

A CHINESE OPINION

The fallacy of Govt's 'fair market rentals'

ALL journalists know that they are required to report the truth truthfully and to comment fairly, but not all journalists are able to do this at all times. Reporting the truth is not much of a problem, but reporting the truth truthfully is, the former being a matter of fact which is verifiable and the latter being a matter of opinion which cannot be rigidly ascertainable.

Commenting fairly is even more of a problem, for it is not only a matter of opinion, but also a matter of sentiment, not only of how a man feels, but also of how a man thinks, presumably one of the reasons that had led the Greek philosopher Protagoras to say, "Man is the measure of all things".

Unidentifiable and unascertainable as it may be, fairness has all along been regarded as one of the highest media ethics, even made a rule by the US Government for the electronic media — the so-called Doctrine of Fairness in the Federal Communications Act, requiring simply that both sides be given equal treatment in the discussion of a controversial public issue.

Thus, it is no surprise that, in my long career as a journalist, it was with fairness that I have had my most frustration. Fairness is so elusive and so dependent on so many factors, such as time and circumstances, locality and background, that, unbelievable as it may sound, being unfair is sometimes the only way to be fair.

Hence the conclusion may be drawn that fairness is as unattainable as certainty, as illusory as the mirage in a desert and as much a fantasy as a fairy tale and to claim fairness is to claim immortality.

And yet this is exactly what the Hongkong government or, to be more precise, what the Secretary for Housing Mr Donald Liao and the Commissioner for Rating and Valuation Mr Raymond Fry have claimed in the matter of rent.

They have found the "fair market rent" and are so sure of themselves that they have made it law, laying it down as the legal criterion for determining how much rent tenants should pay. In their frequent alterations of the government's rent policy, their basic consideration is always this "fair market rent".

They have never explained in specifics how they arrived at this "fair market rent", what criterion did they use to set it and how much is it in dollars and cents. They claimed to have found it not this year, not last year, not even the year before last year, but many; must be about seven or more years ago.

by
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They use this "fair market rent" as the basic determining factor in setting rent policy when demand for housing exceeds supply and when supply exceeds demand, when the property market is booming and when it is slumping, when the value or price of land is at its highest and when it is at its lowest and when landlords are charging exorbitant rents and when landlords are withholding flats.

In the private sector, their "fair market rent" applies to all tenants, the rich and the poor, the not very rich and the not very poor, the lower-income, the middle-income and the higher-income classes.

The "fair market rent" has remained constant and invariable throughout the years it has been found, and it is universal in application — or so it seems since neither Mr Liao nor Mr Fry has ever told the public of any variation or any difference in application. Neither have they, as I said above, spelled it out in real money terms, all this being their obligation to do for making it a law.

In implementing the law of the "fair market rent", the Lands Tribunal four months ago ruled that rent for the houses in Strawberry be doubled or trebled. One house had its rent increased from \$18,150 to \$65,000. Another house had its rent increased from \$27,300 to \$76,000. Incredibly, this astronomically-inflated rent is now the "fair market rent".

This case is a classic illustration of the fallacy of the "fair market rent". Judge Cruden of the Lands Tribunal in his judgment, raised the worth of the services of the tenants to their companies as another factor in determining the "fair market rent". As we all know, there is no market in this and so it may be said — contrary to official arguments — that the "fair market rent" is determined by factors other than market forces.

Presently Mr Liao and Mr Fry are drafting new relaxations of rent controls on the basis of a survey which is purported to have found many tenants paying only 10, 35 or 45 per cent of the "fair market rent". They want them to pay more, in some cases even as much as 100 per cent, so as to narrow the gap between actual rents and the "fair market rent".

Once again, neither Mr Liao nor Mr Fry has said how much in dollars and cents is their "fair market rent" this time and so it is hard to say whether or not they are being "fair", if "fair" they can ever be.

The survey undertaken by Mr Fry's department must have been started sometime last year. The important question is whether it was started and the "fair market rent" established before or after the property slump.

An even more intriguing question is: Now that the property market has slumped further, much further, the property in Kowloon Bay having plunged 95 per cent in value, would this invalidate the survey and its findings?