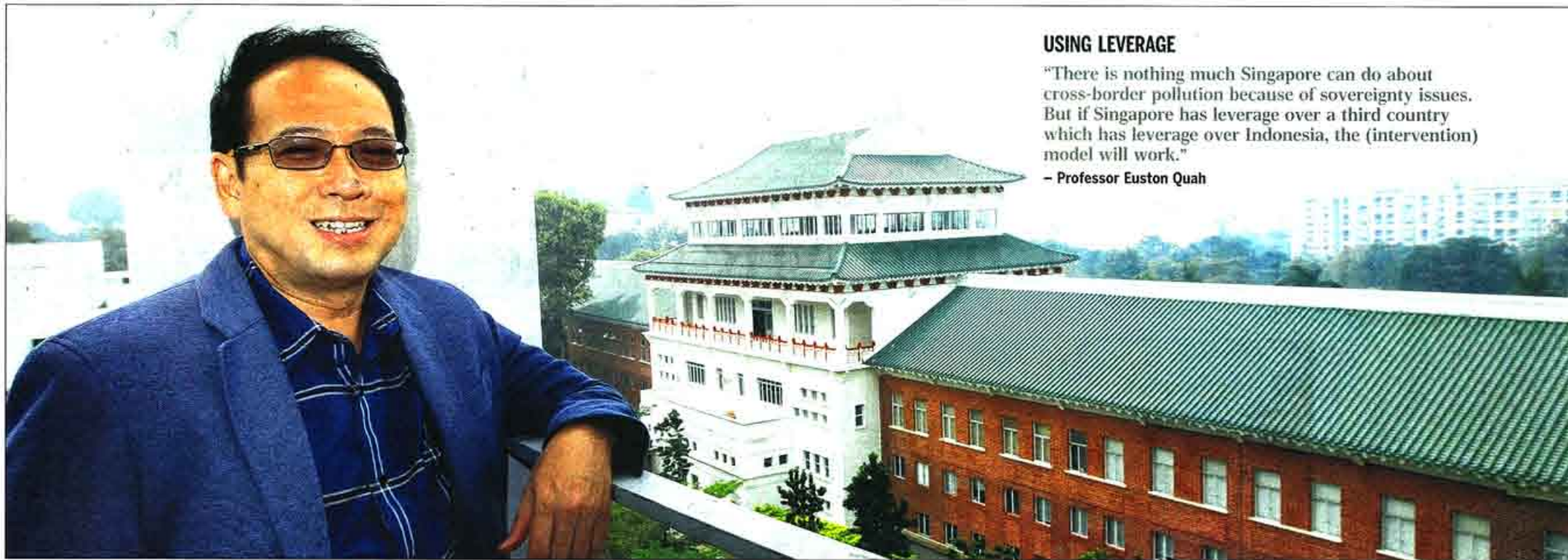




USING LEVERAGE

"There is nothing much Singapore can do about cross-border pollution because of sovereignty issues. But if Singapore has leverage over a third country which has leverage over Indonesia, the (intervention) model will work."

— Professor Euston Quah

Professor Euston Quah is a pioneer of cost-benefit analysis courses at two universities here and has estimated the haze that covered Singapore in 1997 cost almost \$383 million. ST PHOTO: CHEW SENG KIM

By FENG ZENGKUN

'Putting a dollar value on haze' can help S'pore

ADD up the cost of the haze in terms of medical bills, tourism losses, businesses hit and face-masks bought.

Armed with this bill, Singapore could then go to a third-party country and ask it to exert pressure on Indonesia to reduce the smog-causing forest fires there.

That is the advice of Professor Euston Quah, who pioneered cost-benefit analysis courses at two universities here, and who put the bill of the 1997 haze here at almost US\$300 million (S\$383 million).

"There is nothing much Singapore can do about cross-border pollution because of sovereignty issues," he said. "But if Singapore has leverage over a third country which has leverage over Indonesia, the (intervention) model will work."

Even if help does not materialise, calculating the haze's cost would help Singapore better decide how much aid to offer Indonesia, and how best to assist sectors here hurt by the haze, he said.

Head of the Department of Eco-

nomics at Nanyang Technological University (NTU), Prof Quah has been putting a dollar sign to the intangible for several decades, to help businesses and organisations make more informed decisions.

He was involved in the Environment Ministry's air pollution studies here, for example, to guide its investments to improve air quality. He has also published ground-breaking studies on smoking costs here, the cost of dengue-related sickness to the economy, as well as the first study on transboundary haze pollution in 2002.

His first major focus, however, was on housewives. "Production that takes place outside – the normal economy – gets counted in

Cost can be used to press Indonesia, says economics prof Euston Quah

the Gross National Product but there is production at home, such as cooking, cleaning and childcare, done by housewives."

Prof Quah went on: "People get the wrong impression that economics is the study of only money, banking, finance. It covers so many areas." For example, all environmental issues are economic issues, he explained.

"Take a piece of forest land. You can leave it as is, convert it to a park or landfill or use it for commercial development. You have to

know all of the trade-offs and opportunity costs of each option to make a better decision," he said.

Prof Quah cited a case in Australia in the 1980s. A farmer was trying to sell his land and was offered a price by a commercial developer. "But the Nature Society there found that it was a habitat for a prized creature called the wombat." Instead of the usual collection of signatures, the society asked concerned citizens to put their money where their mouth is.

"It got people and companies

all over Australia to pledge money to a trust fund to keep the land as it is. And they managed to collect pledges far exceeding the commercial developer's value," he said.

Such a method may have helped to save local landmarks such as the Bukit Brown Cemetery, reckons Prof Quah.

"The logical choice is that the Environment Ministry sets up an agency or unit to solicit values of people and firms' willingness to pay. I don't see why we can't do it here, since we have an affluent, educated society," he said.

The father of two also applies the rational method at home, for example when he and his wife decided to have children. "Children are a very time-intensive good

and they are not cheap goods as well," he said with a laugh.

"I always tell my students, if you sharpen your mind on cost-benefit analysis, you can apply it to everyday life. For example, should I do this course, who should I date and marry, or even if I should get a divorce, buy a car, travel or stay at home."

Even though he has built up cost-benefit analysis courses at both NTU and the National University of Singapore from scratch, Prof Quah does not see himself leaving academia. He has chaired NTU's School of Humanities and Social Sciences, and held other appointments at both universities.

His free time is devoted to his various positions such as president of the Economic Society of Singapore and Singapore Economic Review editor, and advising various government ministries.

And wine. "I love my wines," he said, chuckling. But even there, he cannot resist: "I do study the health benefits, and one of my favourite hobbies is to distribute medical health articles to non-believers. I live and breathe cost-benefit analysis."

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