

THE LIQUID GOLD STANDARD

An ancient civilisation used beer as its currency. Are we heading back that way?

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“The Code of Urukagina, the oldest known legal system (2,300BC), prescribed beer as a central unit of currency.” This tweet came from the QI ‘elves’, the research folk behind QI, the BBC comedy quiz show about odd and ‘Quite Interesting’ facts.

Ever heard of Urukagina? No? Quite sure? Nor me. So you might well wonder why this person who was responsible for the world’s first known legal system isn’t actually very well known at all. The fact that beer was prescribed as a central unit of currency may possibly have had something to do with it.

Perhaps Urukagina’s corner of Mesopotamia had the sort of central banker that we had during the run-up to our financial crisis, Sir Mervyn King. Sir Merv says the Bank of England ought to have taken away the punchbowl just as the party was getting going, but he admits it didn’t. Instead, debt-fuelled liquidity was sloshing around the system like beer in a brewery. Great if you’re organising a party. Not

so great the next day when the hangover kicks in. And even worse a few days later when the bill for the beer arrives.

So Urukagina probably had the same problem: life and soul of the party as the whole place went to rack and ruin. Then the brewer showed up wanting to be paid – and the only thing to pay him with was more beer. (If our modern-day quantitative easing beer taps ever get turned off, we’ll maybe get another opportunity to learn that lesson.)

Beer as a currency certainly has other disadvantages, too. For one thing, it would be a tad heavy to carry about your person as you promenade to the local coliseum for an afternoon’s sports spectatorship. And, unlike a humble coin, if you drop some in the street, then it’s gone: no chance of picking it up.

Brew your own currency

But you have to admit: a beer currency would be something a bit special, wouldn’t it? If the miserable gits running the economy keep most of it



kegged up then there’s always homebrew: make your own currency. Your cash flow forecast would be a lot more accurate: a bit under this month? Brew up some more. Bit of a surplus? Well, you don’t need me to tell you what to do with the excess.

Which is an interesting point: a beer currency has exchange value – you can swap some for half a sheep or a new pair of sandals. A beer currency is also a store of value: leave a few barrels in the cellar for a few months and it will be fine – you can spend it later. But a beer currency has one property that almost no other currency in history has had – not seashells, not gold, not paper or bank accounts: beer is a currency you can consume. In terms of economic theory, it’s Keynes meets Kronenbourg; it’s Adam Smith blended with

John Smith; it’s Hayek in a Heineken glass.

In the old days, pubs used to have little signs behind the bar that said: “Banks don’t sell beer, we don’t cash cheques.” Then half the bank branches closed down and converted into pubs – and the pubs all installed cash machines. Maybe, just maybe, we’re converging, inch by inch, towards a beer-based economy after all. It can hardly be worse than the one we have now. My round... 🍻



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