

## [Talk o' gin an' beer](#) [1]

Written by [Preston Byrne](#) [2] | Wednesday 10 April 2013



London's pubs may soon be [protected from demolition or conversion after Boris Johnson agreed to list them as 'community assets'](#) [3]. What this means is that any pub which is so listed becomes considerably more difficult to sell. A selling pub landlord will be required to:

- notify their local authority;
- wait for the local authority to notify any interested parties; and
- if local groups are interested in buying the asset they (will) have 6 months to [prepare a bid](#) [4] to buy it before the asset can be sold,

helped along by government-funded [pre-feasibility grants of up to £10,000 and feasibility grants of up to £100,000](#) [5] drawn from a £30 million social slush fund.

The Daily Mail [reports](#) [6] that every week 25 pubs close, with the attendant loss of [thousands of jobs](#) [7], never to reopen, victims of... cheap supermarket booze, heavy duty on beer and the smoking ban.

Supposedly, listing helps to see off the property developers who are the main reason pubs go down. But are they?

[Industry publications](#) [8] further point out that taxation on alcohol is eight times greater than in France, which combined with increased input costs of barley, malt, glass, aluminium and energy squeezes margins such that the major UK brewers have seen profits plummet by almost 80 per cent. Changing tastes and squeezed budgets have contributed to beer sales falling to their lowest levels since the Great Depression.

Many pubs are now more valuable for the land on which they sit than the pints they pull, resulting in their being demolished or converted to other uses such as residential and retail services which radically alter community spaces and change the tone of the high street.

This is no bad thing. The father of Austrian economics, Carl Menger, [wrote](#) [9] that if, as a result of a change of tastes, the need for tobacco should disappear completely, there would be no doubt that tobacco would lose its utility entirely and the services of tobacconists, importers, traders, pipe-makers, tobacco-farmers, and the specialised labour services of so many people who are employed in the trade would cease to be goods.

This should not mean permanent destitution for those involved. A free market can redeploy its resources towards more profitable purposes. Many tools and machines used in the manufacture of tobacco products, Menger wrote, can be placed in causal connection with other human needs even after the disappearance of tobacco.

As in many other occasions in life, where goes tobacco, so goes beer. Times, and tastes, have [changed](#) <sup>[10]</sup>. [ ] Yesteryear's East End labourers are now [hipsters](#) <sup>[11]</sup> and [carb-conscious yuppies](#) <sup>[12]</sup>, and City types are more likely to hit the gym at lunchtime than ?roll down the pub?.

The problem is exacerbated by the smoking ban, the high burden of business rates, VAT and excise taxes, and falling household incomes. Additionally, in the midst of a housing crisis, the human need for housing is considerably more pressing than the human need for drinking in connection with the land on which ?our? pubs have been built. One should not therefore be surprised that pubs have become [increasingly valuable as property](#) <sup>[13]</sup>, rather than business, assets.

This is not to say that the Austrian approach is entirely fatalistic on the issue. We can, and should, announce ?last call? on government intervention in this sector of the economy ? freeing pub business from regulation so it becomes more competitive and liberalising the housing market will reduce the cost to society of both entertainment and places to live, while not interfering one whit with the property rights of pub owners. Listing pubs as ?community assets,? however, achieves virtually nothing.

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[2] <http://www.adamsmith.org/taxonomy/term/5822>

[3] <http://www.standard.co.uk/news/london/pubs-listed-as-community-assets-to-protect-them-from-developers-8565446.html>

[4] <https://www.gov.uk/government/policies/giving-people-more-power-over-what-happens-in-their-neighbourhood/supporting-pages/community-right-to-bid>

[5] <http://www.communitymatters.org.uk/content/561/Community-Right-to-Bid-Support-Programme>

[6] <http://www.dailymail.co.uk/debate/article-2066921/The-British-pub-know-love-decline.html>

[7] <http://www.independent.co.uk/life-style/health-and-families/brits-continuing-to-drink-less-beer-report-2277303.html>

[8] <http://www.innworld.co.uk/The%20decline%20of%20the%20British%20pub.php>

[9] <http://mises.org/etexts/menger/principles.asp>

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[13] <http://www.standard.co.uk/news/london/residents-toast-rescue-of-historic-pub-the-phene-arms-from-20m-property-plan-8557812.html>

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