



## Two is a small number

### The Dangers of False Dilemmas: Moving Beyond Binary Thinking in the Rent Control Debate

In her paper titled "Two is a Small Number: False Dichotomies Revisited," Canadian philosopher Trudy Govier raises concerns about the impact of false dichotomies on our ability to imagine and explore new possibilities. She highlights how statements like "either you are a vegetarian or you hate animals" or "be my friend or be my enemy" limit our thinking by presenting options as mutually exclusive. Govier is not alone in her worries about false dilemmas.

To combat this issue, organizations such as Truth Labs for Education, a collaboration between Cambridge University, the University of Bristol, and Google, have developed resources to help people resist manipulative techniques and misleading rhetoric encountered online. These resources, rooted in social psychology's inoculation theory, aim to build psychological resistance against future manipulative persuasion attempts, including false dichotomies.

False dilemmas are tempting because they simplify complex situations into binary choices, making arguments appear stronger by obscuring middle ground in debates. In my recent research comparing rent regulation in Germany, Ireland, and the Netherlands, I encountered simplistic and binary comments. The discussion around rent controls is sometimes framed as a choice between rent controls or supply, with the assumption that they are mutually exclusive. The argument is that rent controls discourage investment and choke off supply as famously described by Swedish economist Assar Lindbeck: "In many cases, rent control appears to be the most efficient technique presently known to destroy a city—except for bombing."

While there is clear evidence that rent controls can disincentivise new construction and reduce supply, it is crucial to recognize that there are different degrees of rent control, with varying impacts on supply. Rent freezes differ from flexible inflation-linked caps on rental increases, and some rent control regimes exempt new construction. First generation rent controls are less drastic than second or third generation ones. Therefore, framing the discussion in "either/or" terms may present a false dilemma, as rent control does not automatically equate to less supply.

A more nuanced discussion is necessary to address the complexities surrounding rent controls, affordability, and the balance between tenant protection and market dynamics. As highlighted by Andrew Allen in the Property Chronicle, it may be easy to assume that greater tenant protection and more rent control are detrimental to property investors. However, greater tenant protection in residential leases does not necessarily harm investment performance, and a balanced approach is crucial.

Rent controls are experiencing a resurgence, challenging the notion that their presence is universally bad and their absence is universally good. There are multiple angles to consider when evaluating rent control policies:

1. Proponents argue that rent controls provide stability and affordability, particularly for low-income households, preventing displacement and enabling individuals and families to remain in their homes.



Rent controls can also promote social cohesion by preserving diverse communities and residents' access to essential services.

2. However, implementing rent controls without considering market dynamics can have unintended consequences. One major challenge is the potential negative impact on housing supply. When landlords face income restrictions, they may be discouraged from investing in property maintenance and new construction, exacerbating housing shortages. Additionally, some property owners may convert rental units for other uses, further reducing available housing stock.

3. Another unintended consequence of rent controls can be the misallocation of housing resources. Lower rents may discourage long-term tenants from moving, even when their housing needs change. This can result in a shortage of larger units for growing families and a shortage of smaller units for those seeking to downsize. It can also impede job mobility.

The complexities outlined above underscore the need for a nuanced discussion on rent controls and housing. Instead of outright dismissal or blanket implementation, a balanced approach is crucial. Understanding the local dynamics, including supply and demand, will help avoid unintended consequences.

While there is no single solution that fits all countries, studying how different countries address the issue can provide valuable lessons. As Govier reminds us, binary alternatives often fail to capture the complex nature of situations, leading to oversimplification. Let us resist the false dilemma's siren call, as there is likely an Option C waiting to be discovered.