

British Beer-Drinkers Learn to “Buy Local”

Pub customers are converting their favorite watering holes into local coops.

By [David Bollier](#)



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The venerable English pub has long been a place where everyone from the businessman to the housewife to the student, factory worker and vicar could meet as equals — a social commons that reflected the neighborhood and its idiosyncrasies. Over the past twenty years or more, however, large corporations have consolidated the ownership of British pubs so that some companies own thousands of them. The trend has accelerated in recent years, forcing hundreds of independent local pubs to close.

Now, as [The Independent \(London\) reports](#), local beer-drinkers are fighting back. They are buying their beloved local pubs and converting them into cooperatives — and gaining greater control over how the pub is run, diversifying the beers sold, and preserving the pubs for their communities and children. (Thanks to Ally Marks for the tip to this story!)

The story starts in 1989 when Margaret Thatcher announced that her government wanted to promote competition among pubs. The Thatcher government prohibited “tying arrangements” that breweries used to require pubs to buy exclusively from them, usually at exorbitant prices. The government also limited to 2,000 the number of pubs that any brewery could own, and required big breweries to allow “guest beers” to be sold in their pubs.

Many breweries quickly bypassed these rules by setting up holding companies, which could own as many breweries as they wanted and continue the tying arrangement. The intent of the rules was also thwarted as “Pub Cos” — multinational corporations — began to buy up local pubs and amass them into giant chains. Half of all British pubs are now owned by Pub Cos.

As a result of these developments, market consolidation has increased and competition has been thwarted. The local character of pubs, not to mention the choice and competitive pricing of beers, has also declined.

The manager for one pub told The Independent that Pub Cos frequently jack up rents and beer prices simply because they can: “Two years ago I had a rent review and they upped it from 40,000 to 60,000 pounds a month. The price of drinks through my [beer] tie has gone up 22 percent in two years. We have no choice but to pass the hike on to the customer who will hit the supermarket instead.”

The Pub Cos and tying arrangements are forcing a record number of pubs out of business. In the next year, an estimated 2,700 pubs are now expected to close — compared to a decline of only 316 pub

closings in 2006. These kinds of anti-competitive practices and market consolidation are depressingly familiar in our “free market” system, of course. What is new is the counter-rebellion of pub customers.

Now beer-drinkers are forming their own cooperatives to save their pubs. The shareholders —i.e., local customers — can reap the dividends in either cash or beer. Costs can be contained because the pubs are not held captive to absentee corporations who arbitrarily jack up prices. The locals can decide which beers their pubs will sell, often rejecting the big breweries’ fare for micro-breweries.

Yes, even in pubs, commoners are rediscovering the value of mutual aid. Besides preserving cherished local watering holes, tradition and their freedom of choice, pub-goers reap dividends in better and cheaper beer. I’ll have another.

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