

## SO, YOU PAYING ENOUGH RENT YET?

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For the Almaty Herald

If you are not paying enough rent I am reliably informed that our hosts will be glad to accommodate your situation (pun intended). The question being raised in various circles is whether or not the rent paid for flats here is too high. As examples (not necessarily THE answer folks) they point to rent control or designated affordable housing?

We shall hear a variety of fascinating responses. Some will tell you that in relation to London or Washington, DC they are paying rent that is comparable. Yes, I understand that. I have lived in various large cities in the world myself and my response to your response is...this is not Washington, or London, or Paris, nor is it Prague for heavens sake!

The next point is that some will tell you that yes indeedly this is a free market economy. You would not believe it but I did learn something during my undergraduate and graduate studies – yes really! In a free market economy the market is driven by supply and demand, and based on the given sets of variables of a given real estate location, price is a function of what the market will support. Here again that is nice, really nice, but that is not the nature of the problem now.

*To whom does the expat go to for realistic advice and a fair and equitable appraisal of the real estate market?* If you want to rent a flat is there someone that is unbiased and will have some analysis of what a fair rent may be for the various cities of Kazakhstan? Perhaps the amount of rent you are throwing out is in fact reasonable – but based upon what? You will have a hard time convincing me that a real estate agent is the best source as they are rather biased, don't you think?

The second point is one that just keeps rearing its ugly head in my column, the ethics involved here. Are the expats being charged based upon market rates or just plain bandit capitalism? Here is an actual case in point reported to me:

A two-room apartment is renting for \$450. The contract (in Russian and English, I have personally seen it and can vouch for the contents) requires three months rent in advance then rent is paid on the first of every month after the initial three months. After three months the landlord requires the expat to pay the second three months in advance or leave that day. If they do not leave the authorities will be called and the expats removed immediately. The landlord insists that the contract requires three months in advance EVERY three months, no negotiation or variation. So....the expats pay the money.

When the expats did leave, three months later, another expat woman came to see the apartment. She indicates that she MUST take the apartment as her landlord has threatened that she must leave immediately “or else”, since she will not pay an increase. She takes the new apartment after 30 seconds of looking at it and agrees on the rent.....\$600, three months in advance, not the \$450 charged the previous tenant.

Where I come can be called extortion – what do you call it?

Look people, in part, you are feeding the problem for two reasons. First, you let them get away with it and the second reason is that some expat companies that do

subsidize the housing of their employees are paying these people what they ask for. A free market economy tends to work best when bad business practices have negative consequences. In addition there has to be a realistic framework of legal support and enforcement. If we support a free market we must also vigorously support education of the cause and effect relationships endemic to the system.

Once again you ask – but what are we supposed to do? Once again I ask why have you not discussed the establishment of a Bureau of Expatriate Affairs or forming a Better Business Bureau? If these two possibilities are not feasible, think of something else, but think of something!!! Lets apply some critical thinking skills shall we?? As for you corporate types, the answer is frighteningly simple – STOP IT! Do not pay for housing. Pay your expat an adjustment in salary to act as housing assistance. Then have the expat go out, and with your help or that of a real estate agent, negotiate a rent they feel is affordable to their economic situation. You know, kind of like you do back home!

I asked an expatriate colleague to review this article. He stated that this article was “pure B\_ \_ \_ S\_ \_ \_!” He offered that the system works and that eventually the market will correct itself. Further, that people here who let apartments stay empty in hopes of the rent they prefer will someday see it is better to rent at a lower rate. He stated that this is what I accepted by living here and if I do not like it I can leave! The local population has a choice to do what it is doing and I have every choice to live with the conditions as they are or choose to go elsewhere.

My colleague further pointed out that people do not pay montages here and so there is no impetus to rent at any rate other than what they wish to ask for. His statement supports the idea of “Law of Effect” – that behavior depends on consequences. On this point he and I agree.

As for his contention that I do not know what I’m talking about – I’ll let you decide. Ladies and gentleman, at what price do we fail to ask critical questions? At what price do we allow conditions to exist unchallenged? Kazakhstan has a right to be whatever kind of nation it wishes – and we the visitors here have an obligation to practice what we preach. If there are rules by which this game is played out then let us make every effort to support that as we support an economic transition in this nation.

“In the absence of specific and credible information to the contrary, the norms and values that people hold as accurate and reasonable will not change.”

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