



ArmstrongEconomics
researching the past to predict the future

How Do Empires, Nations & City-States Fall?

The Dark Age Cycle



Are we doomed to repeat history because of pervasive corruption and the polarization of politics?
September 15, 2019

By Martin Armstrong



ArmstrongEconomics
researching the past to predict the future

Copyright – ALL RIGHTS STRICTLY RESERVED GLOBALLY
All publications of the publisher are COPYRIGHTED and REGISTERED by license of Martin Armstrong

Copyright all rights reserved Worldwide

Armstrong Economics
300 Delaware Avenue, Suite #210
Wilmington, DE 19803

5999 Central Avenue, Suite 302
St. Petersburg, Florida 33710
302-448- 8080

The material, concepts, research and graphic illustrations appearing within this publication are the EXCLUSIVE PROPERTY of Martin Armstrong and AE Global Solutions, Inc.

NO REPRODUCTION is permitted without the express WRITTEN consent of the publisher. AE Global Solutions, Inc. might grant permission to utilize in part the research published in its reports for recognized educational purposes of qualified universities or similar institutions when requests are made prior to utilization. Materials can be supplied to universities and similar institutions in most cases without charge. Other individuals, corporations, institutional or brokers within the financial community are strictly prohibited from reproducing in part or in whole any published materials of AE Global Solutions, Inc., its affiliates, associates or joint venture partners. Anyone wishing to apply for such permission must do so in writing for each and every such use.

AE Global Solutions, Inc and Martin Armstrong do not waive any of its rights under international copyright law in regard to its research, analysis or opinions. Anyone who violates the copyright of AE Global Solutions, Inc and Martin Armstrong shall be prosecuted to the full extent of the law.

DISCLAIMER

The information contained in this report is NOT intended for speculation on any financial market referred to within this report. AE Global Solutions, Inc. makes no such warrantee regarding its opinions or forecasts in reference to the markets or economies discussed in this report. Anyone seeking consultation on economic future trends in a personal nature must do so under written contract.

This is neither a solicitation nor an offer to Buy or Sell any cash or derivative (such as futures, options, swaps, etc.) financial instrument on any of the described underlying markets. No representation is being made that any financial result will or is likely to achieve profits or losses similar to those discussed. The past performance of any trading system or methodology discussed here is not necessarily indicative of future results.

Futures, Options, and Currencies trading all have large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in these complex markets. Don't trade with money you can't afford to lose and NEVER trade anything blindly. You must strive to understand the markets and to act upon your conviction when well researched.

Indeed, events can materialize rapidly and thus past performance of any trading system or methodology is not necessarily indicative of future results particularly when you understand we are going through an economic evolution process and that includes the rise and fall of various governments globally on an economic basis.

CFTC Rule 4.41 – Any simulated or hypothetical performance results have certain inherent limitations. While prices may appear within a given trading range, there is no guarantee that there will be enough liquidity (volume) to ensure that such trades could be actually executed. Hypothetical results thus can differ greatly from actual performance records, and do not represent actual trading since such trades have not actually been executed, these results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight and back testing. Such representations in theory could be altered by Acts of God or Sovereign Debt Defaults.

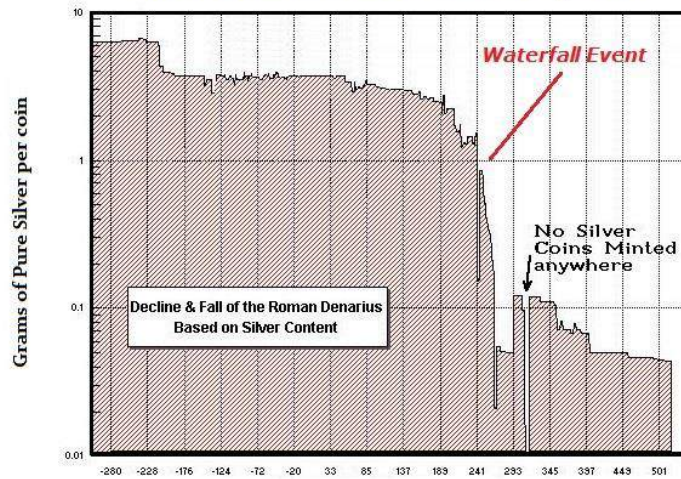
It should not be assumed that the methods, techniques, or indicators presented in this publication will be profitable or that they will not result in losses since this cannot be a full representation of all considerations and the evolution of economic and market development. Past results of any individual or trading strategy published are not indicative of future returns since all things cannot be considered for discussion purposes. In addition, the indicators, strategies, columns, articles and discussions (collectively, the "Information") are provided for informational and educational purposes only and should not be construed as investment advice or a solicitation for money to manage since money management is not conducted. Therefore, by no means is this publication to be construed as a solicitation of any order to buy or sell. Accordingly, you should not rely solely on the Information in making any investment. Rather, you should use the Information only as a starting point for doing additional independent research in order to allow you to form your own opinion regarding investments. You should always check with your licensed financial advisor and tax advisor to determine the suitability of any such investment.

Copyright 2017 AE Global Solutions, Inc. and Martin A. Armstrong All Rights Reserved. Protected by copyright laws of the United States and international treaties.

This report may NOT be forwarded to any other party and remains the exclusive property of AE Global Solutions, Inc. And Martin Armstrong is merely leased to the recipient for educational purposes.

Collapse of the Roman Silver Monetary System

Silver Denarius Basis - 280 BC - 518 AD



Copyright Martin Armstrong all rights reservede 2012

Contents

The Common Theme	1
The Collapse of Civilization & the Inevitable Dark Age	7
The Quarter-Cycle of the Dark Age.....	23
1766 AD.....	23
46 AD	24
Reconstructing the World Monetary System.....	27
How Everything Moves.....	52
Political Contagions.....	56
The Ancient Contagion Overthrow of Monarchy.....	60
Curse of all Republics – the Oligarchy.....	62
The Debt Crisis & Julius Caesar.....	65
The Second Catilinarian Conspiracy	73
Cato's Conspiracy Against Julius Caesar.....	79
First Triumvirate (60–53 BC)	81
Cato Instigates the Civil War.....	83
Assassination of Caesar – EID MAR.....	94

The Economic Reforms of Gaius Julius Caesar.....	96
Resolving the Debt Crisis.....	104
Money Can Never be a Constant.....	111
Time is the Only Constant	115
Caesar Died for his Economic Reforms	118
Financial Contagions.....	122
Panic of 1857	124
The Fall of Athens	146
Delian League	152
Decline & Fall of Rome	154
Hobbes & Rule of Law	174
Why Socialism Will Destroy Our Western Culture	181
Conclusion	187

The Common Theme



The most monumental question that has remained unanswered for millennia has been the penetrating mystery of how did the Roman Empire fall. Was it gradual like a 747 coming in for landing? Or perhaps it was just a sudden collapse as we saw with Russia and China in 1989. Yet, why do some collapses result in Dark Ages and others do not? Does climate change have an impact or is it pure fiscal mismanagement?

What does emerge from looking at history is that all empires, nations, and city-states fall by their own hand. The final death blow may be delivered by a rival contender, climate, or mass migrations, but that takes place only when they have already fallen to the ground and are too vulnerable to defend themselves.

One of the fatal signs of the ultimate collapse of all such political entities is when internal corruption feeds upon itself to the point that the management of the state no longer is a priority — it is simply a



The Common Theme



Pericles
(c. 495–429BC)

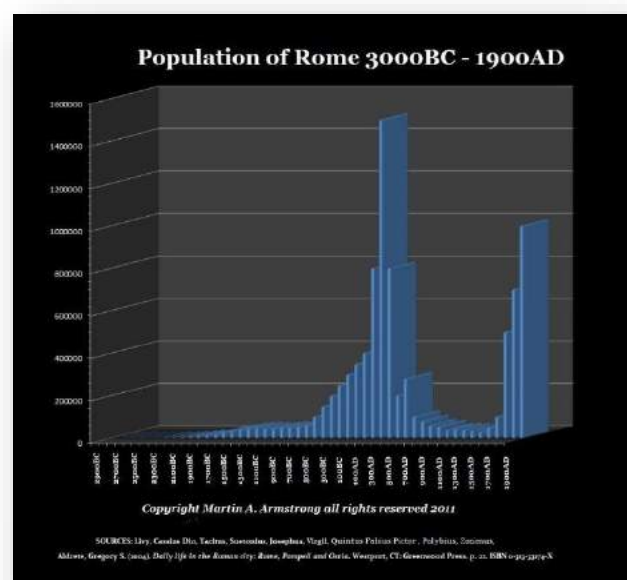
political battle between two opposing forces that prevents the state from functioning for the people.

The same pattern of internal political conflict between two opposing sides has infected all great societies, creating a polarized confrontation that arrests any progress that once took place. Ancient Athens saw Pericles' battle against the oligarchs who even brought criminal charges against Pericles. We see this today with the Democrats trying to take down Trump or the Republicans who tried to take down Bill Clinton. Julius Caesar's confrontation against the oligarchs who corrupted the Roman Republic was another classic

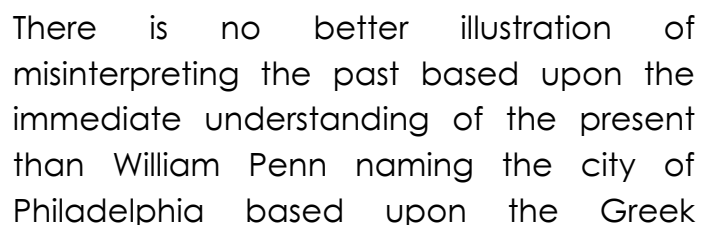
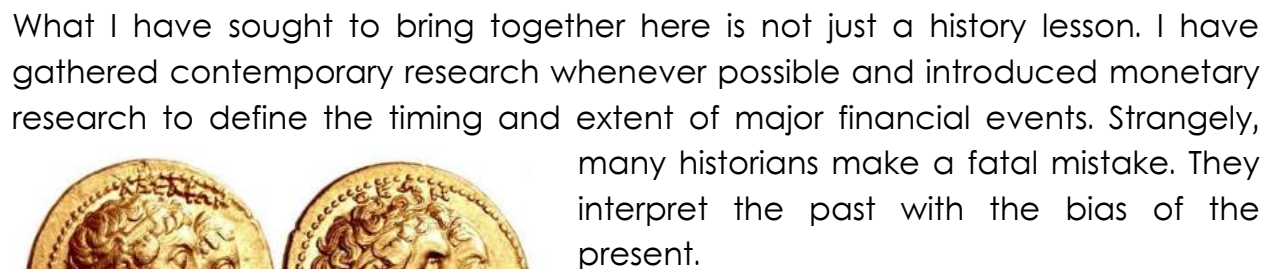
battle that ended in Caesar's assassination and the collapse of the Republic. No matter what period we look at in history, there is always a grand confrontation between a nation polarized into two main factions that prevents civilization from advancing and sets in motion its inevitable collapse. In our modern world, the polarized conflicts between left and right leave no room for compromise and have ended all progress.

There is a common thread that runs through history if we care to look at the patterns rather than memorizing battles in isolation. Nothing stands alone in time. Everything is connected and the very same pattern of the rise and fall of every empire, nation, and city-state has a core of internal corruption which weakens the very reason such political entities have risen.

Throughout time, humans have oscillated back and forth between creating great political states of civilization and turning their backs on the corruption and walking away. Rome was the largest gathering of people in ancient history. The city of Rome was the place people migrated to make their dreams come alive. Its population reached the one million level perhaps as early as 133 BC. It would take London until 1810 to rise to that level and New York City reached



the one millionth person around 1875. We can see that the trend is NEVER linear. There is always a cycle to the rise and fall of civilizations.

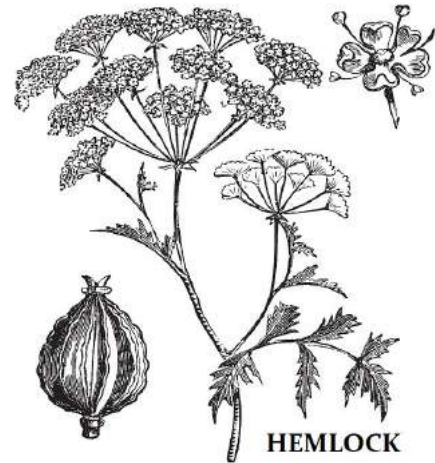


3

The Common Theme

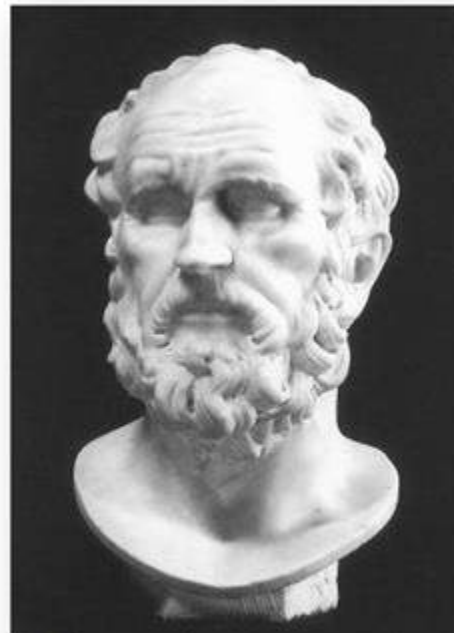
We know what plants not to eat because someone had to die before we realized it was poisonous. Obviously, in some areas, we do learn collectively and retain that knowledge by passing it on from one generation to the next.

Nonetheless, when it comes to economics and politics, we seem to never learn, and we keep trying the same old tricks with no success over and over again. It is like sticking your finger into the flame on a candle and expecting a different result.



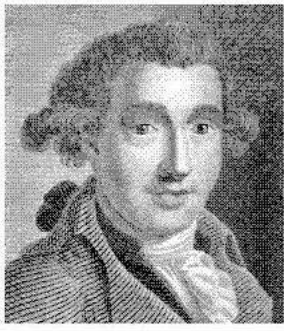
"[T]he different forms of government make law democratical, aristocratical, tyrannical, with a view to their several interests; and these laws, which are made by them for their own interests, are the justice which they deliver to subjects, and him who transgresses them they punish as a breaker of the law, and unjust. And that is what I mean when I say that in all states there is the same principle of justice, which is the interest of the government; and as the government must be supposed to have power, the only reasonable conclusion as, that everywhere there is one principle of justice, which is the interest of the stronger."

Plato, Republic I, 338c



Thrasymachus (Θρασύμαχος)
(ca. 459-400 BC)

Thrasymachus (459–400 BC) debated Socrates. He warned him that it did not matter what form of government people lived under. All governments responded to their people with the same definition of justice: their own self-interest (*Plato, Republic, 338c*). Socrates believed that a Democracy would always deliver justice. They sentenced him to death because they disagreed with his views and saw them as corrupting the youth.



Thomas Paine
(1737–1809)

Common Sense

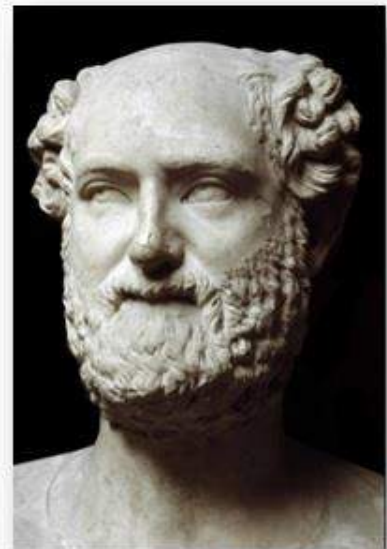
Some writers have so confounded society with government, as to leave little or no distinction between them; whereas they are not only different, but have different origins. Society is produced by our wants, and government by our wickedness; the former promotes our POSITIVELY by uniting our affections, the latter NEGATIVELY by restraining our vices. The one encourages intercourse, the other creates distinctions. The first a patron, the last a punisher.

"These are the times that try men's souls."

Thomas Paine (1737–1809) moved the American colonists to revolution with his *Common Sense*. He explained that governments always eventually evolve to see themselves as the embodiment of power and the people as the great unwashed whose destiny was to be ruled. Indeed, this attitude revealed itself when Edward Snowden exposed the illegal monitoring of all citizens by various U.S. agencies. The government called him a traitor for exposing that the government was acting illegally. So, the treason was not against the people of the United States, but rather it exposed that the government was acting illegally against the people.

Aristophanes (c. 446 – 386BC) was a Greek poet and playwright of the *Old Comedy*. He said: *"Look at the orators in our republics; as long as they are poor, both state and people can only praise their uprightness; but once they are fattened on the public funds, they conceive a hatred for justice, plan intrigues against the people and attack the democracy."*

Socrates (470 – 399 BC) also illustrated the same crisis in politics we face today. *"No man undertakes a trade he has not learned, even the meanest; yet everyone thinks himself sufficiently qualified for the hardest of all trades, that of government."* Julius Caesar (100–44 BC) once said: *"People readily believe what they want to believe."*



Aristophanes
(c. 446 – 386BC)
Greek poet and playwright

The Common Theme

Without question, politics has never changed since ancient times. Today, 45% of Americans will vote Democrat and another 45% will vote Republican. Barely 10% of the people are truly free thinkers, but they decide who will be the head of state. Only three U.S. presidents won by more than 60%. Franklin Roosevelt in 1932 won 57.4% of the popular vote, it was his reelection in 1936 when he won 60.8% of the popular vote. Lyndon B. Johnson won the largest share of the popular vote of any candidate since the 1820 election at 61.1%. Richard Nixon won the 1972 election in a landslide, taking 60.7% of the popular vote carrying 49 states.



The Democratic nomination for the 2008 election was interesting for Hillary Clinton won the popular vote, but ultimately Obama won more unpledged delegates and therefore the nomination. In the actual presidential election of 2008, Obama won only 52.9% of the popular vote.

History always remains the same. Civilization devolves into two main opposing philosophies, which at times may center on politics (left v right) or religion. History repeats because the passions of human beings never change. Technology may change so we always elevate ourselves above our ancestors and claim this time is different. Yet, a mother mourned the death of her son in war be it in ancient times or present. We must look beyond the people for history is like a Shakespeare play; the plot remains the same for hundreds of years and only the actors change.

The Collapse of Civilization & the Inevitable Dark Age



One of the great misconceptions of history surrounds the European Dark Age that followed the fall of Rome and lasted about 600 years. We were taught about this event in school as if it were unique. Civilization has completely collapsed many times throughout history. Sometimes it may be localized, but other times it has been on a global scale.

Indeed, there were also the Greek Dark Ages also known as the Homeric Age or the Heroic Age, which was the period of Greek history from the end of the Mycenaean palatial civilization around 1100 BC to the first signs of the Greek poleis (city-states) which began to reemerge during the 9th century BC or about 300 years. About 500 years passed before the coinage began to appear.

There was also a Dark Age in Japan where the people refused to accept the coinage of the state and reverted to barter. That too lasted about 600 years before coinage reappeared. There was even the Irish Dark Age, which was a period of apparent economic and cultural stagnation in late pre-historic Ireland, which lasted from about 100 BC to about 300 AD.

The Collapse of Civilization & the Inevitable Dark Age

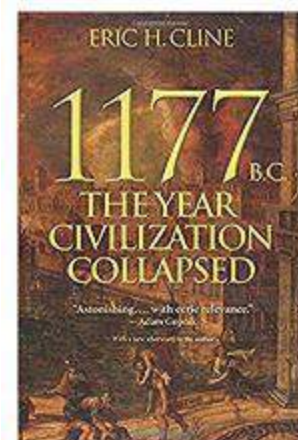
In China, the collapse of the Han Dynasty (220–581 AD) signaled the beginning of what some historians also refer to as China's Dark Ages. This was a time of almost constant warfare and intrigue with divisions of separatists and the decentralization of their civilization.

In India, we also find political change that resulted in their Dark Age, but it was not as severe as witnessed in Europe. The whole of north India was united by the end of the 6th century under the rule of the Gupta Empire (319– 605 AD). This period has been called the Golden Age of India and was marked by extensive achievements in science, technology, engineering, art, dialectics, literature, mathematics, astronomy, and philosophy. Again, it was about 300 years before Raja Raja Chola I came to power between 985 and 1014 AD. He became the ruler who eventually conquered Kalinga and Ceylon and established the Chola Dynasty. This was then followed by the religious conquest of Islam. Mahmud of Ghazni captured many parts of northwestern Indian and is regarded as the first ruler to call himself Sultan.

No matter where we look around the globe in all cultures, we see the cycle of the rise and fall of empires, nations, and city-states. Nevertheless, there were two Great Dark Ages that are associated with the collapse of the Late Bronze Age, and that of the European Dark Age following the fall of Rome.

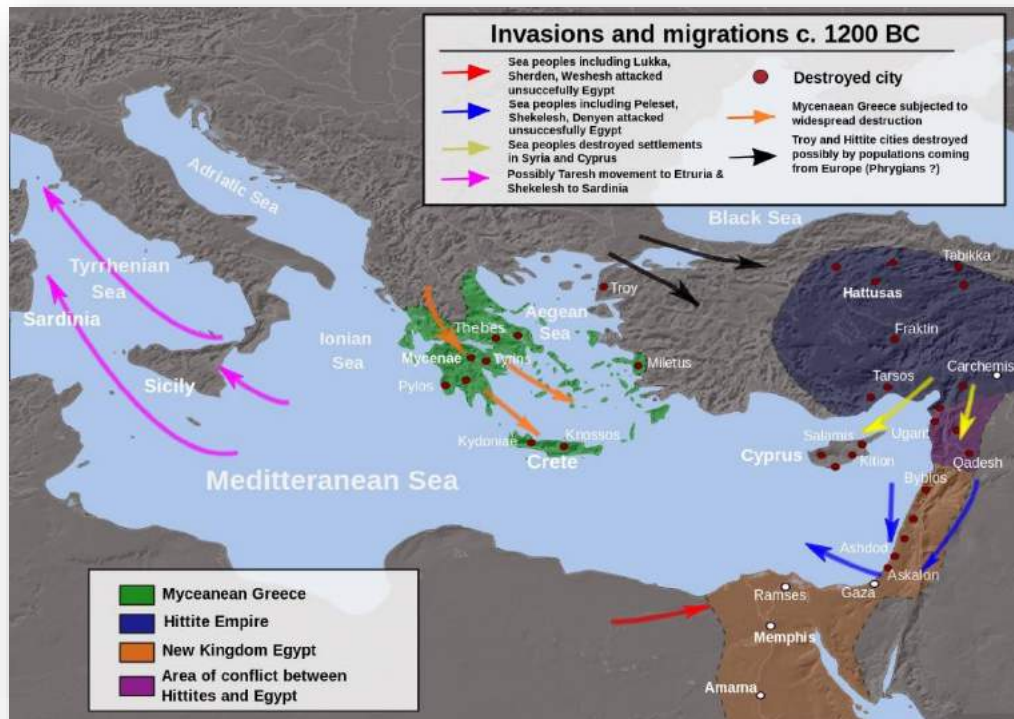
In both Great Dark Age events, they were about 1720 years apart. The commonality was clear. Society crumbled, and the people fled from urban centers back to small enclaves, tribes, or groups. If we take that timing which corresponds to Pi ($(2 \times 8.6) \times 100$), then the next catastrophic event for the complete collapse of civilization on a wide-scale basis would come into play around 2200 AD. That collapsed lasted with the most intense economic pressure into about 2342.

The publication by Eric Cline, *1177 BC, The Year Civilization Collapsed* was an interesting perspective of a Dark Age Event that emerged with the collapse of the Late Bronze Age. Naturally, many people will say, "Come on! That was 3,000 years ago and it cannot have any reference to our modern society!" That argument boils down to claims such as "this time is different," which I dare to say every society has arrogantly uttered before its collapse.



The Collapse of Civilization & the Inevitable Dark Age

While Eric Cline focused on the collapse of the Late Bronze Age, it is by no means a unique event that took place. The collapse of civilization into a Dark Age has taken place numerous times throughout history. Some have been regional, but others, such as this Late Bronze Age collapse, was far more significant for it was widespread and felt both in Europe as well as Asia. There was also the collapse of the Byzantine Empire, the Venetian Empire, Spanish Empire, British Empire, and the inevitable collapse of the American Empire.



Many people assume that international trade and a global economy is something modern. The Bronze trade required taking copper from Cyprus (which is derived from the word "copper" in Greek) and tin that came from Britain at Cornwall or Afghanistan. The mere fact that bronze could be created necessitated international trade, but that is far from reality. The main empires were the Babylonians, Hittites, Mycenae, Greek Aegean, Assyrians, Cypriots, Canaanites, Mitanni, and of course Egypt – the only one to barely survive.

While all other civilizations collapsed, the exception was Egypt post-1250 BC but even that civilization was greatly diminished. While in school, they taught the linear version of the Sea People's exploits who invaded to destroy. Eric Cline

The Collapse of Civilization & the Inevitable Dark Age

brought a new perspective to the event by linking it to drought and famine. The Sea People, he believed, were a result of a mass migration southward.

Nevertheless, the Sea People were from the Northern Mediterranean where there appears to have been a major climate change shift. Remember, back then there were no fossil fuels and people rode chariots instead of SUVs or Jeeps. Clearly, the collapse of civilization was caused by a major shift in climate that resulted in droughts which resulted in widespread famine.

There is a lot more to climate change than the dire predictions that we will be eating each other or die in 12 years. The Sahara Desert was once lush and green. Then the weather systems shifted, and the once fertile land turned to desert. The Sphinx is believed to have the face of Khafra of the 4th dynasty during the Old Kingdom, which was carved perhaps around 2500 BC. Some believe that the



Sphinx, which was actually a lion, predates the Egyptians because there appears to be water erosion marks. If true, then the original Sphinx may have existed even as far back as 10,000 BC when a lion would have faced the constellation, Leo.

What people fail to understand is that the entire weather system of our planet is extremely

dynamic. Research has traced the north-south shifts of the northern-most edge of the tropics back 800 years, which was conducted by the University of Arizona. They mapped out the Tropic Belt, which is also subject to cyclical movement. Without question, in ancient times, the Sahara Desert was lush and green and there were cave drawings showing herds of animals in the region. The research has revealed that indeed the Tropic Belt has moved upward and downward over the centuries and the research has documented where it has moved for the last 800 years.

The University of Arizona wrote, *"From 1568 to 1634, the tropics expanded to the north, the team found. That time period coincides with severe droughts and other disruptions of human societies, including the collapse of the Ottoman*

The Collapse of Civilization & the Inevitable Dark Age

empire in Turkey, the end of the Ming Dynasty in China and near abandonment of the Jamestown Colony in Virginia..."



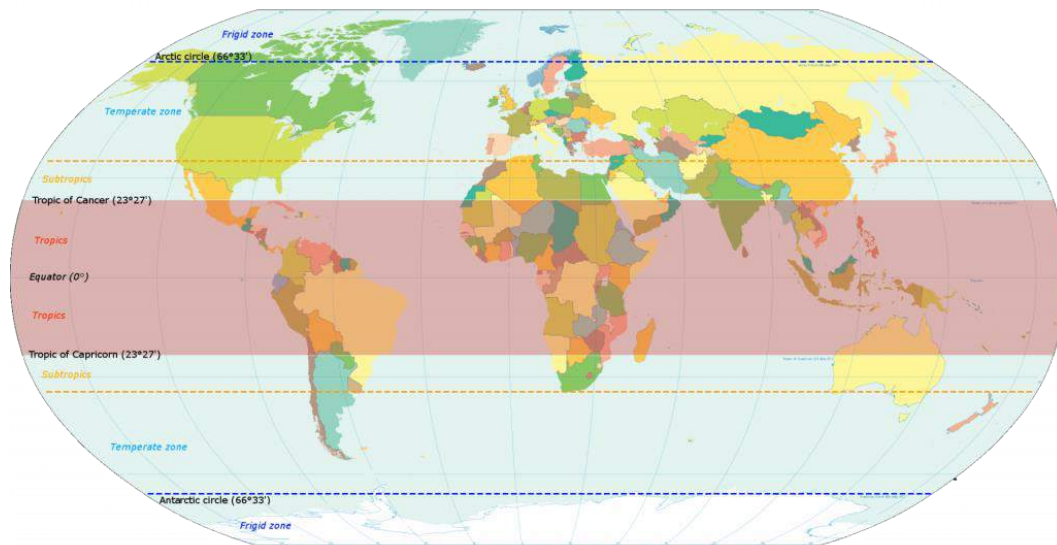
Septimius Severus (193-211AD)

Æ 8 Assaria of Apameia, Phrygia

Representing the Story of Noah

Greek Legend: $\Sigma\text{ΗΗ ΑΙΝΝΟΘΕ ΤΟ Υ ΑΡΤΕΜΑΙ ΑΡΑΜΕΙΝ}$
Noah and his wife, latter also veiled, seen standing left in enclosing square chest (Ark) floating on waves, inscribed with ΝΔΕ (Noah) and with raised lid behind on which a dove perches with same people then standing outside the Ark raising their right hands in salutation with dove flying above them holding clutching an olive-branch.

ArmstrongEconomics.COM



The Tropic Belt has been gradually moving northward since 1970. There is debate over what is even causing that event. Nevertheless, we now understand that even the Tropic Belt is subject to cyclical movement. This may also explain the shift from a lush green environment as late as 6,000 years ago to a desert in the Sahara. Curiously, this is about the length of recorded history.

The stories of Noah seem to predate this period of recorded history and might have been linked to dramatic climate change. The story of Noah was even celebrated in Anatolia (modern Turkey) on the coinage during the Roman Empire.

The Sahara has long been subject to periodic bouts of humidity and aridity. These fluctuations are caused by slight wobbles in the tilt of the Earth's orbital axis, which in turn change the angle at which solar radiation penetrates the atmosphere. At repeated intervals throughout Earth's history, there's been more

The Collapse of Civilization & the Inevitable Dark Age

energy pouring in from the sun during the West African monsoon season, and during those times (known as African Humid Periods) much more rain comes down over north Africa.

With more rain, the region gets more greenery and rivers and lakes. All this has been known for decades. But between 8,000 and 4,500 years ago, something strange happened. The transition from humid to dry happened far more rapidly in some areas than could be explained by the orbital precession alone, resulting in the Sahara Desert as we know it today. Scientists usually call it "poor parameterization of the data," which is to say that they have no idea what happened. However, they have failed to look at the changes in the Sahara from a global perspective.

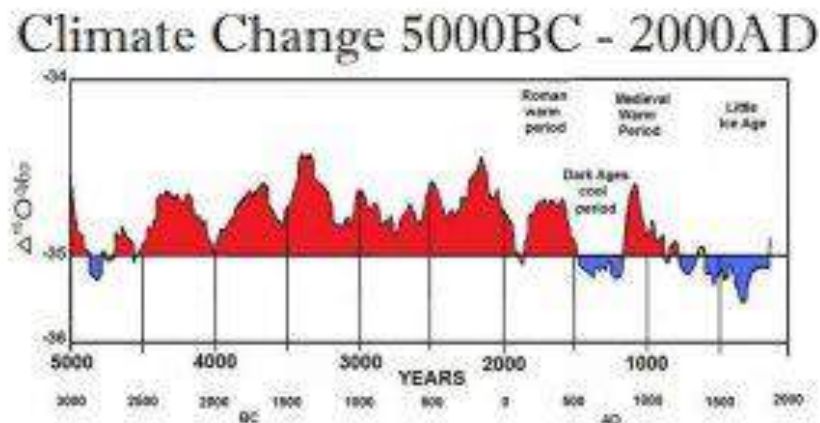
Clearly, the collapse of the Late Bronze Age is equivalent to the fall of Rome for they both were followed by a Dark Age and both appear to be at least correlated to climate change. Many attribute this collapse of the Late Bronze Age to the Sea People, and the fall of Rome to the invasions from the north of the various Germanic Barbarian tribes. In both cases, the migration moved from north to south, perhaps implying that the north became colder and unable to support agriculture. As the barbarians invaded Rome, they clearly began to issue coins even imitating Roman coinage. They were migrating rather than plundering at first.



The Ostrogoths were the eastern branch of the older Goths, tracing their origins to a branch of the Goths who had migrated southward from the Baltic Sea and established a kingdom north of the Black Sea during the 3rd and 4th centuries. They built an empire stretching from the Black Sea to the Baltic and created the

Danubian kingdom.

The Collapse of Civilization & the Inevitable Dark Age



Obviously, in the case of the collapse of the Late Bronze Age, there was a massive migration south from the northern Mediterranean region most likely due to climate change as northern Europe was once again becoming colder. Eric Cline's book *1177 BC* has put together a nice assembly of sources, but he missed the climate change evidence while suggesting that there may have been climate change. Cline assumed there was a migration south.

When we add to the evidence the data on temperatures assembled primarily from ice core samples and tree ring data, we can see the first dip to cold came about 1800 years ago. We can see that the all-time high temperature was about 3,300 years ago. The collapse of the Late Bronze Age was mostly complete by about 1100–1000 BC.

Running the data through our nonlinear models correlated with the reconstruction of the world monetary system from the coinage. I was able to identify a 1,720-year cycle between Dark Ages. The European Dark Age that followed the fall of Rome was 476 AD when the last pretend emperor reigned, Romulus Augustus (475–476 AD). Given that the structure is fractal, then 1720 is a derivative of the basic business cycle of 8.6 years ($3,145 \text{ days} = \pi$). Therefore, the fractal cycle between Dark Ages of 1,720-years brings us to 1244 BC, which is right on target for the beginning of the collapse of civilization.

Using the fractal design to look into the future, the next collapse in civilization on a grand scale resulting in a major Dark Age would most likely occur around 2200 AD. The half-cycle would have been 1336, which places this in a near Dark Age known as the Black Death where about 50% of the population died and the shortage of labor ended the feudal era. This gave birth to wages and the Age of Capitalism.



The Black Death forced feudal states into nationalism. The devastation of the population created such a shortage in labor that this is where we begin to see a rise in wages and the end of serfdom, which set capitalism in motion. This would lead to taxation, revolts, and, after about 300 years, the end of monarchy.

The Black Death began in Central Asia during the early 1300s. Its spread was ironically enabled by economic trade and mercantilism itself. Most signs point to its spread being enabled by the Mongols who settled down from their ravages of conquest and began to emerge into mercantilism. The Mongols developed trade caravans from China to the Black Sea where the Genoese would trade for silks and spices. Much of the plague was attributed to the Asian black rat that was believed to have carried fleas infested with the plague. It is argued that the rats burrowed into the sacks of grain and thus were transported in this manner.

There were warnings in the form of rumors that told of a great plague in China and India that killed most of the populations there. The plague made its way to Europe when the Kipchak forces were besieging the Genoese trading post in Crimea. The Kipchaks began to catapult plague-infested corpses over the walls and into the trading post. The disease spread quickly, and the Genoese abandoned the outpost. They sailed backed to Europe, stopping in Sicily in 1347 and taking the Black Death with them.

John Aberth of Vermont's Castleton State College gathered all the documents of this era together in his book, *The Black Death - The Great Mortality of 1348-*

The Collapse of Civilization & the Inevitable Dark Age

1350 – A Brief History with Document (2005)(Palgrave MacMillan) concerning the first wave of the plague that altered society. Aberth collected the contemporary documentation. Among this collection, is the Chronicle of Michele da Piazza. He was a Franciscan friar in Catania, Sicily, who recorded the arrival of the Black Death in October 1347, writing:

"It so happened that in the month of October in the year of our Lord 1347, around the first of that month, twelve Genoese galleys, fleeing our Lord's wrath which came down upon them for their misdeeds, put in at the port of the city of Messina. They brought with them a plague that they carried down to the very marrow of their bones, so that if anyone so much as spoke to them, he was infected with a mortal sickness which brought on an immediate death that he could in no way avoid." Aberth, 29

The spread of the Black Death was rapid and devastating. By the end of 1347, the Black Death had infected Constantinople, Asia Minor, Sicily, Greece, Egypt, and Marseille on the southern coast of France. By 1348, it had decimated Italy and killed the Florentine chronicler Giovanni Villani. It struck most of France, the eastern half of Spain, North Africa, Greece, Palestine, Syria, the Balkans, Austria, and Switzerland. By 1349, it reached England, western Spain, Portugal, Wales, Ireland, and southern Scotland. It stretched into Germany and Netherlands as well as Hungary, Denmark, and Norway. By 1350, it reached northern Scotland and Sweden.



The Black Death came in several more waves. There were outbreaks again in 1361–1363, 1369–1371, 1374–1375, 1390, and 1400. It is believed that the microbe became even more lethal toward the end and had the result of killing its host. Yet, the consequences of the Black Death were economically profound. This plague had the effect of further causing wage prices to rise given that there now arose major labor shortages. It was the final end of feudalism. Clearly, this was the half-cycle interval on the 1720-year cycle of the Dark Ages.

The Collapse of Civilization & the Inevitable Dark Age

If we look at the half-cycle between the collapse of the Late Bronze Age and the fall of Rome, we come to a most interesting target date of 384 BC, which was more than just the birth of Aristotle. We must turn to Macedonia for then the barbarians invaded and conquered all of Greece.

The rise of Archelaus was due to circumstances where the Greeks had an internal city-state war that we could classify as a revolution, so to speak, since it was Greek v Greek. Athens had just lost the Peloponnesian War to Sparta in 404 BC and was required to pay reparations much like Germany after World War I. That provided the opening for the rise of the Macedonians who the Greeks had regarded as barbarians.

Archelaus strategically set out to elevate Macedonia as a whole and further the rise of his kingdom of Macedonia. He invited some of the most famous Greek poets and artists to his court, Euripides (480–406 BC) among them, and encouraged a high level of culture to introduce education.

In about 399 BC, Archelaus was murdered during a hunt by one of his companions named Crateuas who then ruled for four days before being deposed and killed by Archelaus' son Orestes (399–398 BC) who was then succeeded by Aeropus II (398–396 BC). The next few kings came to the throne and ruled for one or more years before they were also assassinated until Amyntas III (389–369 BC) came to power as king.

Amyntas III secured the country's borders against invasion, increased trade with the Greek city-states, and continued the work begun by Archelaus I in elevating Macedonia's status. He formed alliances with both Sparta and Athens and negotiated more lucrative contracts with them for Macedonian timber that they needed for ships.



Amyntas III of Macedonia
(389–369BC)
AR Stater



Alexander II (King of Macedon)

(370/69-368/7BC)

*Æ (16mm) Male head right, wearing taenia; Δ below chin /
Horse galloping right; Δ below. Westermarck*

Amyntas III is regarded as the true successor to Archelaus I in that he unified and strengthened the Macedonian city-state in a way none of Archelaus I's immediate successors could do. He died of old age and left his kingdom to his son, Alexander II (369–368BC), who was assassinated in 369 BC. The throne went to Ptolemy I (369–365 BC), his assassin, who claimed legitimacy through marriage (or at least an affair) with Amyntas III's widow, Eurydice. The aristocracy (rich) of Macedon disapproved of Ptolemy's methods and his overall rule. Ptolemy I was in turn assassinated by Perdiccas III (365–360 BC) to which nobody objected.

Even since about 367 BC, Perdiccas III's younger brother Philip II had been held as a political hostage first by the Illyrians and then by Thebes, which at that time were the most powerful cities in Greece following the Peloponnesian War. In Thebes, Philip II received a formal education in military and diplomatic matters and was able to witness the military effectiveness of the Theban army's wedge formation as well as the elite fighting force known as the Sacred Band.



Philip II (King of Macedonia)

(359-336 BC)

AV Stater (18mm, 8.61 grams)

Head of Apollo right, wearing laurel / ΦΙΛΙΠΠΟΥ, charioteer driving biga right

Philip II this was trained by the very Greeks he would one day overthrow. He was the true successor of Alexander II who was his youngest son. Philip II came to power in 359 BC and would unify Greece under Macedonian rule, thanks to his training in Thebes. He was also the father of Alexander the Great (356–323 BC).

Therefore, 384 BC marked the collapse of Greek power in the aftermath of the Peloponnesian War which resulted in the defeat of Athens in 404 BC. For Athens, there rose the "Thirty Tyrants" which was even more oligarchic than prewar. The Spartans recognized the problem for they even alienated Sparta's friends. The Thebans were demanding the sack of Athens and the killing of all its inhabitants during the peace negotiations. Thebes grew suspicious of the Spartan occupation of Athens and began supporting the Democrats under Thrasybulus who occupied Phyle, a fortress on the border of Attica and Boeotia.

The Thirty Tyrants of Athens sent an army but failed to achieve anything. The Thirty Tyrants then moved to align with Sparta fearing Thebes. This closer association with Sparta appeared to be the best defense against Thebes in order to retain their power. Anyone who sided with Thebes was simply executed.

At the end of 404 BC, the Democrats suddenly seized Piraeus given that their defense wall had been destroyed during the war. The Democrats and oligarchs continued a civil war, which lasted until September 403 BC when the Spartan

The Collapse of Civilization & the Inevitable Dark Age



Cyrus the Younger
(c. 424-401BC)

king Pausanias intervened and restored Democracy. The oligarchs were given free conduct to Eleusis, but eventually reconciled themselves with the Democrats.

Sparta did not enjoy its victory for long. It owed much to Prince Cyrus the Younger (424-401 BC) of Babylon, who needed help when his father Darius II died in April 404 BC and was succeeded by Artaxerxes II Mnemon. The Spartan officer Clearchus, probably acting with the tacit approval of his government, supported Cyrus when he revolted. Many Greek mercenaries, professional soldiers who fought in the Peloponnesian War and were unable to settle, joined the expedition that culminated in 401 BC in the battle of Cunaxa in which Cyrus was killed.

After this, the Spartans interfered in the Persian zone on behalf of Cyrus the Younger. King Agesilaus of Sparta invaded the Persian Empire and had considerable success. This resulted in Persia then turning to support Athens, which rebuilt its long walls around 395 BC. This mistake of Sparta led to the rise of Athens. The following year, Conon, an Athenian admiral who had fallen into disfavor, returned to Athens with a large fleet restoring its military power to some extent with the aid of Persian money.

We can see that the Peloponnesian War created nearly a Dark Age for the various Greek city-states, weakening them considerably during the 20 years that followed into 384 BC.

The benefactor was really the Persian Empire. The rise of Macedon in its conquest and political consolidation of most of classical Greece during the reign of Philip II was achieved in part by his reformation of the Ancient Macedonian army. He established the



Attica - Athens (Post-Peloponnesian War)

AR Tetradrachm (393-300BC)

*Head of Athena to right wearing ivy crested helmet, eye in profile /
Owl standing to right, head facing, in erect posture,
olive twig and crescent behind, to right (AΘE)*

The Collapse of Civilization & the Inevitable Dark Age

Macedonian phalanx that proved critical in securing victories on the battlefield. He began his invasion of classical Greece in 353 BC by invading Thessaly, which occurred interestingly after 31.4 years and was followed by the target half-cycle year of 384 BC.

After defeating the Greek city-states of Athens and Thebes at the Battle of Chaeronea in 338 BC, which came 46 years from the half-cycle target of 384 BC, Philip II led the effort to establish a federation of Greek states known as the League of Corinth whereby he became commander-in-chief of Greece for a planned invasion of the Achaemenid Empire of Persia.



Macedonian Kingdom. Alexander III 'the Great'
AR Silver Tetradrachm (17.1 g), 336-323 BC. Pella Mint

However, Philip II was assassinated by a royal bodyguard which led to the immediate succession of his son Alexander the Great who would carry out his father's dream of invading the Achaemenid Persian Empire. This began a whole new era in civilization whereby Alexander created the first world currency whereby every city-state struck the same tetradrachms with mintmarks for each former city-state where the coinage was made.

Nevertheless, we can list the types of events that must take place to instigate a Dark Age v a major wave of at least political change. The primary difference turns on the confidence in the new government if one emerges. If no

The Collapse of Civilization & the Inevitable Dark Age

government can emerge, then the population will disperse and flee the urban centers and civilization must reboot. Therefore, the half-cycles do not appear to be Dark Ages, but rather the target of major political changes that emerge during a period of a severely weakened state of government. This was the case with the Black Death that was followed by the feudal states emerging into national states and the aftermath of the Peloponnesian War where the Greek city-states were conquered and merged into a Greek Empire by Macedonia.

How Civilization Collapses

- 1) The Rule of Law collapses**
- 2) Centralized government collapses**
- 3) The rich flee and economic growth declines**
- 4) The economy implodes without investment**
- 5) Birth rates decline with population**
- 6) People migrate and abandon urbanization**

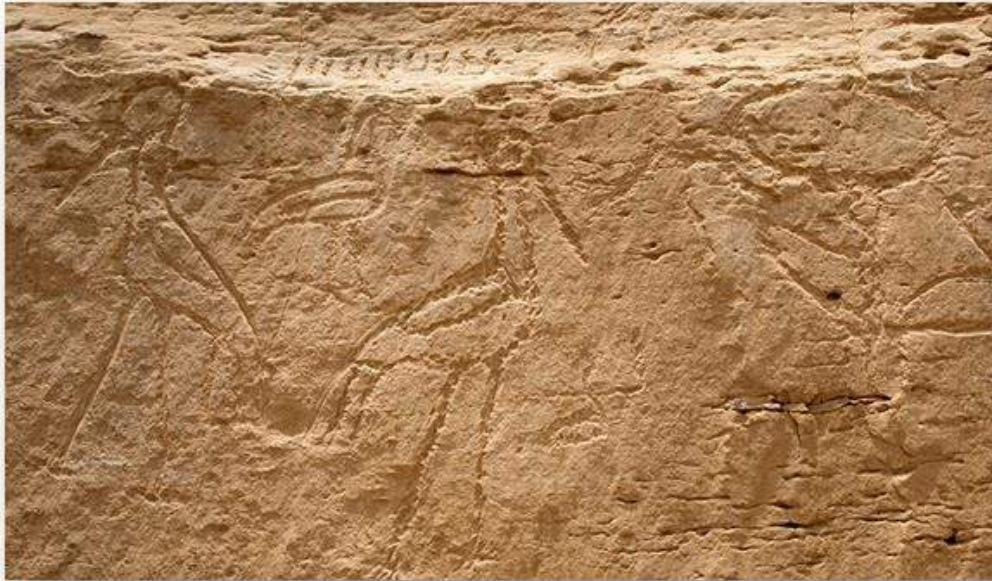
There were clearly natural disasters and invasions as well as civil unrest during the Late Bronze Age as well as during the fall of Rome and the half-cycles. One of the distinguishing factors between the Dark Age and the targets of major political change appears to be perhaps the climate change element.



Neolithic monument of Ggantija in Xagħra, Gozo island, Malta

Climate change was probably the primary cause of mass migration in the case of the collapse of the Late Bronze Age as well as the fall of Rome. The previous cycle target would have been about 3000 BC. We have no definitive written recorded history upon which to draw facts. However, 3000 BC is when we begin to see agriculture in North Africa, and this is where the Neolithic period ends where they were building stone monuments such as the Neolithic monument of Ggantija in Xagħra, Gozo island at Malta. This was the precursor to urbanization.

The Collapse of Civilization & the Inevitable Dark Age

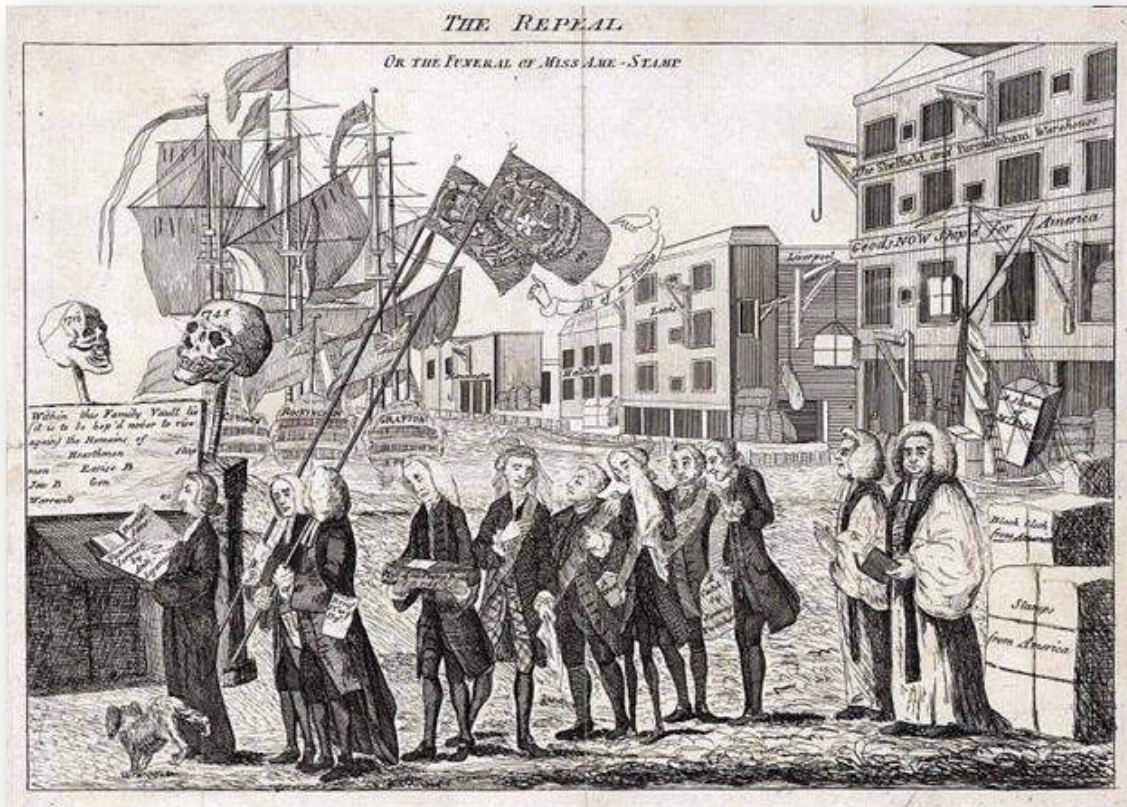


Egyptian city of Elkab rock inscriptions with the earliest monumental hieroglyphs dating back around 3.000BC

We also begin to see hieroglyphic writing in Egypt found in tombs around 3000 BC. Yale university discovered the earliest Egyptian monument with writing dating back to about 3000 BC. This is also the period where the potter's wheel in China emerged, and the first pottery in the Americas (in Ecuador) curiously appeared around the same time. Additionally, 3000 BC is also when the Sumerians began to urbanize, establishing cities, and they also began to work in various metals. It appears that civilization is rebooted at approximately this target in time as well.

The danger we have today is the mass migrations into Europe and the United States. However, if the climate turns sharply colder, we will have famine and that undermines the social structure. We already have the centralization of government and central banks on the ropes. The hunt for taxes will result in the hoarding of wealth and the decline in investment and economic growth. The birth rate has been collapsing and the final stage will be abandoning cities because of taxation in cities like Chicago, Philadelphia, New York City, etc. Keep in mind the collapse will unfold over the course of probably 51.6 years before we reach rock bottom. It all depends upon the climate looking forward, but is this possible on a half-cycle or quarter-cycle interval?

The Quarter-Cycle of the Dark Age



Cartoon depicts the repeal of the Stamp Act as a funeral, with Prime Minister George Grenville carrying a child's coffin marked "born 1765, died 1766"

1766 AD

The quarter-cycle intervals tended to be events impacted also by climate, but they did not result in the collapse of civilization. They would, however, often implicate political change in government. For example, 1766 AD is when the protests in America truly began against the British. On February 15, 1766, protests against the Stamp Act of 1765 emerged when members of the New York City Sons of Liberty traveled to Pennsylvania and set fire to a British supply of tax stamps before the stamps could be taken to distributors in the province of Maryland. This act forced its repeal in 1766.



Prime Minister George Grenville (1712–1770; r. 1763–1765) was replaced by Lord Rockingham as Prime Minister in 1765. Reports of mob violence in America reached London by October. There was much debate between those who demanded the Colonists be crushed and merchants who saw the tax as reducing commerce considerably with the colonists. The merchants lobbied, stressing the economic effects of reduced trade with America that had resulted from the previous Sugar Act. They also stressed that this would create an inability to collect debts if the colonial economy declined.

When Parliament met in December 1765, it rejected a resolution offered by Grenville that argued to crush and condemn any colonial resistance to the enforcement of the act. London merchants lobbied hard to repeal the Stamp Act. When Parliament reconvened in January 1766, Rockingham formally proposed a repeal. Thus, this was the beginning of the movement that would culminate in the American Revolution within 10 years.

46 AD

For example, in 46 AD, according to Paulus Orosius (385–420 AD), there was a serious famine in Syria. We also know that there was a severe drought and an invasion of locusts that took place that same year in the Mongolian steppes, which also resulted in widespread famine and civil unrest. This turned into a major political revolt at Xiongnu, which was a confederation of nomadic peoples who lived on the eastern Asian Steppe. Ancient Chinese sources report that the Xiongnu Empire was founded by a leader named Modu Chanyu after 209 BC and became Mongol Empire which conquered China and invaded Europe.

The severe drought and famine that impacted the Xiongnu in Mongolia prompted civil unrest and rival warfare. The Xiongnu were suffering also from raids by the Wuhuan. In China, Sutuhu (48–56 AD) offered to act as an agent to ask for aid from the Han Dynasty. This led to virtually a civil war with rival Punu.

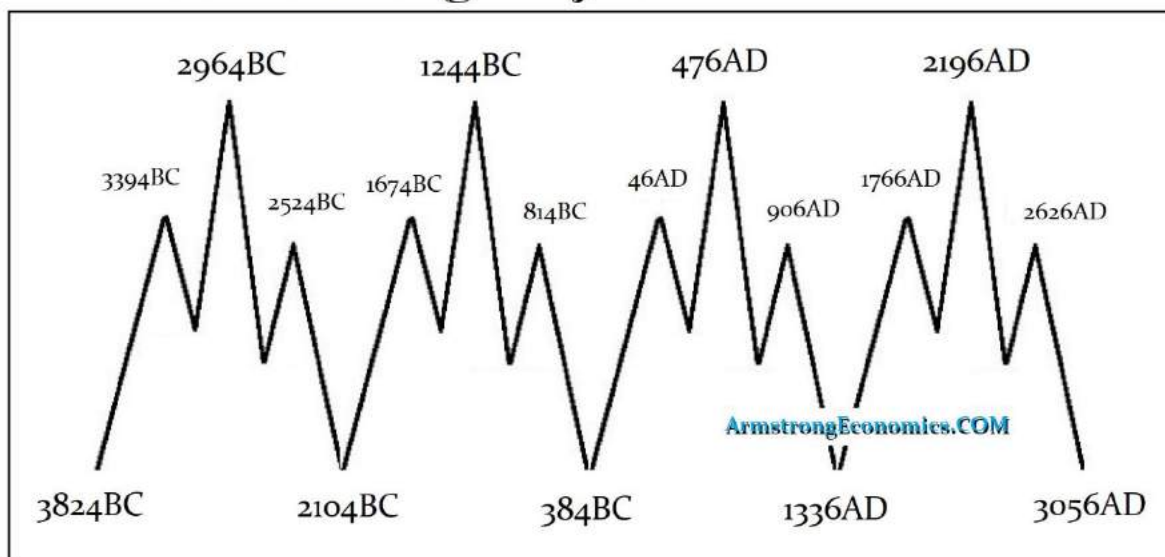
Among what the Romans regarded as barbarians in Thuringia, there was a major conflict between two Germanic tribes which erupted after about 12 years of drought in northern Europe. The civil unrest was over access to water. By 58 AD,

The Quarter-Cycle of the Dark Age

we also see a religious shift as Emperor Ming of Han Dynasty came to power and introduced Buddhism to China and the West Indus Valley.

In the Roman Empire, there was a census during 46 AD that reported that there were more than 6,000,000 Roman citizens. The population of Rome itself would not peak until about 180 AD. It was also 46 AD when the client kingdom of Thrace in Greece was annexed into the empire as a province. Just three years prior, Emperor Claudius began the first large-scale Roman invasion of Britain. He also annexed Lycia into the empire as well as Judaea the following year in 44 AD, which formally became a Roman province after the death of Herod Agrippa. From the Roman perspective, there was expansion. From the rest of the world's viewpoint, they were being conquered.

The Dark Age Cycle



This was also the time period when Christianity began. In 45 AD, the Apostle Paul is said to have preached the gospel in Cyprus and converted the island's Roman governor Sergius Paulus. He was the first Roman official to undergo conversion. Within a couple of years, the Christian church convened a council in Jerusalem. The participants adopted the missionary principle of St. Paul, which stressed the universal scope of salvation. Within about five years, the *Didache*, which was the earliest catechism of the Catholic church, had been written as teachings of the 12 Apostles to the gentiles. This was later discovered in a monastery in Constantinople in 1883. By 52 AD, tradition in the State in the state of Kerala, India, tells us that the Apostle Thomas converted Hindus to Christianity at this

The Quarter-Cycle of the Dark Age

time. St. Paul of Tarsus, Christian preacher, arrived in the port city of Ephesus (Turkey) about this time and spent three years there.

It was about 46 AD when Greek sailors discovered the monsoon winds and were able to sail from the Horn of Africa to Kerala, India, in 40 days. The ancients clearly sailed into the Atlantic which began to shift the spice trade from north Indian ports to Muziris, which was called the "first commercial center of India."

Reconstructing the World Monetary System

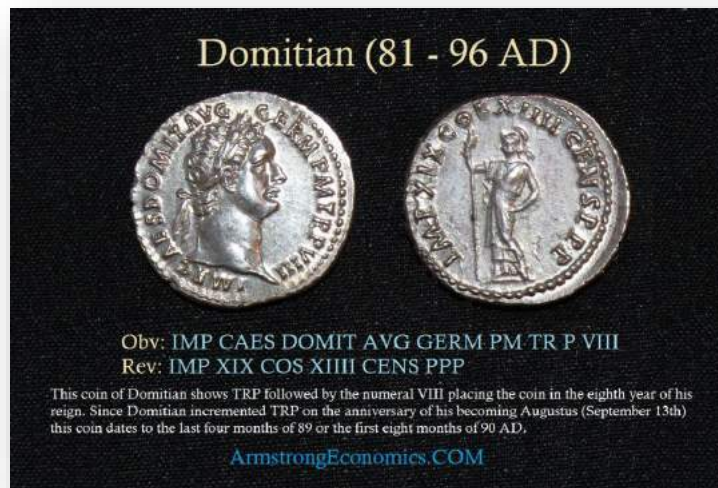


We all know that the Roman Empire fell. We can map out the degression of the empire by using the coinage. Did it happen in the blink of an eye or gradually like a 747 coming in for a landing? Most people have no idea that coins have been critical in documenting history, but I have used them successfully to ascertain how fast empires, nations, and city-states collapse and why.

Greek coins are the oldest, but they are not dated. Most have been determined based upon historian accounts or archaeological discoveries correlating them to events and people. According to the Ancient Greek historian Philochorus of Athens (340–261 BC), this Athenian Tetradrachm was known to the Greeks as a *glaux* or “little owl.” Hence, Greek coins cannot be specifically dated to an individual year. What can be determined is the sequence of rulers and we can determine date approximations often from contemporary writers.



Athens 455-339BC AR Tetradrachm "Owl"



However, this is not the case when it comes to Roman coins. The Romans were great secretaries for they recorded and documented just about everything. The Romans overthrew their king in 509 BC, giving birth to the Roman Republic. This was when the Republic fell and the Imperial era began with Augustus in 27 BC. Subsequent Roman emperors pretended that they were elected as if the Republic still existed. Consequently, the Roman coinage is easy to date thanks to this pretense.

On the obverse of this Roman coin of Domitian (81-96 AD), we see “TR P VIII” meaning this was the eighth year of his reign since his *Tribunicia Potestate* or the Tribunician power. This power had to be renewed each year as a pretense of being elected by the Senate. Domitian had served as consul with his brother Titus before he succeeded him as emperor following his death. Therefore, the

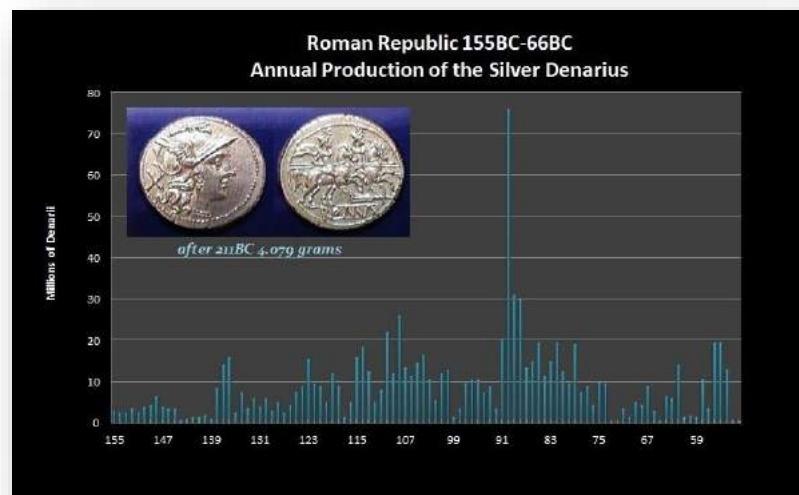
reverse of the coin shows he was also the Consul serving for the XIII (14th) time. Again, these are one-year terms. In this manner, it becomes possible to date coins of the Roman Empire.

Furthermore, because the coin dies were all hand engraved, there are slight differences between each die. We then know

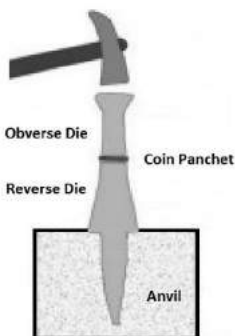


Reconstructing the World Monetary System

how many dies were issued per coin which allows us to also determine the money supply.



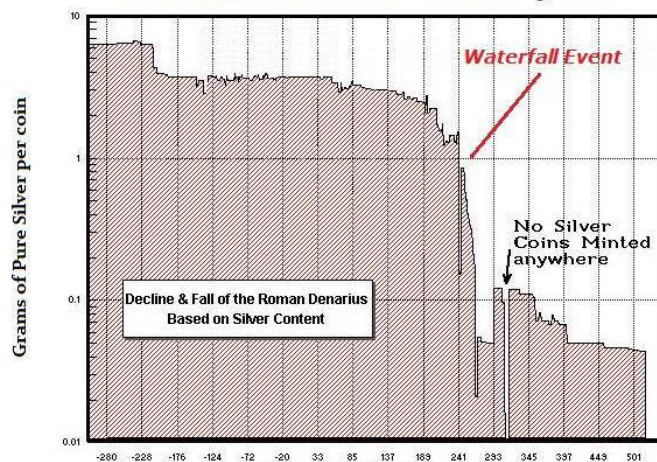
We know from experiments that about 15,000 coins can be struck from a die before it breaks. Therefore, recording the number of known dies and multiplying that by the average number of coins that can be struck from a single die allows us to extrapolate the money supply over the course of time.



We can then look at the impact of the growth of the money supply on an accumulative perspective as well. In this manner, it becomes possible to reconstruct the monetary system of the Roman Empire so we can gain a clear picture of how Rome rose and fell without getting caught up in the bias of a particular predetermined conclusion. Therefore, it becomes possible to actually see how empires, nations, and city-states rise and fall.



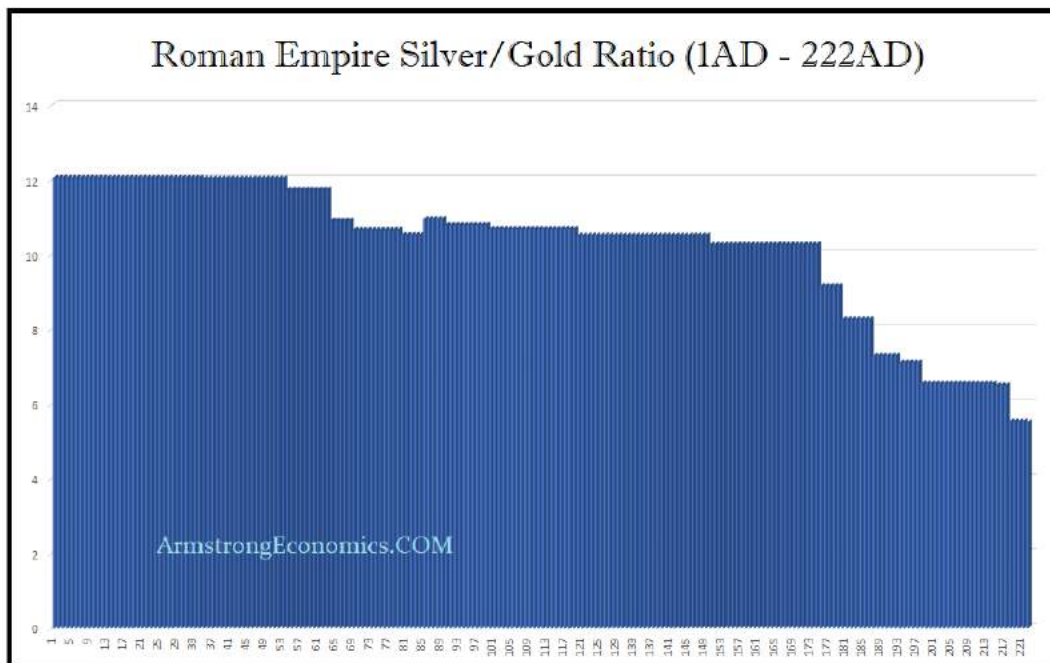
Collapse of the Roman Silver Monetary System Silver Denarius Basis - 280 BC - 518 AD



The Roman denarius was the most secure currency in the world at that time for 309.6 years before any debasement began under Nero in 64 AD. The reason for that debasement appears to be linked to the Great Fire that destroyed much of Rome. The rebuilding costs were tremendous. Since there was no state borrowing, Nero began the debasement of the coinage by reducing the weight of the gold aureus and the silver was reduced from 97.5% purity to 93.5%. He was increasing the money supply by issuing more coins with the same amount of silver.



There was actually a far more gradual change in the gold coinage of Rome known as the aureus. The gold aureus under Augustus (27 BC–14 AD) would generally weigh about 7.68 grams. This remained virtually unchanged until the monetary reform of Nero in 64 AD where the weight was reduced to a range of 6.68 to 7.29 grams.



There was a slow, gradual change in aureus weight, but a far more rapid decline in silver denarius weight following the monetary reform of Nero that took place during 64 AD coinciding with the Great Fire in Rome. Clearly, a steadily shifting relationship between gold and silver in terms of monetary value was underway, and this was by no means purely a deliberate inflationary scheme.

Beginning with Augustus, the gold/silver ratio stood at 1:12 for almost the entire Julio-Claudian period until the monetary reform of 64 AD by Nero. Here, it declined from 12.07 to about 11.76. The Roman economy was highly dependent upon the largest silver mine in the ancient world known today as Riotinto. They captured that mine in 206 BC from the Carthaginians after defeating Hannibal in the Second Punic War (218–201 BC). The Carthaginians had occupied the region since about 535 BC. The war booty and the massive influx of Iberian-mined silver flooded the Roman economy, fueling its unprecedented expansion. Roman citizens were exempt from taxation as a result. Investigating the composition of the silver coinage reveals an isotope signature of pre-206 BC coins originated mostly from Aegean sources and Greek colonies in Magna Graecia. The coinage issued after the Second Punic War displays a different isotope signature that closely matches the known metal sources from the Iberian Peninsula or Riotinto.

The Romans possessed technical knowledge and military engineers. Using slave and convict labor, the Roman operations at Riotinto grew dramatically between

Reconstructing the World Monetary System

70 and 180 AD. The output far exceeded anything that came before. Riotinto became the largest silver and copper mining operation in the Roman Empire.

Archeological excavations in the mine shafts reveal that they dug down about 450 feet and had elaborate ventilation and drainage systems. The scale of cemeteries located in mining settlements also illustrates the sheer magnitude of Riotinto was extremely important during the Roman Empire. There was obviously a declining period of silver relative to gold that drove the gold/silver ratio down dramatically from 1:12 to 1:5.51 by 222 AD.

The silver mines of southern Spain and the war booty from Carthage created an enormous economic expansion in Rome. This was akin to the early stages of the influx of silver and gold from the new world rushing into Spain.

It is clear that weight and fineness were both manipulated in order to produce more coins from a given amount of silver. For the first two centuries of the empire, the ratio of fineness to weight did not change very much, despite the frequent manipulation of one variable or another. Percentage fineness mainly stayed rather steady in general. Only from Marcus Aurelius onwards do we see the fineness change more than just weight. This appears to coincide with the invasion of Spain by the North African Mauri during the late second century AD (170–180 AD). The term “Moor” was a derivative of the ancient Mauri from Northern Africa. It was from this period onward that mining activity began to decline. This greatly contributed to the debasement of the silver denarius, and the denarius plummeted from 88% percent silver to 0.05% by 268 AD.

At the start of the Imperial Empire under Augustus, about 85 denarii were struck to a pound of silver. The denarius fell under Nero from 89 to 90 to the pound to approximately 100 to the pound after 64 AD. After an initial decline following the Civil War, Trajan let the denarii per pound fall to about 103.



Trajan (98-117AD)



In the year 107 AD, the Emperor Trajan (97–117 AD) sought to cleverly reform the money supply by ordering to “melt down all the worn-out coinage,” according to the historian Cassius Dio.

While many have attributed this recoinage to the theory that the Treasury was greatly depleted due to his prolonged campaign to conquer Dacia, modern-day Yugoslavia region, what is clear is the fact that there was a rise in the value of silver relative to gold. This placed economic pressure upon the monetary system of Rome.

Trajan actually demonetized all silver and gold coinage that had been issued prior to the reign of Nero and his monetary reform of 64 AD, which was the first step in the debasement. Therefore, Trajan was recalling all old “worn” coinage and reissuing it with at a lower standard of his period. By claiming he was recoinage the old “worn” coinage, he was in truth expanding the money supply

by minting the coinage to the new standard 97.5% (3.59 grams) to 90% (3.24 grams), which increased the money supply by about 5%.



Consequently, Trajan demonetization of the old coinage which was of a heavier silver standard. This meant that the coins were no longer legal tender and were thus no longer valid payment for taxes and fines. This forced people to return them in exchange for new denarii.

Trajan issued coins with the original designs which dated back into the Republican period pre-27BC. They are known today as his restitution issue. Obviously, Republican denarii were still in circulation by 98vAD for more than 100 years.

It has been argued that at the time of Trajan, the finances of the empire were in crisis. The fineness of the silver denarius when he came to power in 98 AD was 93.5%. In 100 AD, Trajan lowered the fineness to 92.75%. As the cost of the Dacian war escalated, he again reduced the fineness in 103 AD to 91.5%, which would then fall further to 90% in 112 AD.



There was a major change under Marcus Aurelius from 120 to the pound. Under Commodus, it initially collapsed to 134.4 to the pound and then in 187 AD it collapsed to 152.3 to the pound. Following the death of Commodus and the next civil war, Septimius Severus emerged as the victor in 193 AD. The denarii per pound increased marginally to about 156.5, but then in 198 AD the weight fell further, reaching nearly 170 to the pound. His son Caracalla reduced the weight further to 192 to the pound and introduced a Double Denarius known as the Antoninianus with a weight of 5.7 grams compared to his early coinage of 4.1 grams for a denarius which fell further to about 2.8 grams.

Reconstructing the World Monetary System



Lydia Circa 555BC - The First Bimetallic Monetary System
Silver/Gold Ratio 12.5 to 1

The shortage in silver continued and under Elagabalus (218-222 AD), and the denarii per pound fell to 228 where it remained largely into the realm of Severus Alexander (222-235 AD). When the first bimetal coinage began in Lydia during the 6th century BC, the ratio of silver to gold stood at 12.5 to 1. In ancient Athens around 440 BC, silver was more common than gold, so the ratio stood at about 14:1 during that time.

In Egypt, gold was far more common than silver. The silver to gold ratio was 2½ to 1 in Egypt under Menes (Code of Menes, c. 3,100 BC), which reflected that silver was largely imported. We find a much greater variety of gold coins issued in Egypt under the Ptolemies.



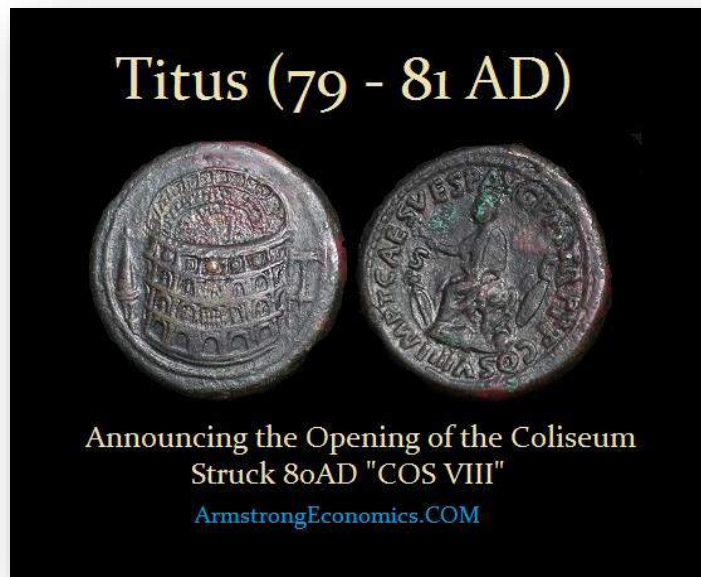
Ptolemy III Euergetes
(246-222 BC)
AV Mnaieion "Oktadrachm"
(Posthumous issue under Ptolemy IV)

The silver to gold ratio was 12 to 1 when David was King (1000 BC); 5 to 1 in ancient Syria; 10 to 1 at the time of Hezekiah (678 BC); 14 to 1 in Ancient Athens; and Alexander the Great set the relationship of gold to silver at 10 to 1 (330 BC) after conquering Babylon which had predominantly held gold supplies.

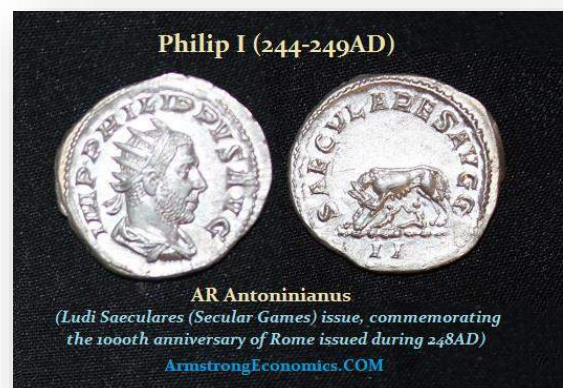
The coinage has been more than a record of the monetary system. The Romans also used their coinage as newspapers. The reverse side of a coin would often announce some new event or victory. Here we have a coin of Brutus which boasts that he killed Julius Caesar on the Ides of March "EID MAR" (15th) in 44 BC. In this manner, coins have been a tremendous source that has documented history.



Brutus (85-42BC)
"Eid - Mar" Denarius Professing He Killed Julius Caesar on the Ides of March



Here is a bronze sestertius of Titus (79–81 AD) announcing the opening of the Colosseum. The Romans used the reverse side of their coins often as a newspaper announcing achievement, events, and victories. The Greeks were interested in art. They competed for design, but they did not use the coins as a means of propaganda. Likewise, here is a silver antoninianus of Philip I (244–249 AD) which is proudly announcing the 1000th year anniversary of the founding of Rome.



Here is a bronze sestertius issued by the emperor Vespasian announcing he has vanquished Judaea — "JUDAEA CAPTA" — showing a palm tree with a Roman soldier and Jewish girl representing the nation being held as a captive.

Reconstructing the World Monetary System

This is a gold aureus of Saturninus (280 AD), which is probably one of the most important Roman coins ever discovered. The Latin work *Historia Augusta* was written during the reigns of Diocletian (284–305 AD) and Constantine I (307–337 AD) during the late 3rd century AD. The work recorded the lives of emperors and usurpers in Rome before Diocletian during the chaotic crisis of the 3rd century.



Historia Augusta was a collection of thirty biographies known as the Thirty Tyrants. Naturally, some academics pronounced it was a fake as they did with Homer because it listed emperors they never heard of from any other source. They challenged both the authorship of the work as well as its date ever since Hermann Dessau (1856–1931) whose claim to fame as a historian came in 1889 when he rejected both the date and the authorship the manuscript. Dessau argued there were major problems that include the nature of the sources and how much of the content he claimed was pure fiction. He was proven completely wrong when this coin and one other coin was discovered in Egypt. Saturninus was one of the names of a usurper he claimed never existed.

Then more recently, there was yet another discovery further validating *Historia Augusta*. The identity of yet another extremely obscure emperor of the Thirty Tyrants has been confirmed, further demonstrating how wrong the academics have been. In the year 1901, a coin bearing the legend IMP C DOMITIANVS PF AVG was discovered in a rural area of France. Immediately, the academics



Gaius Domitianus
(Augustus 271AD)
discovered 1901 in rural France
ArmstrongEconomics.COM

declared it was a forgery because it would have again proven them wrong. The coin was of the correct style for the period and it was obviously subjected to the elements of time and circumstance.

Then in 2003, an amateur metal detectorist discovered a clump of about 5,000 Gallic-era coins that

Reconstructing the World Monetary System

were all stuck together in the green fields of Oxfordshire. Early the following year, the British Museum announced a discovery that made headlines worldwide. This time there was no denying that the Emperor Gaius Domitianus (268/271 AD) did in fact exist and that the earlier coin discovered in France had been genuine after all.



Gaius Domitianus
(Augustus 271AD)

Gaius Domitian was mentioned only in a brief passage of *Historia Augusta* as a general under Aureolus. He rose up as a rival to Gallienus (253–268 AD) with a tenuous alliance to Postumus (260–269 AD). Nevertheless, these two coins of Saturninus and Domitianus have unquestionably confirmed that the academics were wrong. There is just a reluctance to concede being wrong, and to this day many still claim *Historia Augusta* remains questionable. It is that unwillingness that keeps society in the dark and this infects not merely history, but everything right down to economic history.



Here is a denarius of Julius Caesar showing a captive at the foot of a trophy. Note that the man has wild hair and a beard. It is believed that this coin represented the capture of Vercingetorix, the leader of the Gauls. Of course, the writings of Caesar and his conquest of Gaul have survived. Nevertheless, we have a coin that confirms his conquest of Gaul.

Coins have in fact called into question recorded history many times. But academics far too often defend old interpretations and refuse to revise previous assumptions. For example, the very date that Vesuvius erupted, burying Pompeii, is by no means definitive although you will find August 24, 79 AD as the date carved in stone. This date has been interpreted from a letter to the historian



Tacitus some 25 years following the event. His old friend Pliny the Younger provided an eye-witness account of the eruption.

Pliny states that the eruption took place on *Nonum Kal*/September (the ninth day before the Kalends of September), which has been calculated as August 24, 79 AD. However, Tacitus was translated during the 16th century and remains questionable on many points. The ancient historian Cassius Dio directly states that the disaster took place “*towards the end of the harvesting season,*” which would be in October, not August.

The excavation of Pompeii revealed that the stores were selling fruit that would not have been seasonal for August. There were amphoras filled with wine after the harvest, which had been sealed and ready for transportation and sale. Many of the people discovered were wearing warm clothing. That has been dismissed as well. But during excavations of Pompeii's “House of the Gold Bracelet” in 1974, 180 silver and 40 gold coins were discovered with the bodies of a group of victims. The coins were buried with the people, attesting to their link with the eruption. The coins were never cataloged until 2006. There was one coin that confirmed that the date for the eruption of Pompeii was incorrect and that the account of Cassio Dio was closer to fact than Tacitus’.

Titus (79–81 AD) was emperor at the time of the eruption, and he was remembered for the relief efforts. Titus' administration was marked, not by military or political conflicts, but by disasters. His first disaster was the eruption of Vesuvius. The eruption destroyed the cities and resort communities around the Bay of Naples in addition to Pompeii and Herculaneum which were buried under many feet of stone, ash, and lava. Titus appointed two ex-consuls to organize and coordinate the relief effort. He personally donated large amounts of money for the relief effort and personally toured the region the following year like presidents do today after such disasters (human nature never changes).

The Coinage of Titus 79AD



TITUS (79-81 AD)
AR Denarius Rome mint. Struck July-September 79AD
IMP TITVS CAES VESPASIAN AVG P M, laureate head right
TR P VIII IMP XIII COS VII P P, capricorn left, globe below



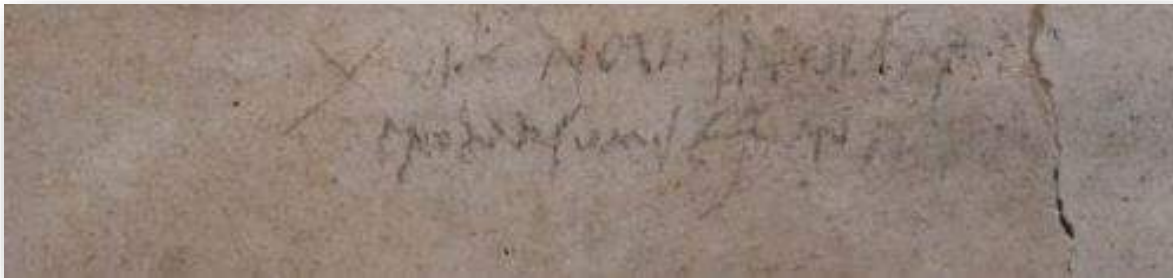
Titus (AD 79-81). AR denarius Rome mint. Struck after September 79AD
IMP TITVS CAES VESPASIAN AVG P M, laureate head of left
TR P VIII IMP XV COS VII P P, capricorn left, globe below

A single silver denarius was discovered among the 180 silver coins in 1974. When it was cataloged, it overturned history and has been buried in the Naples Museum rather than rewritten in the history books. Titus' father Vespasian (69–79 AD) died on June 24, 79 AD. Therefore, any coin of Titus as emperor would have to have the very first recording of his power “IMP VIII” or 8th Imperator, which was a title that meant “leader of the army” to the Romans. The award was generally given at this point in history for a particularly important victory that was celebrated. In some cases, these subsequent awards, denoted by a numeral following IMP, also allows dating of coins to a very short period.

The coin discovered in Pompeii had the legend “IMP XV,” which was granted to Titus for the war in Britannia where he sent Gnaeus Julius Agricola who pushed further into Caledonia and established several forts there as recorded by Tacitus (Agricola 22). Therefore, Titus received this title of Imperator for the fifteenth time for this event, according to Cassius Dio (Roman History LXVI.20). This took place in September 79 AD, or about three months after he became emperor following his father's death. Obviously, if any coin was discovered in the

Reconstructing the World Monetary System

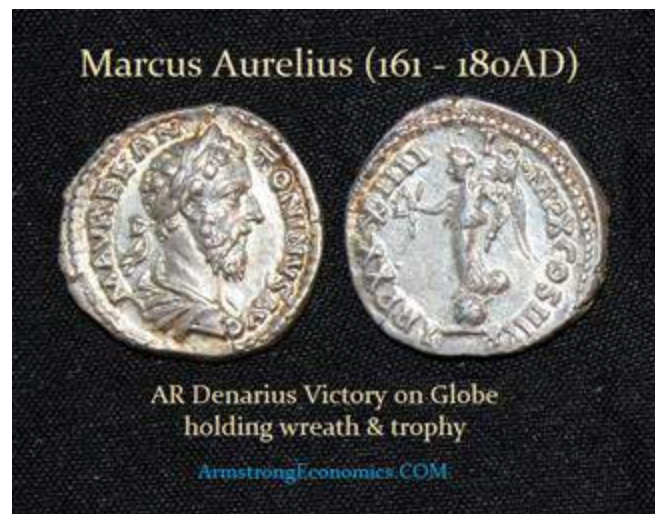
ruins of Pompeii with "IMP XV" in its legend, then this provides absolute proof that the date for Vesuvius of August 24, 79 AD cannot be correct.



Archeologists in Pompeii recently discovered a remarkable inscription written in charcoal that survived the catastrophe and confirms that the eruption of Vesuvius indeed took place in October 79 AD as confirmed by the discovered and ignored coin. The charcoal writing, discovered on the wall of a villa during a new phase of excavations, adds weight to the theory that the volcano destroyed the town in October 79 AD rather than August of that year. This is in line with Cassio Dio and the denarius of Titus. The Italian authorities said the new discovery "rewrites the history" of Pompeii and proves that the August 24 date was wrong!

The inscription reads, in Latin "XVI K NOV," the 16th day before the first day of November in the Roman calendar, or in other words October 17. The inscription may have been written by a builder or architect who was working on the restoration of a villa a few days before the eruption, possibly as a way of recording the work he had done. Remarkably, it survived the catastrophic eruption of Vesuvius now confirms the date of the eruption.

Italy's Minister of Culture Alberto Bonisoli publicly stated, "Today, with much humility, perhaps we will rewrite the history books because we date the eruption to the second half of October." At last, the single silver denarius that had been discovered and ignored for so long has been vindicated. The coin won!



There are plenty of discoveries that have challenged the view of history. Roman swords have been discovered in Newfoundland for example. The Romans knew the world was round and not flat. They pictured a world that is round on countless coins. The one scepter that survived from the Roman Emperor Maxentius (306–312 AD) has a globe on it that symbolizes that the emperor ruled the entire world.

Yet, the history of Rome that claimed to rule the world (*orbis terrarum*) stood at the opposite end of the world from the strikingly similar Han Dynasty (206BC–220 AD) in China, which also claimed to have ruled the world (*tianxia*). The history book for the Tang–Dynasty in China covers the period of 618–907 AD. The text mentions 17 times what appears to be the Roman Empire. It also describes an envoy that was sent by the Roman Emperor to China. The Roman Emperor was recorded to have been “Anton.” The account of such an envoy who visited the older Han Dynasty predates the Venetian traveler Marco Polo (1254–1325) by more than 1,000 years. This envoy has been attributed to 166 AD during the reign of Marcus Aurelius Antoninus (121–180 AD). The death of Marcus Aurelius marked the peak in the Roman Empire. It was also the turning point that began the decline and fall of the Roman Empire and its monetary system collapsed just 72 years thereafter. This envoy established diplomatic contact at the peak in the Roman Empire from which a disastrous decline begins.

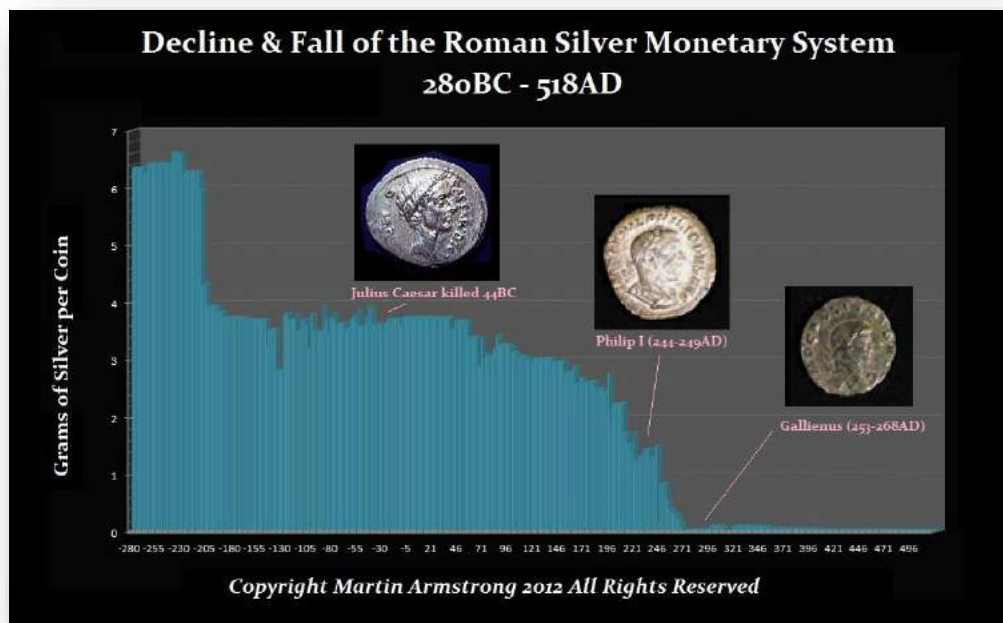


Reconstructing the World Monetary System

Any political-economic aspirations to further such a relationship would then die with Marcus Aurelius. Both empires would suffer the same fate of barbarian invasions. The Han Dynasty fell in 220 AD from which emerges the chaotic period known as the Three Kingdoms (220–280 AD) and the division of the once unified Chinese Empire.

Strangely enough, coins have documented history even when academics chose to ignore them. It just seems that people do not want to admit making a mistake. The academics are no different than politicians.

Some have claimed using modern analogies that the Romans destroyed the power of their own money by recklessly issuing worthless currency to cover state debts. Rome had no national debt and the evidence does not support any theory that they engaged in some deliberate plan of inflation. Instead, what we will explore in the decline and fall of Rome is that the bureaucrats were debasing the coinage and robbing the Treasury. It was not an official policy.



Reconstructing the world monetary system can only be accomplished through the use of the coinage. However, the most important aspect of this reconstruction that I have worked on my whole life is the fact that it answers questions that not even contemporary historians ever addressed. Only with the

Reconstructing the World Monetary System

coinage can we determine if Rome fell in the blink of an eye or if it was slow and gradual like a 747 jet coming in for landing.



Shapur I (the Great)
(241-272AD)

The fall of communism in 1989 was akin to the same timing of a rapid shock and decline. We find the same sort of rapid political change in 509-508 BC when Rome overthrew its king to create the Republic and Athens overthrew its tyrants giving birth to Democracy.

Nevertheless, there was another element that proved to be critical

to the final collapse of the Roman monetary system and the political economy of the Roman Empire. In 260 AD, Emperor Valerian I (253-260 AD) was captured by the Persian King Shapur I (241-272 AD) and used as a royal slave. Once that took place, the Romans suddenly saw that they were not invincible and other barbarians in the north saw Rome as vulnerable.

This led to repeated invasions and the subsequent Emperor Aurelian (270-275 AD) constructed a wall around Rome for the first time to protect the citizens from the barbarians who were making it into Italy.



Roman Die & Coin



Date: 108-107 BC



Obverse: PIETAS, head of Pietas right

Reverse: M•HERENNI, one of the Catanaean brothers running right, bearing his father on his shoulder

It might surprise many, nonetheless, governments have routinely spent more than they take in from taxes. In ancient times, governments simply minted more coins to fund their operations; they generally did not borrow. Some ancient Greek governments borrowed from the temples to fund wars and defaulted. Typically, tax revenues amounted to only about 80% of expenditure. Records and dies from which coins were struck have survived. Pictured here is an actual Roman die from the Republic period. Each die was hand-carved so we can distinguish between dies. As previously explained, given the number of dies, we can reasonably calculate the money supply on an annual basis.



Tiberius
(14-37AD)

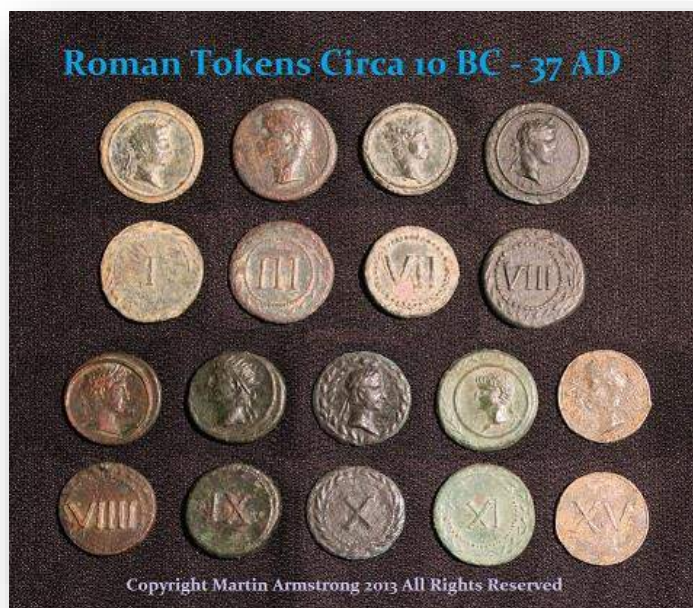
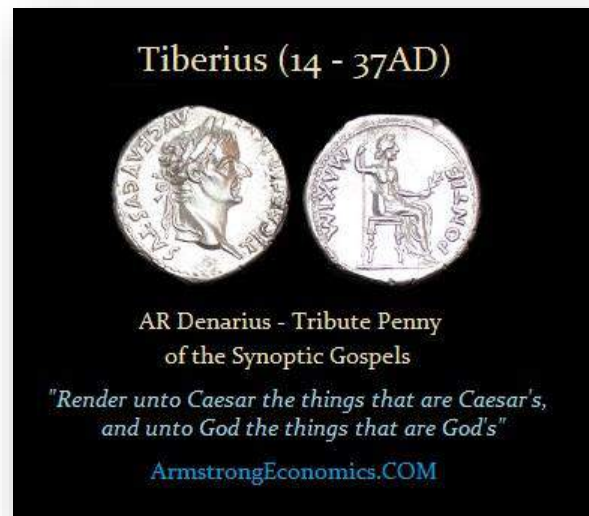
We know that there was the Financial Panic of 33 AD. One of the few detailed accounts of that event was recorded by the ancient historian Tacitus (56–117 AD) whose primary focus appears to be moneylending. Of course, Tacitus did not personally experience the event as he was born well after.

Tiberius (14–37 AD) ruled the Roman Empire and was notoriously frugal in his expenditures. He was so frugal that he issued very few coins and they tended to be void of any real variety. Consequently, Tiberius never raised taxes during his reign and in fact lowered Roman taxes when Cappadocia became a province (located in

Reconstructing the World Monetary System

modern Turkey). Tiberius' frugality also allowed him to be liberal in helping the provinces, such as when a massive earthquake destroyed many of the famous cities of Asia. Nonetheless, Tiberius seems to have detested politics and withdrew from Rome to live on Capri. Tiberius was never again to return to the city of Rome.

In my study of the Tribute Penny (Denarius of Tiberius), I have counted a minimum of 75 obverse dies. This suggests that he produced, at best, perhaps less than 5% of the coinage produced by his predecessor, Augustus (27BC-14 AD).



The private token issues during the period of Tiberius (14-37 AD) reflect the shortage of coinage at the time. Indeed, these private tokens are reminiscent of the Great Depression when hundreds of cities issued Depression scrip because of the shortage of money. We also find private token coinage produced during the American Civil War for the same reason. There were even encased postage stamps used for coins due to the shortage of money

during the Civil War. The same is true in Germany during the hyperinflation *notgeld* ("emergency money" or "necessity money").

Reconstructing the World Monetary System



Didius Julianus (193AD)
Wife Manila Scantilla Daughter Didia Clara

Since the government funded itself primarily by minting coinage and had no national debt, we find that even emperors who ruled for just a matter of days or weeks are still remembered by their coinage. The coinage of Didius Julianus survived featuring his wife and daughter. He ruled for 66 days in 193 AD.

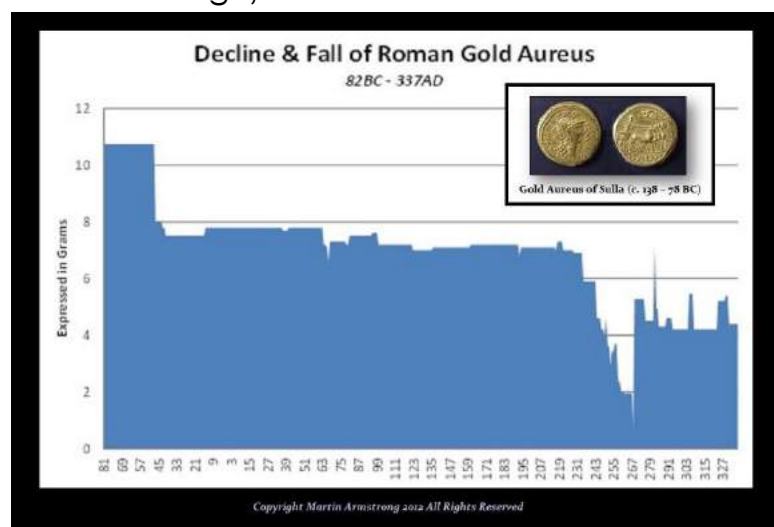
Here we have a silver denarius of Gordian I (238 AD), who reigned only 36 days. His coinage has also survived and is not exceptionally rare.



Gordian I (238AD)

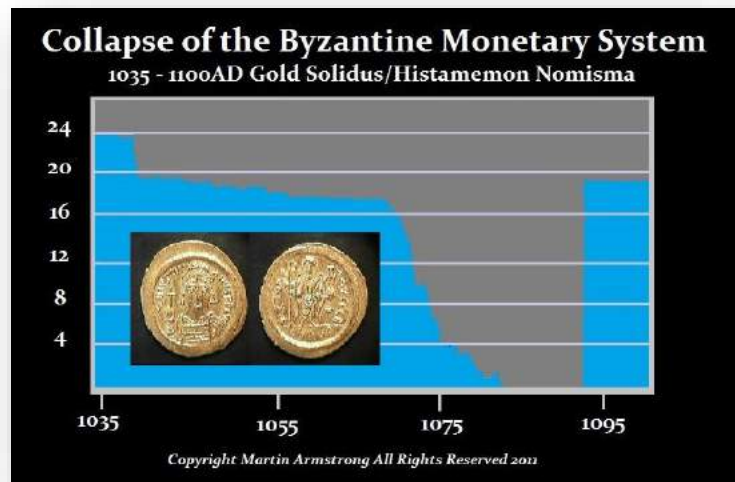
ArmstrongEconomics.COM

Assembling the coinage of thousands of years provides an excellent profile of how the business cycle has functioned in both silver and gold coinage. We are able to see the real economic consequences of what contemporary historians only hinted about. They were not concerned with monitoring the weight and purity of the coinage, but would comment on various crises that the coinage allows us to see clearly.



Reconstructing the World Monetary System

Putting together the entire world monetary system allows us to identify the business cycle over thousands of years. We can pinpoint monetary crisis events and reforms. This is true for the Byzantine Empire as well where there the debasement of gold was normal whereas the Roman Empire debased the silver coinage and merely reduced the weight of the gold coinage.



Brindisi Gold Augustalis
(5.21 g) circa 1232



Florentine Gold Florin
Circa 1252 (3.5 g)



Genoa Republic
1253 Gold Genovino (3.5 g)



England Henry III (1216-1272)
1257 Gold Penny (2.9 g)

Assembling the coins of the Dark Ages shows that gold vanished from circulation after the fall of Rome and did not reappear again until the 13th century.



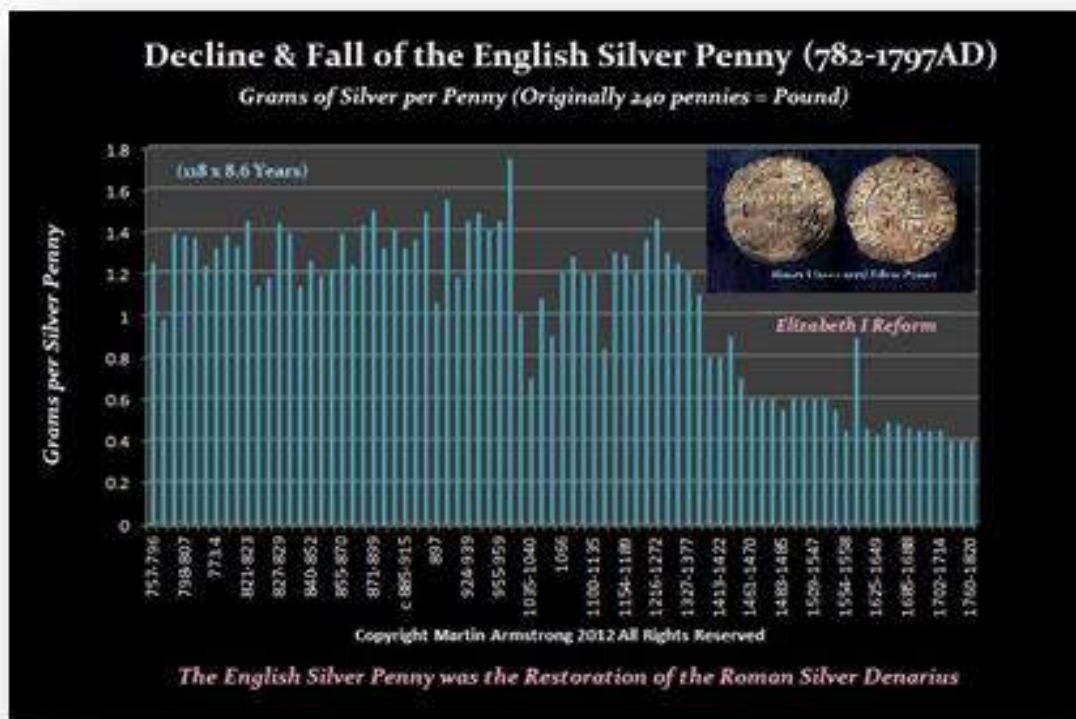
Looking at the coinage of the 7th century, we also see the steady debasement of gold until it vanished during the 8th century and what was once gold became silver.



When we look at the 16th century, once again we encounter a debasement of the silver coinage. This actually led to the observation of Sir Thomas Gresham (1518-1579) that "bad money drives out good." Gresham first articulated this in

Reconstructing the World Monetary System

1558 after also being the agent for the English Crown. He observed price movement of currency in Amsterdam in the aftermath of the debasement of Henry VIII (1509–1547).



Collecting the coinage of the 15th and 16th centuries has also provided a closer look at the business cycle. The English silver penny declined in weight from the 8th century to 18th century by about 50%. The English silver penny was introduced

by Offa (757–796 AD) and was modeled on the Roman denarius. He even placed a portrait of his wife on the coinage as did the Romans. Everyone then adopted the English penny which became the denier and pfennig in other monetary systems.

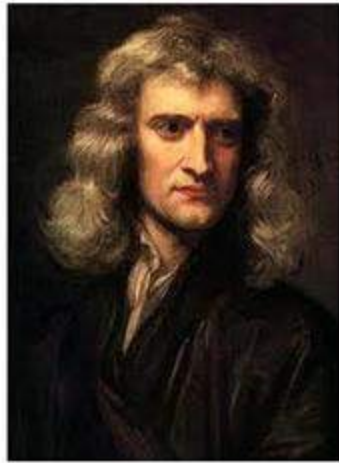


How Everything Moves

Uniformity v Catastrophe

There has also been the debate of how things unfold, and whether they occur in the blink of an eye or gradually in some nice neat linear progression. These two opposing views seem to emerge because some see events as violent, catastrophic, and shocking like the fall of communism in 1989. Others see a gradual peaceful transition from one era to the next. This has been a debate that lies at the center of so many scientific fields. This question arose after a discovery in 1772 near Vilui, Siberia of an intact frozen woolly rhinoceros followed by the more famous discovery of a frozen mammoth in 1787. You may be shocked, but these discoveries of frozen animals with grass still in their stomach set in motion these two schools of thought. The evidence implied that you could be eating lunch and suddenly find yourself frozen to be discovered by posterity. Hence, the birth of the theory of uniformity v catastrophe.





Sir Isaac Newton (1642-1727)



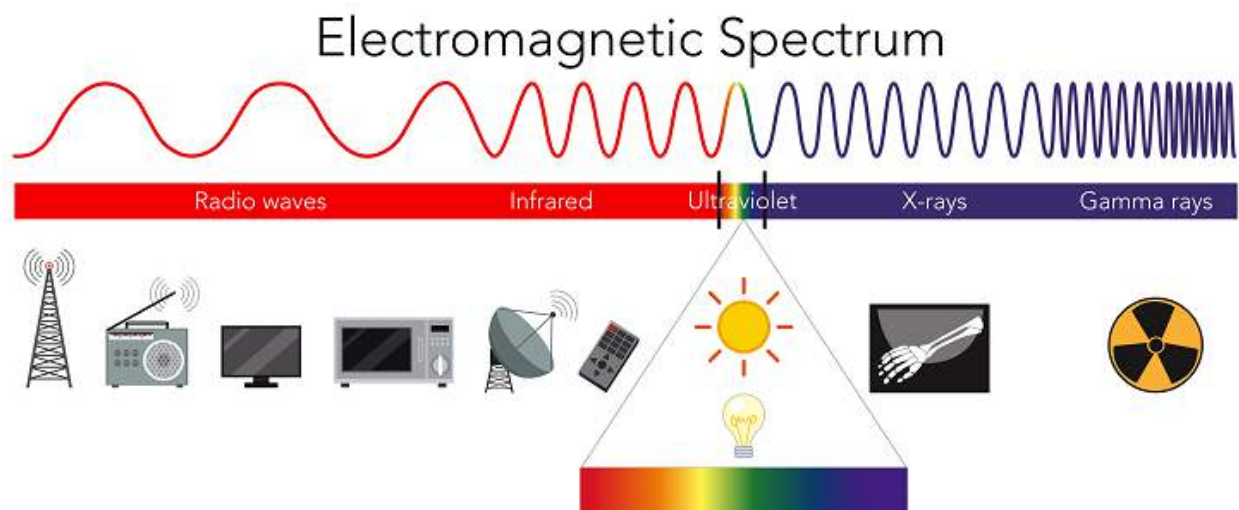
Edmund Halley (1656-1742)

Those who took the view of abrupt change, we will call the catastrophists, could claim greater influence in the birth of the field of physics. The discovery of these frozen animals in Siberia sparked the investigation into Ice Ages, and also inspired the idea of cyclical movement behind things rather than a linear progression. Sir Isaac Newton (1642–1727) developed his laws of gravity. He was inspired to publish his findings by his friend who underwrote the project, Edmund Halley (1656–1742). This was the same Halley who discovered the cyclical nature of comets. Halley believed that the comet that carries his name was the same comet reappearing throughout history at regular intervals recorded by contemporary historians of all ages. Halley saw hidden within history the same periodic intervals of a comet. This idea of a nice steady uniformity began to give way to the understanding of cycles and that things could unfold abruptly, resulting in catastrophically changing events.

Understanding how things move cyclically like the sun or the beats of the heart became critical to grasping the very essence of how things develop. Cyclical movement dominates everything in the universe from the path of the planets within our solar system to how our solar system revolves around a cycle of 25,800 years, known as the Precession of the Equinox. If we fail to understand cycles, then it becomes impossible to comprehend the very blueprint of the world in which we live.



There is something so fundamental that lies at the core of how everything moves. It is the cycle of life — we are born, we live, and then we die. In the process, we seek to perpetuate the species by creating offspring. A doctor knows when we are dead when there is no longer a brainwave present, which demonstrates that even a cycle exists to how our minds function. Blood flows through our veins because our heart beats. Plants to all animal life work on this same model.



We may think that sunlight moves in a linear fashion, but sunlight moves in a wave formation. We can change the frequency of the electromagnetic wave and use it to create an X-ray or cook in a microwave.



If you go to the beach and study the waves as they come into shore, you will notice two things. First, there is a pattern that will emerge. After five waves, the sixth is larger than the previous waves. They are not uniform but will differ in size. Secondly, it is not actually the water moving, but energy passing through the water. There is simply a cycle to everything right down to sunlight and how energy creates waves within the open sea.

What is common to everything is uncommon to the realization of how even society and the economy functions. These are essential areas that are not that difficult to understand, yet appear to be overlooked because most people assume the uniformity style of analysis and conclude whatever trend is in motion will continue indefinitely. While the global warming people put out forecasts that are linear (uniformity), they remain ignorant of cyclical behavior.

How something moves is critical to our comprehension of the future. Movements within society with the rise and fall of empires, nations, and city-states reveal one simple reality. Every society that has emerged before us also assumed they too were invincible. They never understood the cyclical nature of everything and ignored any external factors from other societies.

Political Contagions



China's communism came crashing down in 1989 after the Tiananmen Square protests, which began on April 15th and were forcefully suppressed on June 4, 1989. The event in Beijing during 1989 unleashed the popular national movement which became known as the '89 Democracy Movement. Within months, the Berlin Wall was toppled, and the Soviet Union crumbled to dust. Secretary of State James Baker said that the fall of the Berlin Wall was "the most dramatic event in East-West relations" since the end of World War II.

The commentary attributed the fall of communism that swept the world as inspired by communication. As popular as that excuse may have been, once again it illustrates that so many attribute events without even opening a history book to see if humans have acted in such a manner that sweeps across borders.





Contagions have been how empires, nations, and city-states rise and fall, but also how ideas, inventions, and progress move around the world. Take the invention of gunpowder that was discovered in China. It made its way like silk and spices from the East to the West. Cannons breached the walls of Constantinople in 1453 and ended the glory of the ancients. This forced its retained knowledge to spread to Europe and Russia. Fashions begin in Paris, Milan, or London and migrate to the United States. This is how things simply flow globally.

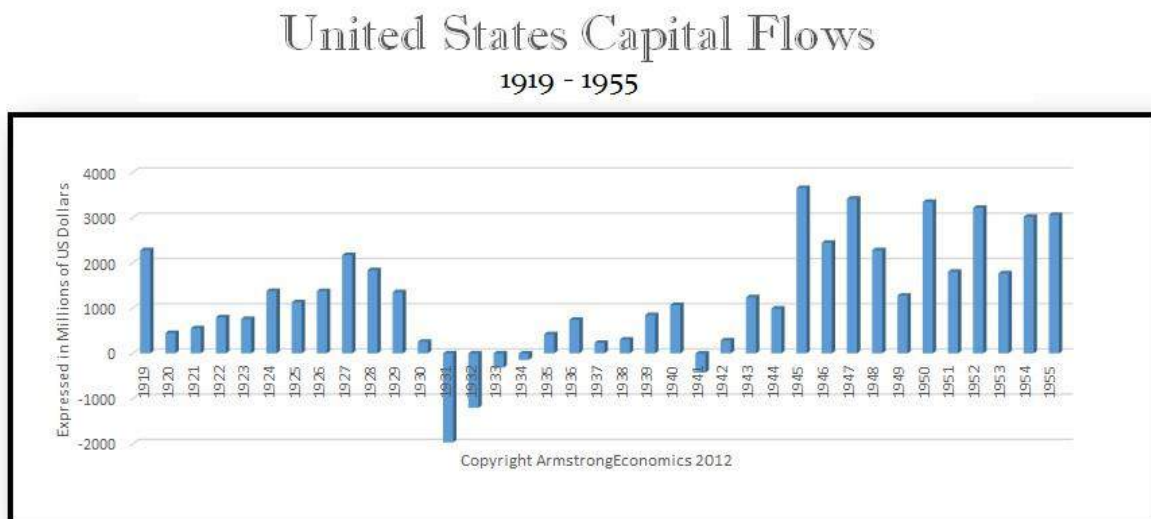
Tiberius (14-37AD)



Indeed, contagions have also taken place within the monetary system. We find the coinage of the leading empire is usually imitated in the peripheral surrounding economies just as dollar has circulated in Asia and Russia. We find imitations of both Greek and Roman coins made of the same basic precious metal, demonstrating that there was a premium to the metal when in the form of the coinage of the dominate economy. Just as trade existed between Rome and the East, we also find imitations of their coinage in places like India long before they created their own coinage. So even the idea of creating money

Political Contagions

became a contagion. Coins were invented in Sardis, Lydia in modern Turkey and spread to the Greeks and others around the Mediterranean Sea.



Copyright Martin Armstrong - Armstrong Economics
all rights reserved 2012

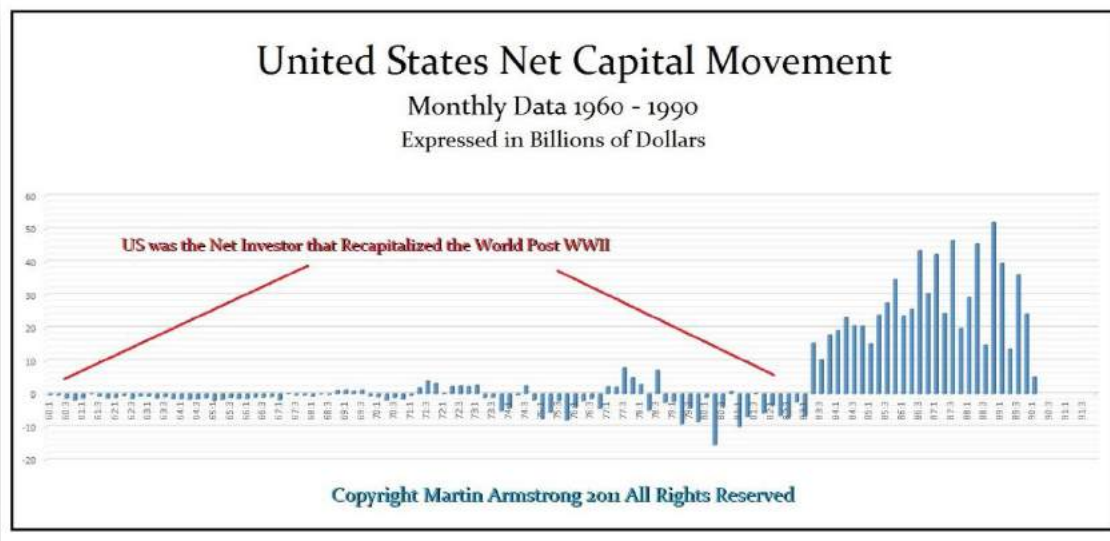
From one point of view, economically, contagions are a vital component to how all aspects of civilization have risen and fallen as well as spread from one region to another. So, when the banks fail in the United States due to mortgages as in the 2007–2009 Crash, we see the effect spread to Europe and Asia and engulf the entire world in an economic decline. This is normal and it has been taking place since history began to be recorded. Thus, our very concepts of economic theory may be grossly incorrect. The array of economic theories has been based upon the assumption of an isolated domestic economy unimpacted by external forces. Politicians then run for office, promising to change things that they really have no control over. There are global trends that dominate every domestic economy.

If we simply look at the capital flows from 1919 to 1955, one pattern jumps out at us immediately. The USA was virtually bankrupt in 1896 when J.P. Morgan organized a gold loan to bail out the Treasury. After two world wars in Europe, the USA ended up with 76% of the official gold reserves as it provided both arms and food to the rest of the world during those world wars.

You could not possibly predict the future of the United States by focusing only on the domestic economy. Without the external factors of World Wars I and II,

Political Contagions

there would have been no way the United States could have risen from an emerging market to the dominate economy post-World War II.



When we look at the postwar era, what immediately springs out is the fact that the capital concentration in the United States then reversed through loans and international investment. If it were not for the net capital outflows, the rest of the world would never have been reborn. It has always been the free flow of capital that has built the world economy be it in ancient or modern times.

The Ancient Contagion Overthrow of Monarchy



Lucius Junius Brutus
(*First Consul Roman Republic 509BC*)
(*c 6th-5th century BC*)

One of the examples from history that illustrates political change took place within months between Rome and Athens. It was during 509 BC when the citizens of Rome overthrew their Tarquin king. There and then, the very idea of a representative type of government was born and became known as the Roman Republic. In Latin, this was known as "*res publica*" whereby "*res*" means this "thing" and "*publica*" means "people." Consequently, the actual translation of "*res publica*" meant "this thing of the people." Lucius Junius Brutus was the founder of the Roman Republic and traditionally one of the first consuls in 509 BC, which followed his successful overthrow of the Roman monarchy.

Overlooked by most was the fact that this ancient event was indeed a contagion that swept the Western world within one year just as we witnessed with the fall of communism. This idea of a government by the people rather than kings gave birth to the concept of a representative Republic in Rome and a Democracy in Athens that was directly managed by the people. This was an ancient contagion that eventually inspired another contagion during the 18th century. That contagion produced the American Revolution followed by the French Revolution.

Political Contagions

This ancient contagion had a central theme of eliminating monarchy, which inspired both the American and French Revolutions. There was a difference between the Roman version and that of Athens. Under the Roman Republic, the people voted for a representative who then voted on behalf of the people and became a Senator. Under Athenian Democracy, the people could actually go to the senate and propose new laws. That was truly a government by and for the people.

The Roman Republic lasted longer because it replaced the king with merely a representative. As always, this design succumbed to corruption and was then dominated by an oligarchy. This is the same problem we have today. The Republic model attracted corruption as those seeking power quickly manipulated elections and contrived rules that merely replaced the king with a multithreaded bureaucracy.

Nevertheless, between 509 and 508 BC, we have a completely new concept in government emerging in the form of a sweeping contagion in the ancient world. Contagions, as we will explore, can be for both better and worse.

Curse of all Republics – the Oligarchy



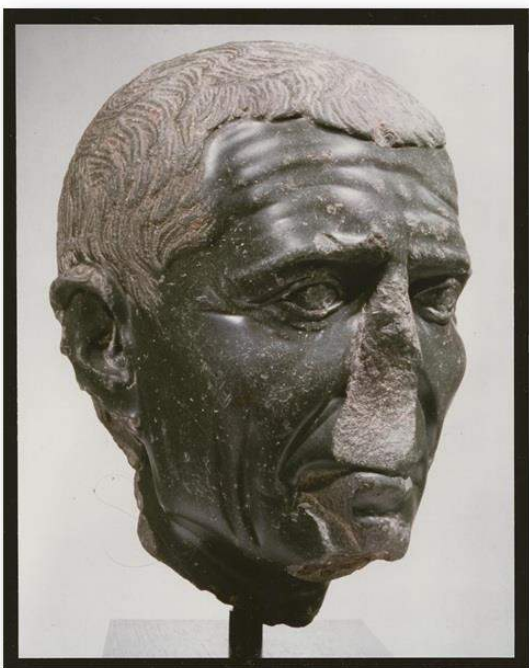
Roman Senate - Cicero Denounces Catiline, by Cesare Maccari (1889)

It is fascinating how even a contagion can transcend centuries. When Roman history was coming into popularity with the publication of Edward Gibbon's *Decline and Fall of the Roman Empire* in 1776, the misreading of history led many to believe that a Republic was a superior form of government. As previously mentioned, Thrasymachus correctly identified that no matter what form of government society has lived under, justice has always been simply the will of that government. There has never been any such enduring political system where human rights have been respected against the self-interest of the political power.

There have been times when people have sought to consult history for guidance. However, in most cases, they interpret something from the current perspective and lack the understanding of how terms change with time. Consequently, inevitably we have set in motion the very same cycle of mistakes and events that lead us to conclude that indeed history repeats. As a society, we are too stupid and unable to learn from our mistakes. We keep sticking our finger in the flame of a candle to see if perhaps this time it will not burn.

Curse of all Republics – the Oligarchy

While a monarchy can be benevolent when headed by someone like Queen Victoria of Britain, it can also be tyrannical as was the case with many throughout history such as Caligula (37–41 AD), Commodus (177–192 AD) and Caracalla (198–217 AD). For those of us not afraid of the past, a review of history produces a very clear answer. It contains the solutions since man has never managed to change his passions and is compelled to repeat the past.



Julius Caesar
(100-44BC)
*(Black Bassault Bust
Commissioned by Cleopatra)*

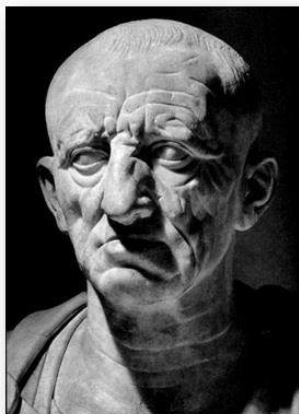
Republics are far too often the petri dish of corruption which then will transform into tyrannical oligarchies. Where a monarch may have power by a birthright, a "representative" in a Republic is voted in by the people. Without term limits, they are inevitably up for the highest bid. They will always descend into oligarchies for to retain power they need constant funding. As we are about to explore, the story of Julius Caesar (100–44 BC) being some ruthless dictator has been the propaganda created by the oligarchy which the people hated. The people were forced to flee and cheered the arrival of Julius Caesar to save them from the corruption and a profound debt crisis.

Often the downfall of Republics has been the corruption which inevitably leads to a major debt crisis. The rise and fall of mere speculative booms transformed into busts do not topple society. However, when those events involve the debt markets, that is when the political system begins to crumble. No matter what we may pay attention to, the debt markets have always tended to be seen as less of a risk than pure investments. It was Andrew Mellon who during the Great Depression perhaps articulated it best when the stock market first began to crash in October 1929. He commented: "Gentlemen buy bonds."

Curse of all Republics – the Oligarchy

Therefore, a debt crisis is always distinguished from a mere speculative bubble. Perhaps one of the few political figures in history to truly grasp the difference between a debt crisis and a speculative bust was, in fact, Julius Caesar.

If we stop interpreting history by those who write the propaganda and look objectively at the contemporary sources of the day, we catch a glimpse of Julius Caesar that has been hidden for centuries. To understand the risks we currently face living under a republican form of government, we must pull back the curtain and open our eyes without bias.



Marcus Porcius Cato
(or Cato the Younger)
(95-46 BC)

There was intense political corruption during the Roman Republic, and those who have been mistakenly hailed as heroes against tyranny such as Marcus Porcius Cato (or Cato the Younger) (95-46 BC) and Marcus Tullius Cicero (106-43 BC) have taken credit that they do not deserve.

Worse still, the propaganda they left behind has not only confused countless generations who dismissed Julius Caesar as a dictator lusting for personal power, but they have blinded us to the risks we face, once again, because the passions of man never change.

To set the record straight, a “dictator” in the Roman Republic was a political appointment that was a power in times of national security where the Senate would appoint an individual to deal with a situation for one-year terms. Cicero himself asked for the same powers and was granted a dictatorship. Today, we have the same system, but we call it “Marshall Law” where the president can be granted that same power that suspends the Constitution and individual rights.

To understand history and events, we must do more than listen to the words written by contemporaries or judge them based upon what we currently see. We must review the actions of men, for that reveals what words often overlook and the context of terms such as a dictator in the Roman Republic instead of our vision of someone like Saddam Hussein (1937-2006).

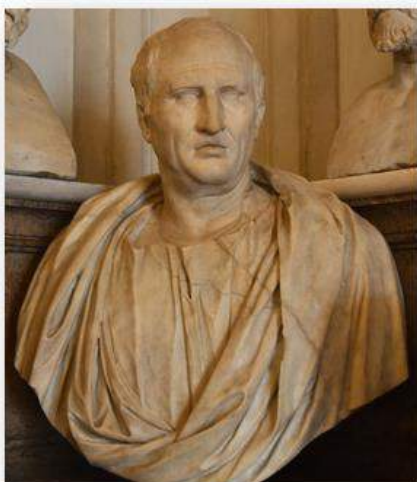
What I am about to discuss to many will be a shocking revelation of history. But let me state now, what Caesar faced we now also face. The corruption of the Roman Republic has once again become widespread today. We cannot move forward without comprehending the mistakes of the past or we are doomed to repeat them once again.

The Debt Crisis & Julius Caesar

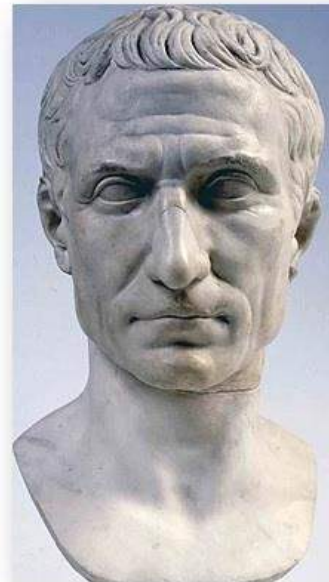
Of all the various economic declines throughout history, debt crises are the major destroyer of civilization. One such crisis was faced head-on by one man who grasped what it was and came up with a unique plan of resolution. That man was Julius Caesar. Still, we must understand that the debt crisis then was private for there was no national debt nor was there a central bank.

There have been many books written about Julius Caesar, but never have I seen any modern writing that detailed his position as a politician and major economic reformer. The countless books I have seen published on this exceptional figure in history focus upon his military career and his character has been tainted by the very politicians who wallowed in corruption.

It is true that but for his conquest of Gaul, the world we live in today may have been very different. This was the man who created Europe and spread a single language and currency throughout Western society. Julius was a master at strategy, engineering, and administration. His conquest of Gaul was by far the foundation of Western civilization. The victory secured Europe for about 400 years, and as the generations came and went, they no longer saw themselves as Gauls but as Romans. This is the man who created Europe.



Marcus Tullius Cicero
(104 - 43BC)



Julius Caesar
(100 - 44BC)
Vatican Museum

Yet, there is a strange twist to history. Who, when, and how history is written often determines its veracity. People have gathered the writings of Cicero and wanted to believe that a Republic was magnanimous, just as they wanted to believe that the Maya were a peaceful society close to Utopia. That is why these accounts are colored in modern bias.

Curse of all Republics – the Oligarchy



Vercingetorix Throws Down his Arms at the Feet of Julius Caesar (1899)
by Lionel-Noël Royer (1852 – 1926)

Julius Caesar has indeed provided a wealth of military and political key lessons. He was also an inspirational leader who would wear a red cloak so his troops would see him in battle. He would at critical times instinctively know that this was the moment and would lead his men into battle, charging at the front instead of directing from behind. This amazing talent is rare and even General Patton in World War II with whom my father served and retired as a colonel, wore a red cloak as Caesar did.

Caesar was truly what is commonly termed a “Renaissance Man” long before the term was ever coined. It meant truly that the person was skilled in more than one field. It is a term that truly denotes to me something more than wide interests. It means, to me, a man who has also wide experience. Perhaps like Socrates, I have met many people who were often considered the top in their field. There was a basic trait that was hidden from most. It is what I can only describe as a “feel” that is indescribable.

Curse of all Republics – the Oligarchy

I have personally explored this indescribable “feel” and found that it perhaps makes that person among the best in their field. This is true from the military to



Vercingetorix on Roman Denarius

music. If you have this inherent “feel” in whatever field you may be in, then you instinctively always understand the correct timing of the events. I came to know former Prime Minister Lady Margaret Thatcher. We were discussing matters after she left office, and she commented to me that

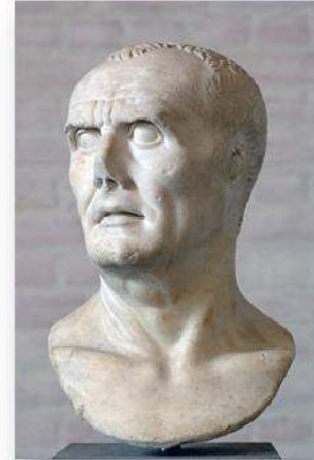
Labour would win long before anyone was talking about an election. When I asked her why she said that, she commented that the Conservatives were in power too long and said, “It’s just time!” Lady Thatcher possessed a “feel” for events and she could see the political cycles in her mind’s eye.

One cannot comprehend history without understanding the contemporary meaning of words. You also need a deep “feel” for the time of which that person resided within history. When Julius Caesar surrounded Alesia in the final battle against the Gauls led by Vercingetorix, he knew that another Gallic army was coming from his rear. He built a second wall and defended against two armies about twice his strength. When one was breaking through a narrow area, Julius could “feel” the moment, put on his red cloak, and told his men to follow him. He could “feel” that moment in time and knew what he needed to do — stand tall or go down in defeat.

Amazingly, this man could master more than one field. He not merely was accomplished in battle, he was accomplished in politics and knew the state, how it functioned, and its problems. But Julius also understood how to fix it. When we look at history, we must understand that it is often written by one who remains standing. Consequently, there is an inherent bias that one must be quite careful to filter out. In this case, they assassinated Caesar, so they dominated the history account.

Curse of all Republics – the Oligarchy

The corruption within the Roman Republic was certainly at its peak during the first century BC. Gaius Marius (157–86 BC) was elected consul an unprecedented seven times during his career. He was a tribune and defender of the plebs (common people) in 119 BC. He had even become a praetor, a judicial magistrate (judge) in 115 BC, and was a governor of Spain. He fought against the rising corruption within the Roman Republic and took Rome by force with Cinna in 86 BC and was elected consul before he died. Marius was one you would call a true revolutionary, and he was married to Julia, the aunt of Julius Caesar.



Gaius Marius
(157-86 BC)

Marius was a Roman general and statesman who instituted dramatic reforms of the Roman armies, authorizing the recruitment of landless citizens who established careers in the military as a means of acquiring status in life. He eliminated the manipular military formations and reorganized the structure of the legions into separate cohorts. Marius also defeated the Germanic tribes by invading Italy (the Teutones, Ambrones, and the Cimbri), for which he was often called "the third founder of Rome."

In 95 BC, Rome passed a decree expelling from the city all residents who were not Roman citizens. In 91 BC, Marcus Livius Drusus was elected tribune and proposed a greater division of state lands, the enlargement of the Senate, and a conferral of Roman citizenship upon all freemen of Italy. The rising oligarchy within Rome did not wish to accept anyone other than Romans as citizens, denying that to all other Italians. They assassinated Drusus for making such a proposal, and this resulted in many of the Italian states then revolting against Rome in the Social War of 91–88 BC. Marius took command (following the deaths of the consul, Publius Rutilius Lupus, and the praetor Quintus Servilius Caepio) and

fought along with Lucius Cornelius Sulla (138 – 78 BC) against the rebel cities.



Gold Aureus of Sulla (c. 138 – 78 BC)

Curse of all Republics – the Oligarchy

After the Social War, King Mithridates VI the Great of Pontus (134–63 BC) began his bid to conquer Rome's eastern provinces and invaded Greece. In 88 BC, Sulla was elected consul. The choice before the Senate was to put either Marius or Sulla in command of an army which would aid Rome's Greek allies and defeat Mithridates. The Senate chose Sulla, but soon the Assembly appointed Marius. In this unpleasant episode of low politics, he was helped by the unscrupulous actions of Publius Sulpicius Rufus (121 – 88 BC), whose debts Marius had promised to erase. Sulla refused to acknowledge the validity of the Assembly's action.



Caius Marius Amid The Ruins Of Carthage
1807 by John Vanderlyn (1776 – 1852)

Sulla left Rome and traveled to the army waiting in Nola that the Senate had asked him to lead against Mithridates. Sulla urged his legions to defy the Assembly's orders and accept him as their rightful leader. Sulla was successful and the legions stoned the representatives from the Assembly. Sulla then commanded six legions to march with him to Rome and institute a civil war. This was a momentous event, and was unforeseen by Marius, as no Roman army had ever marched upon Rome — it was forbidden by law and ancient tradition.



Mithradates VI the Great
(134 BC – 63 BC)

Once it became obvious that Sulla was going to defy the law and seize Rome by force, Marius attempted to organize a defense of the city using gladiators. Unsurprisingly, Marius' ad-hoc force was no match for Sulla's legions. Marius was defeated and fled Rome. Marius narrowly escaped capture and death on several occasions and eventually found safety in Carthage in Africa.

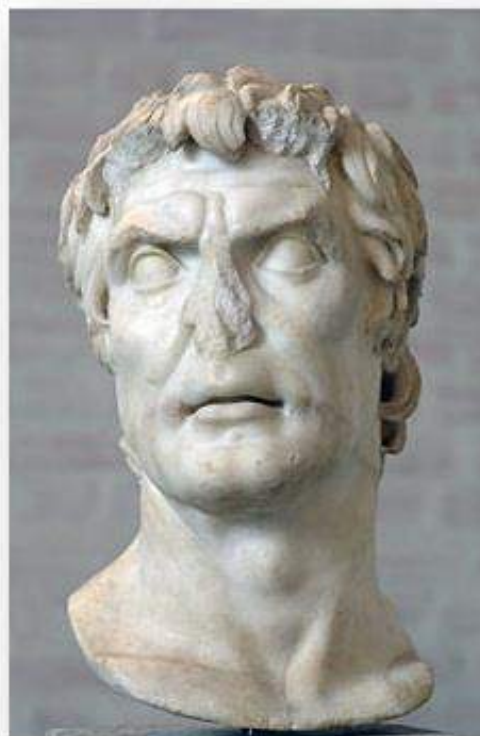
Curse of all Republics – the Oligarchy

Sulla and his supporters in the Senate passed a death sentence on Marius, Sulpicius and a few other allies of Marius. A few men were executed but (according to Plutarch), many Romans disapproved of Sulla's actions; some who opposed Sulla were actually elected to office in 87 BC. (Gnaeus Octavius, a supporter of Sulla, and Lucius Cornelius Cinna, a supporter of Marius, were elected consul). Regardless, Sulla was confirmed again as the commander of the campaign against Mithridates, so he took his legions out of Rome and marched east to the war.

While Sulla was on campaign in Greece, fighting broke out between the conservative supporters of Sulla, led by Octavius, and the popular supporters of Cinna, back in Rome. Marius along with his son then returned from exile in Africa with an army he had raised there and combined with Cinna to oust Octavius. This time it was the army of Marius that entered Rome.

Some of the soldiers went through Rome killing the leading supporters of Sulla, including Octavius. Their heads were exhibited in the Forum. In all, some dozen Roman nobles had been murdered. The Senate passed a law exiling Sulla, and Marius was appointed the new commander in the eastern war. Cinna was chosen for his third consulship and Marius to his seventh consulship. After five days, Cinna and the Populares General Quintus Sertorius ordered their more disciplined troops to kill the rampaging soldiers.

In his *Life of Marius*, Plutarch relates several opinions on the end of Marius. One from Posidonius holds that Marius contracted pleurisy; Gaius Piso reports that Marius walked with his friends and said that no intelligent man ought to leave himself to fortune. Plutarch then anonymously relates that Marius went mad and saw himself in a delusion that he was in command of the Mithridatic War. Marius



Lucius Cornelius Sulla
(138 – 78 BC)

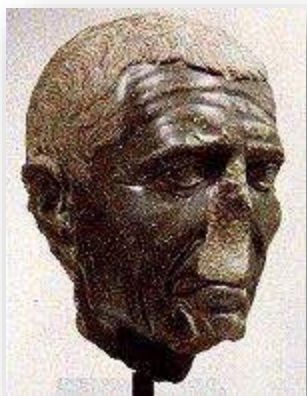
Curse of all Republics – the Oligarchy

is said to have lamented, on his death bed, that he had not achieved all of which he was capable.

Lucius Cornelius Sulla's (138 – 78 BC) dictatorship came during a high point in the struggle between Optimates and Populares, the former seeking to maintain the power of the oligarchy in the form of the Senate while the latter resorted in many cases to naked populism, culminating in Caesar's dictatorship. Sulla was a highly original, gifted and skillful general who never lost a battle. He remains the only man in history to have attacked and occupied both Athens and Rome.

Sulla's rival was Gnaeus Papirius Carbo (130s – 82 BC) who described Sulla as having the cunningness of a fox and the courage of a lion, but that it was the former attribute that was by far the most dangerous. This mixture was later referred to by Machiavelli in his description of the ideal characteristics of a ruler.

Sulla used his armies to march on Rome twice, and after the second he revived the office of dictator, which had not been used since the Second Punic War over a century before. He used his powers to enact a series of reforms to the Roman Constitution that was meant to restore the balance of power between the Senate and the tribunes. He then stunned the Roman world (and posterity) by resigning the dictatorship, restoring normal constitutional government, and after his second Consulship, retiring to private life.



When Sulla ordered Julius Caesar to divorce his wife and he refused to obey the dictator, this showed a keen streak of independence of character that Julius possessed. But of all those who pleaded with Sulla to spare the young Caesar, his comment was one upon his clear observation that this was a remarkable man. He warned, "There are many a Marius in this man." Sulla thus saw in Caesar at this young age, the ability and the independence of a man. These qualities would be no doubt nurtured with time.

We must understand that like today, the oligarchy in Rome was corrupting the internal workings of the state for several decades. When Caesar was a boy, there was the Social War 90–89 BC that was a rebellion waged by the other Italian allies who were being denied the rights of citizenship of Rome, although conquered by them. In 91 BC, Marcus Livius Drusus (130–108 BC) was the tribune and he proposed legislation granting citizenship to the Italians for this was

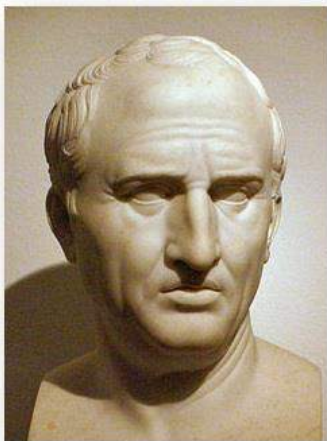
Curse of all Republics – the Oligarchy

becoming a rising problem. He was then assassinated for proposing the legislation and that sparked the revolt.

The Italians created their own confederacy and even minted their coinage with the name "Italia." They gathered an army of 100,000 and actually defeated the Romans. It was Lucius Julius Caesar, the grandfather of Mark Antony, who sponsored a law that granted citizenship to all Italians who did not revolt and who laid down their arms. Eventually, the rebels were defeated in the south by the Romans led by Lucius Cornelius Sulla and in the north by Gnaeus Pompeius Strabo (135–87 BC). All of Italy south of the Po river thus became Roman.

This century was an age of the corruption of the Republic oligarchy. It is preceded by the Social War 90–89 BC that demanded the equal rights (no taxation without representation), that was followed by what the victors called the Catiline Conspiracy, which takes its name from another hell-bent antagonist who rose against the Senatorial oligarchy.

Lucius Sergius Catiline (108–62 BC), the victor, claimed he was a demagogue who had unsuccessfully attempted to overthrow the Republic of which Marcus Tullius Cicero (106–43 BC) was consul in 63 BC. Catiline served under Pompey's father in the Social War of 89 BC. It is said he became such a zealot in Sulla's proscriptions that he killed his own brother-in-law. He was a praetor in 68 BC, governor of Africa 67–66 BC, but could not run for election in 65 BC or 64 BC for consul when charges of extortion were pending, of which he was cleared.



Cicero (104-43BC)

Catiline was also against the oligarchy. Rumors were planted that he intended to kill the consuls and seize power in 65 BC. However, there was never any evidence of this so called First Catilinarian Conspiracy. It is significant, however, that there is even an allegation that predates the conflict. In 64 BC, Catiline stood for election against Cicero after all charges were dismissed but he lost. He stood for the elections again the following year, and lost yet again.

Cicero was his opponent, and we must not forget that. Catiline was a popular man of the people and advocated for the cancellation of debt. He attracted the old victims of Sulla's proscriptions who were dispossessed of their property. So, we must understand that there was a

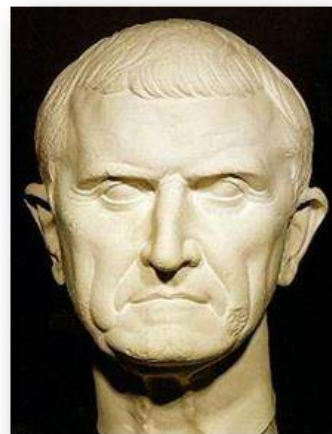
brewing debt crisis in Rome and the oligarchy was determined to keep power at any cost.

The Second Catilinarian Conspiracy

Cicero was counsel in 63 BC, and he employed spies and informers making it very personal to attack Catiline – the Second Catilinarian conspiracy. Whether Cicero acted in an ethical manner is highly questionable when one resorts to spies and KGB informer tactics. On October 21, 63 BC he stood before the Senate and denounced Catiline. They charged him with treason and he was granted what the Romans called the “ultimate decree” that was essentially a declaration of martial law – dictatorship.

Catiline was quite popular. He had the support of Gaius Antonius and some of the tribunes were already following his line working for the cancellation of debts, as noted by historian Cassius Dio (*Historia Romana* 37,25,4). He was clearly sharing this idea with Marcus Licinius Crassus (115/112–53BC) and Julius Caesar. There was a rising view of the corruption within the oligarchy that seized control of the Senate that could not be ignored.

Cicero was the leader of a party known as the “Concord of the Orders” claiming to be the party of law and order. This was a life-long source of pride for Cicero. We must also understand that Catiline tried the constitutional approach and stood for elections against Cicero twice and lost. He clearly knew that the opposition included Gnaeus Pompey Magnus (106–48 BC). Note keenly that the thrust was the cancellation of debts. The constitutional course of elections was always subject to bribery.



Marcus Licinius Crassus
(115-53 BC)

Catiline tried the constitutional approach. When Cicero accused him of being a threat to the Republic and guilty of treason, Catiline fled Rome on November 8th and joined a gathering of destitute veterans whom the oligarchy had never lived up to their promises of pensions. Despite the fact that the Senate handed the “ultimate decree” to Cicero, it does not appear from the contemporary accounts that the Senate fully believed in this Catiline conspiracy created by Cicero.

Curse of all Republics – the Oligarchy

On December 3, Cicero's informers and spies managed to obtain signed documents, or so they claimed, of others involved in the Catiline conspiracy. Cicero won the Senate, arrested those he alleged had signed the documents, and had them executed by December 5. He then mobilized an army to attack Catiline. In January 62 BC, Catiline was attacked by Gaius Antonius Hybrida, father-in-law of Mark Antony, who commanded the Republican army and was killed in the battle at Pistoria. The victors portrayed those senators who sided with Catiline as the men who were facing bankruptcy. Cicero essentially eliminated any idea of revolution against corruption and recast it as a bunch of losers who were bankrupts.

Marcus Licinius Crassus (115–53 BC) was one of the richest men in the history of Rome. He fled Rome when the city was taken in 87 BC by Gaius Marius. He supported Sulla during the civil war of 83–82 BC. It was he who put down the famous slave uprising led by Spartacus in 71–72 BC, although Gnaeus Pompeius Magnus (106–48 BC) took credit for the victory. During this Catiline conspiracy, Crassus seems to have fed Cicero with critical inside information on the night of October 20/21 in the form of an anonymous letter. Crassus being a rather keen moneylender, funded the election in politics. This is one of the reasons why Caesar was attracted to Crassus with whom ultimately the First Triumvirate was formed between Caesar, Crassus, and Pompey.



Pompey the Great
(106–48 BC)

Catiline had been part of a growing popular movement against the corruption of the Republican oligarchy known as the Populares, and no doubt Caesar was a major and profound political advocate. During the December 4th session at the Senate, a witness appeared who then alleged that he had been entrusted with a message from Crassus to Catiline. Cicero knew the popular movement was indeed widespread, and he also knew that Crassus and Caesar were involved. He feared that exposing the true extent of the so-called plot would expose too many legitimate politicians, not the least would be Crassus and Caesar. This is why there was a quick execution

within two days to hide the truth, not to vindicate the law.

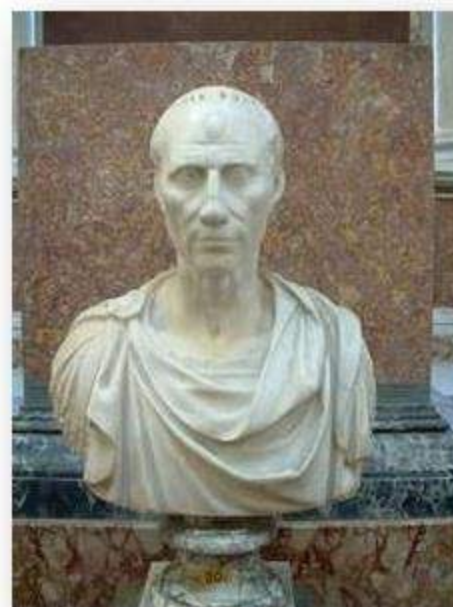
Curse of all Republics – the Oligarchy

Cicero even made a motion to reject this new information. Quintius Catulus and Gaius Piso made great efforts to throw suspicion upon the heavily indebted Julius Caesar and even reproached Cicero for protecting him. They tried to use the indebtedness of Caesar to show he supported Catiline in order to escape his debts. Cicero then did his best to contain the new allegations to limit them to only Catiline.

On December 5, the Senate deliberated over the sentencing of the conspirators. Crassus did not attend. Caesar attended and was one praetor (judge) designate. But there was a constitutional conflict. Cicero had been given the "ultimate decree," meaning he was operating under a dictatorial power to defend the Roman state. The two consuls were the first to speak and asked the Senate for the "ultimate penalty," meaning death. Caesar was the next to speak. His speech one must regard as perhaps one of the most brilliant devised resolutions resting firmly upon the Rule of Law rather than dictatorial powers. Caesar argued that the conspirators should be imprisoned for life and that imposing death was no punishment at all for it would come to everyone by natural necessity as a rest from toil and misery.

Perhaps he was familiar with the incredible speech of Socrates when he told the Athenian Senate that their penalty of death he did not fear for it was either a migration of the soul to be rejoined with old friends departed, or it was like a mid-summer night's sleep where it would be so peaceful that one is not even disturbed by a dream. Either way, he told the Senate, he feared not.

Julius Caesar argued that to allow the consuls under dictatorship decree to impose the death penalty was contrary to law. The law of Gaius Gracchus of 123 BC that any magistrate who had put Roman citizens to death without trial should be brought before the popular court and outlawed, and that never should a decision be made concerning the life of a citizen except by the people at trial.



Gaius Julius Caesar
(100 - 44BC)

Curse of all Republics – the Oligarchy

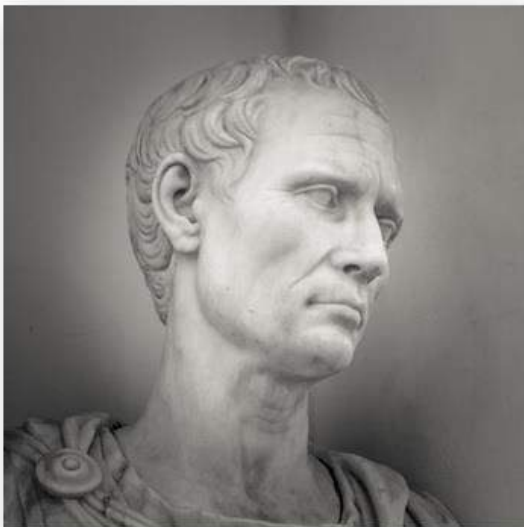
Cicero argued that once they were arrested as criminals on treason, they forfeited their citizenship even for a trial. Caesar stood his ground and admirably argued that this result was inconsistent with the Rule of Law and was a totally new kind of punishment, and thus there was no good reason to abandon the framework of the Rule of Law. He argued why they should not propose flogging the guilty before executing, showing that also the *lex Porcia* forbade the flogging of citizens.

Furthermore, under Roman law, the guilty could opt for the voluntary exile as criminal penalty that the death penalty would negate. He also argued that to execute such men of high rank would produce the image that the Senate was being ruled by its passions rather than law, and that never had such a thing ever taken place in Roman history.

Caesar opened a window into his mind and soul on this day. He showed his true inner nature that he was a man still loyal to his friends and to the principles of the Populares. Yet, he displayed his respect for the rule of law and what Aristotle had said it represented: the separation of passion from objectivity. Caesar defended the conspirators, yet he could not be assailed himself.

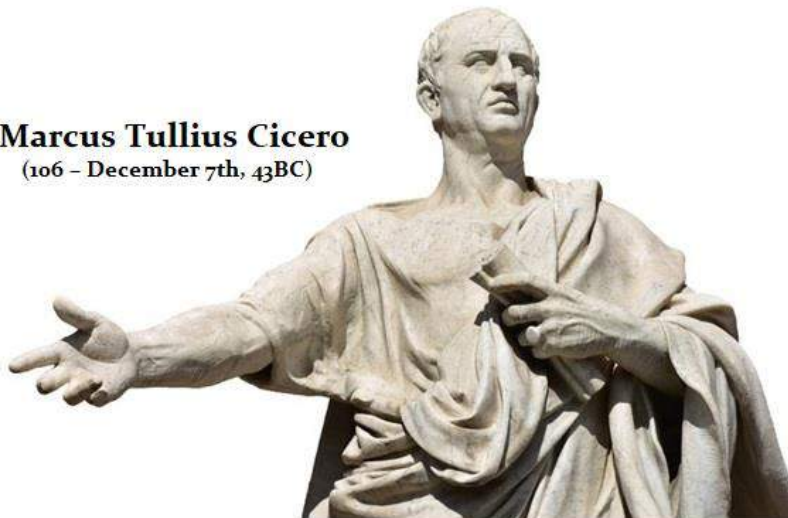
Caesar's speech was amazing. He even won over another praetor designate, Quintus Cicero, the counsel. However, then Tiberius Claudius Nero (85–33 BC), who was the first husband of Livia and the father of the future Emperor Tiberius (14–37 AD) and the maternal great-great-grandfather of Emperor Nero (54–68

AD), suggested that a decision should be postponed and conducted under military protection. To this Cicero objected fearing any postponement would be dangerous.



Gaius Julius Caesar
(100–44BC)

Marcus Tullius Cicero
(106 – December 7th, 43BC)



Cicero got to speak again, which he later published as his *Fourth Catilinarian*. This time he turned to the Consul Decimus Junius Silenus who immediately claimed that when he asked for the “ultimate penalty” he had only intended that meant imprisonment, not death. Only Catulus, a natural enemy of Caesar, still argued for the death penalty. It appeared that the Senate had been won over by Caesar’s speech.

The tide turned, however, by the tribune Marcus Porcius Cato (95–46 BC) who was the antithesis of Caesar. Cato may have pretended he was a true stoic but kept his real nature buried deep inside. His brother-in-law was Silanus, but we must remember actions are the true revelation of character.

Plutarch’s biography of Cato is based on the writings of his close political friend Munatius Rufus. Again, given the climate of corruption and the Republican oligarchy under the Optimates, we cannot assume the honor of Cato as some devout Republican who stood tall against tyranny.

It was Caesar who was on the side of the people and the Populares whereas it was Cato and Cicero who kept championing the Republic and the position of the Optimates that was clearly deep in corruption. In fact, the corruption was so widespread that interest rates doubled from 4% to 8% during the elections of 54 BC because there was so much bribery going on to gain votes.

Cato attacked Caesar, but not on any noble ground. He accused him of trying to just terrify the Senate and argued he should be glad to be escaping with his own life. He accused Caesar of trying to confuse the Senate and defend

common enemies to save them from a just punishment. He accused Caesar of having no pity for his own city, while sounding a cry of lament for these criminals.



Cato proposed that the death penalty should be carried out immediately with no trial (so much for the Rule of Law), and that their property should be confiscated from their families. These were neither the demands of a reasonable stoic nor of a compassionate man to inflict the confiscation of property that would deprive the families of the accused by throwing them out on the street. The actions of Cato are not that of a man of the people or a Populares. Cato was obviously a ruthless and corrupt leader of the Optimates.

Cicero moved immediately to put the proposal of Caesar and Cato to vote. Caesar argued that there should be two votes; the death penalty and the confiscation of property. Cicero opposed and Caesar appealed to the tribunes who were to protect the people from such unlawful acts, but they gave him no support.

The knights whose duty it was to protect the Senate rushed toward Caesar with swords drawn and Caesar could only leave under the protection of the consuls. After Caesar departed, Cicero put Cato's proposal to a vote without mentioning anything about the second proposal to confiscate the property. It was thus decreed, and the five were there and then immediately executed. So much for trial by jury and the dignity of law.

Cato and Cicero showed their true colors. They were part of the oligarchy that stood against the people — Populares. From that day forward, the feelings against Caesar from both Cato and Cicero were hostile. Caesar stayed away

from the Senate for some time. From that day forward, the people knew where Caesar truly stood. He was a man of extreme loyalty who stood against corruption and was the champion of the people.

Cato's Conspiracy Against Julius Caesar

Cato's opposition to Julius Caesar began shortly after the Second Catilinarian conspiracy. Cato knew that Caesar and Pompey were at least becoming friends. In 61 BC, Pompey had just returned from his Asian campaign. He wanted to celebrate a triumph by putting on an elaborate show for the people. He also wanted to be consul for the second time. Pompey asked the senate to postpone consular elections until after his triumph so he could achieve both objectives.

Pompey enjoyed great popularity with the people, so the Senate was willing to grant the postponement of the election. Cato intervened and argued that Pompey must choose between the triumph or the election. Quintus Metellus

Celer, Pompey's brother-in-law, tried to block the motion by Cato, but that was unsuccessful. Pompey choose the triumph which was supposed to be remarkable.



Marcus Porcius Cato Uticensis
(95 – 46 BC)
Optimate Cato the Younger

Curse of all Republics – the Oligarchy

Julius Caesar then made the same request and Cato engaged in a filibuster, speaking continuously until nightfall to prevent Caesar's motion that would allow Caesar to stand for consul in Absentia. Likewise, Caesar was forced to choose between a triumph or run for the consul. Caesar chose to forgo the triumph and entered Rome in time to register as a candidate in the 59 BC election, which he won. There were two consuls elected and his elected colleague was Marcus Bibulus (102–48 BC), the husband of Cato's daughter Porcia Catonis (70–43 BC). Bibulus would oppose everything Caesar attempted. It reached the point that on the eve of an important vote, Caesar arranged for him to be doused in feces in forum. Bibulus eventually withdrew from public politics for the rest of his term. During the civil war, he took sides against Caesar.

The following year, in 60 BC, Cato sought to block the reconsideration of the syndicate tax contract to collect taxes in the province of Asia. The tax collectors had to pay in advance, and they overpaid. They could not collect enough taxes to meet their costs. They petitioned the Senate to renegotiate which was supported by Crassus. Cato vetoed the motion to oppose yet another friend of Caesar.

When Caesar became consul, then Cato opposed the agrarian laws he proposed which would have benefited Pompey's veterans. Caesar responded by having Cato dragged out by lictors while Cato was making a speech against him. Cato's supporters protested and Caesar was compelled to back down but countered by taking the vote directly to the people, bypassing the senate. Bibulus and Cato then plotted to repeal all of Caesar's acts as consul.

It was the hostile actions of Cato that forged the alliance between Caesar, Crassus, and Pompey in what became known as the First Triumvirate that year. Cato merely intensified his opposition to the Triumvirs attempting, without



Marcus Calpurnius Bibulus
(c 102 – 48BC)

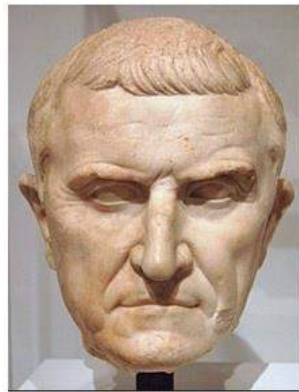
success, to prevent Caesar's five-year appointment as governor of Illyria and Cisalpine Gaul or the appointment of Crassus to an Eastern command.

First Triumvirate (60-53 BC)

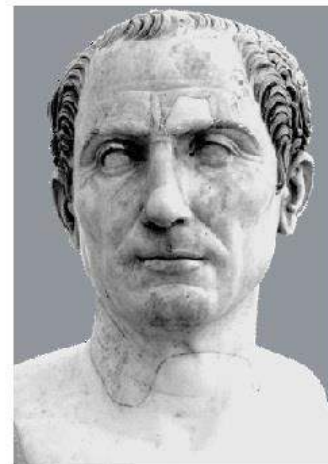
The First Triumvirate (60–53 BC)



Gnaeus Pompeius Magnus
(106 – September 28th, 48 BC)



Marcus Licinius Crassus
(c. 115/112 – May 6th, 53 BC)



Gaius Julius Caesar
(July 12/13 July 100 – March 15th, 44 BC)

After Caesar's experience with the Second Cataline Conspiracy, the abuse of process that Cato unleashed in the trial, and Cato's actions against Caesar and any friends, Caesar knew he had to come up with a new game plan. The First Triumvirate (60–53 BC) was an informal alliance that brought political clout almost three years after the confrontation with Cato.

The First Triumvirate was formed between three prominent Roman politicians: Gaius Julius Caesar, Gnaeus Pompeius Magnus, and Marcus Licinius Crassus. Julius Caesar was with the Populares faction, which pushed for social reforms, particularly debt reform. He also became a priest pontifex in 73 BC and the head priest pontifex maximus in 63 BC. Pompey was known as Magnus (the great) as a military leader. Crassus was known chiefly for his renown wealth as the richest man in Rome, which he acquired through land speculation. The alliance was sealed with the marriage of Pompey to Caesar's daughter Julia in 59 BC.

Curse of all Republics – the Oligarchy

Pompey was the only member of the Triumvirate in Rome in 54 BC. Caesar was in Gaul and Crassus waged his campaign against the Parthians. The First Triumvirate came to an end with the deaths of both Crassus and Caesar's daughter. Julia died in September 54 BC who during childbirth. The following year, Crassus was killed on the battlefield against the Parthian general Surenas in the year 53 BC. Crassus found his forces divided and massacred. Crassus was killed by the Parthians (Persians) and it was a legend that the Parthians poured molten gold into his mouth as a symbol of his thirst for wealth. With both Crassus and Julia gone, only Caesar and Pompey remained.



Publius Licinius Crassus (b c 86BC – 53 BC)

AR Denarius (19mm, 3.88 grams) struck 55 BC

Diademed and draped bust of Venus right /

Soldier s tanding left, holding spear and leading horse

Crawford 430/1. Rome mint

(son of Marcus Licinius Crassus)

Crassus' son Publius Licinius Crassus was monetalis during 55 BC, which was one of three moneyers appointed in ancient Rome to oversee the minting of coins. On this coin, the obverse is a laureate bust of Venus, which perhaps was in honor of his commanding officer Julius Caesar, and on the reverse is an unidentified female figure perhaps representing Gaul. The inscription on the coin reads "CRASSVS."

Plutarch wrote that Crassus kept Pompey and Caesar together. Contemporary writers such as Florus who wrote *Virgilius orator an poeta*, (*Epitome of Roman History*) took the position that "Caesar's power now inspired the envy of Pompey, while Pompey's eminence was offensive to Caesar; Pompey could not brook an equal or Caesar a superior." (Id/ 2.13.14). Indeed, all the contemporary sources portray Pompey as arrogant.

Curse of all Republics – the Oligarchy

The Tribune proposed to elect Pompey dictator, and of course, Cato opposed. In 53 BC, three candidates stood for the consulship for 52 BC. Extensive bribery took place to rig the election, causing interest rates to nearly double. Violence appeared during the elections and they had to be called off. The Optimates wanted to turn to Pompey to restore public order. Marcus Calpurnius Bibulus, the son-in-law of Cato, proposed that Pompey should be elected as sole consul, and Cato supported this maneuver as a likely means to split Caesar and Pompey. Pompey then turned to Cato to be his adviser.

Cato began his plot to divide and conquer. He warned Pompey that Caesar was plotting to increase his power with the riches he gained from Gaul. Pompey hesitated at first, and then Cato stood for the consulship in a plot to then strip Caesar of his military command. Pompey was supporting Caesar, claiming that he had letters from Caesar in which he said he wanted to be relieved of his command. Pompey argued that Caesar should be able to stand for the consulship in Absentia. Cato opposed and demanded that Caesar surrender his command of the legions. Pompey did not object to Cato's demand and this was probably the final straw that broke the partnership of the First Triumvirate.

Cato Instigates the Civil War

Roman Silver Denarius - Civil War



Julius Caesar
(100 - 44BC)

Pompey Magnus
(106 - 48BC)

Julius Caesar was clearly a defender of the people and a member of the Populares. He was a man who stood against the corruption of the Optimates who controlled the Senate and the Republic. Like today, They had no real voting control over the fate of the nation. Those in charge of the political machine control the real political state. We have no right to vote for judges, administration heads, or department heads. In Europe, the people have no right to even vote for the members of the European Commission or who will be its next head of state.

Curse of all Republics – the Oligarchy

This internal corruption, that we can see openly in our own political systems, was rising all the time within Roman Republic. The corruption was building into a major debt crisis of untold proportion. Just as today, the state confiscates all property it can get its hands on under this same pretense. Unfortunately, this time the debt crisis lies in government. During the corruption under the Optimates, the Senators were either the moneylenders or in bed with them. They too needed vast sums to outright buy votes.

Cato was an obstructionist and a leader among the Optimates who argued for the right of supreme political power in the Republic, which in Latin was *res publica* whereas *res* means “this thing” and *publica* means “the people.” Therefore, a direct translation would be “this thing of the people.” They saw themselves as the only qualified rulers to protect the people, which in fact was the political state embodied as their political offices and not the population.

Marcus Junius Brutus (85–42 BC) was the son of Marcus Junius Brutus and Julius Caesar's former mistress, Servilia. By 59 BC he acquired the alternative name Quintus Caepio Brutus through adoption by his uncle, Quintus Servilius Caepio. Brutus was brought up by Porcius Cato. He was educated in philosophy and oratory and long retained a fierce hatred of his natural father's murderer, Pompey Magnus.

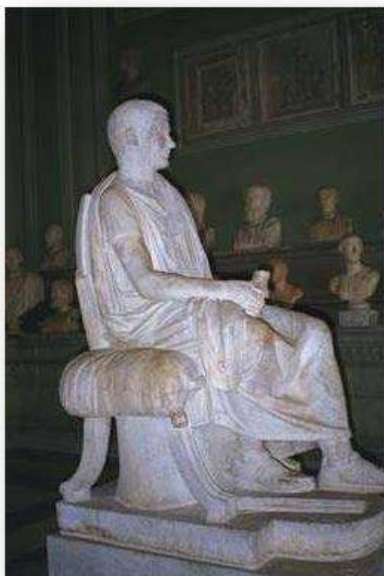


Brutus began his political career in 58 BC by accompanying Cato to Cyprus. As triumvir monetalis in about 54 BC, Brutus issued coins that year illustrating his strong republican views with Libertas and portraits of his ancestor L. Junius Brutus who overthrew Tarquinius Superbus (the last Etruscan king of Rome). The coin he issued was clearly a pitch for the propaganda of the Optimates pretending to be so concerned about the Republic.

Caesar's opponents in Rome were led by Cato, whose personal hatred of Caesar is perhaps the epic center for the civil war to come. Cato was no doubt the most dangerous of the lot and he failed to secure the election as consul in 51 BC (Plutarch's *Cato minor* 49–50, Cassius Dio, *Historia Romana* 40,58). Marcus

Curse of all Republics – the Oligarchy

Claudius Marcellus won the election, but he too was a member of the Optimates and agreed with Cato that the objective was to strip Caesar of his command. Cato and Marcellus conspired to convict Julius Caesar as a private citizen once he was stripped of his command. Then Caesar could be tried as a criminal and executed or at the very least condemned to exile. Cato was persistent, demanding that Caesar be impeached and put on trial.



Roman Republic - The Optimates

Caesar knew who his enemies truly were. He clung to his belief that if the majority of the Senate were free of the Oligarchy of Cato and Cicero, they would surely see the light. To persuade them, Caesar wrote his seven books on his truly remarkable conquest of Gaul called *de bello Gallico*. His work was strictly objective in tone, showing again the true character between his words.

The amazing conquest of Europe took seven years. Even Cicero could only praise Caesar's work stating, "In the writing of history nothing is more pleasing than unaffected and lucid brevity." (Cicero, *Brutus* 262). Of course, there

was the typical muckraking by people like Cato, a man whom I believe history has unduly crowned with dignity he never deserved. The deep-seated hatred against Caesar from the Optimates oligarchy was without question.

Cato had worked intently and tirelessly to divide Pompey and Caesar. Pompey was moving towards a power struggle with Caesar and was now just a pawn of Cato and the Optimates. Pompey became seriously ill in Naples in 50 BC. After his recovery, the people of Naples offered thanksgiving sacrifices. There were celebrations that spread in many areas of Italy which seem to have boosted Pompey's ego to his own demise. Plutarch wrote that this filled Pompey's head with invincibility. Pompey began to view Caesar with contempt. He honestly believed that the legions would defect to him and abandon Caesar. Pompey believed his own fantasies

The final breach began with not merely the demand that Caesar give up his legions, but that the Senate reject the word of Caesar who granted citizenship to the Latins who had settled north of the Po River and aided Caesar. The

Curse of all Republics – the Oligarchy

rejection of these 5,000 colonists showed the anti-Populares attitude in the Senate led by Cato. This would be akin the Senate ruling that an American who settled in Alaska lost his citizenship as an American before Alaska became a state. This further demonstrates that Cato was willing to punish the people for supporting Caesar.

Among the cities of Campania, the people believed that the Senate was trying to slap the citizens and Caesar in the face. The enemies of Caesar spread rumors that Caesar had instructed the townspeople to reconstitute themselves as Roman municipia, which was of course false. They were trying to instigate affairs against Caesar who they knew could see into their souls and felt their corruption. Pompey was at Tarentum and took no part in these sinister behind the scene



Julius Caesar (100-44BC)
Venus hd rt/Aeneas carrying Anchises



Gnaeus Pompey Magnus
(106 – September 28th, 48BC)

machinations, merely vowing to help Caesar only if he did something (Cicero, *Epistulae ad Atticum* 5,7; 5,11,3; *ad Familiares* 2,8; 3,8,10; Cassius Dio, *Historia Romana* 40,59,2).

The townspeople seem to have beaten a judge with rods over a questionable legal decision in Comum. This seems to have given Marcellus excuse to take some action against the people that prompted Caesar to send two legions into Northern Italy to protect them from a possible barbarian invasion. It was like

sending in aircraft carriers to put on a show of force. The dispute and ultimate confrontation against the corrupt Republic was brewing.

This is much like the French Revolution and Bastille Day (July 14th) when the people stormed the prisons to set free the political prisoners of the state. Cato and his Oligarchy were so intensely anti-Caesar that they were willing to do anything to anyone. This event to punish the people because of corrupt judges again reveals that Cato and his following were not Republicans who believed in liberty.

Curse of all Republics – the Oligarchy

Pompey had lent a legion to Caesar back in 53 BC for the war effort. On July 22, Pompey stopped in Rome on his way to Spain to ask about the pay for his troops. He was reminded about the legion he lent Caesar and was told he should ask for its return. He agreed, but then objected to let them know he was not agreeing to the demands of Caesar's enemies. The Senate was conspiring that Pompey should take over the legions in Gaul. Pompey at least agreed that Caesar should not be consul without giving up his legions and his province.

Therefore, on March 1, 50 BC, Pompey's father-in-law Scipio delivered his vote. It was thus decided that all the new provinces would be stripped from Caesar and that anyone who tried to veto those bills, which could procedurally take place on most, was committing an act that would be regarded as rebelling against the Senate. Cato was clearly seeking to destroy Caesar personally.

What is truly interesting is that Pompey joined this legislation believing that he truly knew Caesar and his loyalty and honor would compel him to comply. He does not seem to believe that this was a break inviting civil war. The Oligarchy also seems to believe that Caesar would just hand himself over because of his loyalty and honor. But this was a moment in time where the corruption had simply gone too far.

The supporter of Cato hated Caesar and conspired to criminally charge him by any means to eliminate him at least politically. Caesar clearly understood the plot Cato has orchestrated. There would never be a fair trial. He watched the maneuvers of Cato during the Cataline Conspiracy. This was an oligarchy hell bent on ensuring that they would win by any means possible.

By September 29th, 51BC, Caesar ran out of civilized options. The Senate even attempted to decide the discharge of his own soldiers. To counteract the Senate, Caesar immediately doubled the pay of his legions granting them bonuses and awards thereafter. Meanwhile, Caesar was still funding the elaborate buildings in Rome under construction that began 54BC paid for by the Gallic victories – the huge **Basilica Julia** in the Forum, a new Forum, and another building at the **Campus Martius**. Much like the Empire State Building under construction



Curse of all Republics – the Oligarchy

during the Great Depression provided some hope for the future, this construction gave hope that there would be no civil war. Caesar also funded festivities in honor of his late daughter Julia who had been married to Pompey.

There was much political maneuvering. There was even a proposal that Caesar would give up his legions if Pompey did the same. But the corrupt Oligarchy would not allow that. The clash in political circles was deepening. The later noted historian Gaius Sallustius Crispus (86–35/34 BC) lost his seat because of electoral disturbances in 53BC, where there were no regular government officials other than the tribunes. The next year, 52BC, opened in violence that led to the murder of Publius Clodius Pulcher, (c 93–52BC), who was a candidate for the praetorship



(a magistracy ranking below that of consul) and a bitter enemy of the ***Optimates*** particularly Cicero and Cato.

Sallustius sent a memorandum to Caesar warning him that the Senate was under an unbearable oppressive reign of absolute terror under Cato's Oligarchy that

surrounded Pompey. He argued that Caesar had to act to restore the government. The ***Optimates*** now were outright murdering political opponents led by the ruthless Cato.

Had Caesar truly been seeking personal power to become a “king” within the Republic, he could have just invaded and avoided the foreplay. Yet he did not. He was a true man of the People and was faced with a government so inherently corrupt that Cato had counted on the honor of Caesar to simply disarm him and then Cato would have killed Caesar or declared him to be a

criminal to neutralize any political future resistance in Rome.



Basilica Julia - next to the Senate of Rome

The Romans had a god they called Janus who was pictured as having two faces. He was the symbol of a cyclical change, the departing of one era and the birth of another. His shrine consisted of two doorways that traditionally were left open in time of

Curse of all Republics – the Oligarchy

war and kept closed when Rome was at peace. Leaving the doors open in time of war symbolized the new era that was possible.

According to Livy, the celebrated Roman historian, the gates to the shrine were closed only twice, during the period of **Numa Pompilius** in the 7th century BC, and again for the **Pax Romana** during the reign of Augustus. We still celebrate Janus indirectly for January is named after him and we celebrate the “**new year**” with its dawn January 1st. Crossing the Rubicon was a new dawn in civilization as we would know it.

Crossing the Rubicon became the only option. Caesar was outnumbered, but he was always outnumbered in Gaul. He

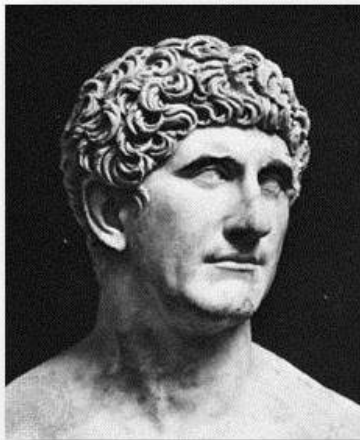
crossed the Rubicon in January 49 BC and the famous words attributed to him, “**the die is cast**”, were actually “**Let the dice fly high**” quoting a half line of his favorite Greek poet, Menander.



The letter of Crispus stands alongside Cicero's own political works where he at least admits and offers some reforms himself regarding the unjustified power of the present nobility and the corruption of money and bribes must be broken to restore the dignity of the Roman Republic (*C. Sallusti Crispi Epistulae ad Caesarem 2,13,5; compare Introduction to C. Sallustius Crispus, 1953*). Of course Caesar's other famous quote, “**Veni, vidi, vici**” (“I came, I saw, I conquered.”) is a Latin sentence reportedly written by Julius Caesar in 47 BC as a comment on his short war with Pharnaces II of Pontus in the city of Zela (currently known as Zile), in Turkey. Pictured here is a medieval Paduan Medallion with that famous quote.

We all know the end results of the Civil War. Cities opened their gates and cheered the invasion of Caesar who was regarded as honorable and a true man of the people – a **Populares**. What I have provided here is the “**feel**” of the political conditions of the times. It was far different than the one-sided story of those in the Oligarchy clinging to their corruption.

Property values were collapsing. Debts were excessive. Those who held mortgages refused to accept just the property back. The core of the **Populares**



Mark Antony
(82-30 BC)

from the time of the Catiline Conspiracy was the cancellation of all debts. Even before the Civil War was over there was rioting in Rome.

At this time, Mark Antony (82-30BC) was the magister *equitum* in charge of Rome. However, Dolabella brought forward the proposals to cancel all debts and rents and the Senate was again deeply alarmed. They anointed Antony with the *senatus consultum ultimum* bringing in strong troop reinforcements. There had been street riots and fighting but Antony took action. These troops stormed the Forum that had been barricaded by rioters. The troops attacked and

over 800 were killed. The tablets inscribing the law were smashed. Most leaders were killed.

Antony himself was clearly trapped politically. He lost favor with the people and yet he himself was in favor of the cancellation of debts. He indeed purchased the estate of Pompey at public auction on the assumption that when Caesar took full power, he would cancel the debt as originally floated by Catiline.

Indeed, Caesar showed his disapproval of Antony and essentially dropped him as a favorite for nearly 2 years. Caesar showed his confidence in Dolabella and granted some relief awarding homeowners a rent reduction for the current year of up to 500 denarii in Rome, and 125 denarii throughout Italy.

Nonetheless, Caesar again stood by a decree he made in 49 BC rejecting quite decisively the cancellation of all debts (*Cassius Dio, Historia Romana* 42,50,2-5; *Suetonius, Divus Iulius* 51). Caesar explained that he had to borrow to fund the war and it was unethical for him to cancel all debts since he himself would benefit.

Caesar forced Antony to pay the full price that he had bid for Pompey's estate which included everything within it including all its slaves. Only Caesar's mistress, Servilia, is said to have secured some bargains at these auctions of property of people who died or were not pardoned (*Cicero, Philippica* 2,64-69; 2,71-73; 13,10-11; *Suetonius, Divus Iulius* 50,2).

Caesar hesitated concerning the debt crisis. He gave it much thought and clearly this was a man who was not prone to be simply partisan. His widespread

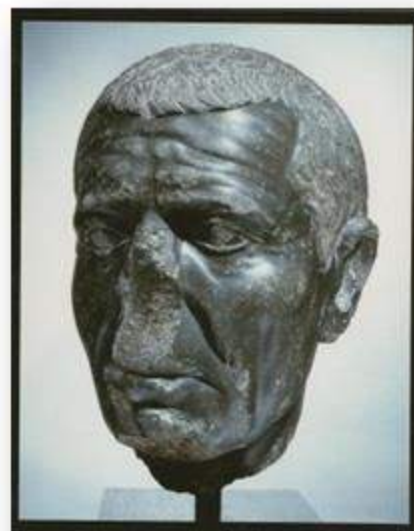
Curse of all Republics – the Oligarchy

forgiveness of his enemies was perhaps his undoing. But he perhaps wrongly thought that by showing he was a man of reason, then he would be able to lead Rome to a new dawn and eliminate the corruption setting the Republic back on track.

There is no indication of tyranny, for his reasons were not self-serving, but clearly cut deep into the corruption of those who had controlled the Oligarchy. Caesar spared many, and they merely came back to conspire against him again. Even in this act of forgiveness that Cato surely was never capable of doing, we must understand again the subtlety of the words used by Caesar. In Gaul, he often pardoned the offense of his captives by showing clemency that in Latin was ***clementia*** but was truly an act of mercy that amounted to the waiver of the Roman right to punish.

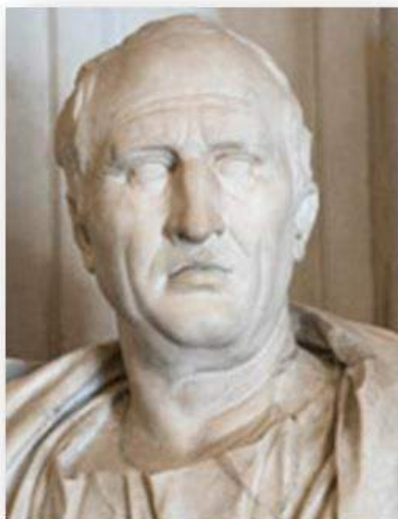
Caesar avoided the word ***clementia*** during the Civil War against Romans. What he did instead was use the terms of compassion (***misericordis***), generosity (***liberalitas***), and leniency (***lenitas***). These terms were slightly different than ***clementia*** insofar as they did not imply “***mercy***” that was more appropriate toward a non-Roman. Even Caelius wrote in a letter to Cicero: “***Have you ever read or heard of anyone fiercer in attack and more moderate in victory?***” Yet this is a tyrant?

I believe that the words of Caelius are the correct summation of the true and profound nature of the man Gaius Julius Caesar. His compassion, generosity and his leniency were starkly different from the dictator Sulla who was more interested in retaining the institutes of government. Sulla simply eliminated the people occupying the offices of government whereas Caesar was far more compelled to act to restore the institutions of the Government and to spare the people. These are not the actions of a man interested in personal power, but a



Julius Caesar
(100-44BC)

man interested in saving his country. Nevertheless, most who have written the history of Rome have failed to look beyond the pretense of the labels claimed by the **Optimates** and celebrated the ruthless Cato without ever examining his deeds.



Marcus Tullius Cicero
(106 – December 7th, 43BC)

It is very clear that Caesar always regarded that there was hope for Cicero. There were moments when Cicero's ideas showed brilliant independence. Yet this calls into question his personal judgment. To have been rather hostile toward Caesar, yet to follow blindly the lip-service of Cato and the **Optimates**, the true extreme right-wing Republican Oligarchy, leaves one to question these inconsistencies.

As for Cato, he committed suicide during the civil war in 46BC. Cato had assumed control of Sicily but could not hold the island and fled to join Pompey at Dyrrachium, yet when Pompey was defeated at Pharsalus, Cato then fled with a small band of troops to Africa. He shut himself up in Utica. After the oligarchy was defeated at Thapsus, Cato's troops evacuated by sea.

Cato refused to concede defeat to Caesar or allow him to grant a pardon. Cato committed suicide in April 46BC. According to Plutarch, Cato lingered after stabbing himself with his own sword. Plutarch wrote:

Cato did not immediately die of the wound; but struggling, fell off the bed, and throwing down a little mathematical table that stood by, made such a noise that the servants, hearing it, cried out. And immediately his son and all his friends came into the chamber, where, seeing him lie weltering in his own blood, great part of his bowels out of his body, but himself still alive and able to look at them, they all stood in horror. The physician went to him, and would have put in his bowels, which were not pierced, and sewed up the wound; but Cato, recovering himself, and understanding the intention, thrust away the physician, plucked out his own bowels, and tearing open the wound, immediately expired

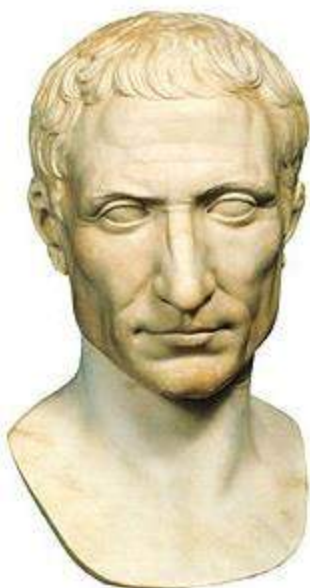
Plutarch, Life of Cato: Plut. Cat. Mi. 70.6

There are no writings of Cato that have survived other than one letter to Cicero. Immediately upon his death, the **Optimates** did their best to enlarge propaganda to justify themselves. Thus, there raged a debate over the

Curse of all Republics – the Oligarchy

character of Cato and Cicero's panegyric Cato was answered by Caesar's *Anticato* that when compared to events, appears to be a far more objective assessment. We must also not forget that Cicero's writing was at the request of Brutus. The "*Oligarchy*" succeeded in distorting history, for even in the 1st Century AD the poet Lucan writes his *Bellum Civile* portraying Cato as the model of virtue.

Caesar's *Anticato* has largely been ignored by historians and summarily just regarded as an obscene personal attack. Caesar characterized Cato as an eccentric and self-serving individual who was a drunkard and a miser, who had



Gaius Julius Caesar
(100 - 44BC)

even agreed to sell his own wife for profit. Nature, Caesar argued, had made Cato different from everyone else. There is no doubt that there was a profound hatred between Caesar and Cato and judging independently Cato's action in the Catiline affair, he certainly was not a man of the people nor concerned with Republican ideas.

If Cato would simply deny a trial to an opponent which illustrates, he did not respect the institutions of government or the rule of law. Not a single nation today would regard the acts of Cato as even remotely civil no less worthy of praise.

Caesar's personal attack upon Cato aside, he obviously viewed Cato with not just contempt and incomprehension that he never displayed toward any other opponent, nonetheless he rightly places

the blame for the civil war upon Cato. Without question, Cicero's writing about Cato is untrustworthy and was very self-serving product that was acknowledged to have been instigated by Brutus. Hence, the Optimates hailed Cato in death and covered over his unconstitutional actions to support their own cause. For if we look at events, clearly it was indeed Cato who pushed the civil war upon the Roman people as a power grab to maintain the very corrupt Oligarchy.

Assassination of Caesar – EID MAR



Caesar's greatest mistake was that he wrongly believed he could reform the character of the people who had corrupted the state. His granting of clemency did not reform the people, but merely gave them the opportunity to plot against him when they knew they could not defeat him on a battlefield. Indeed, they plotted his assassination and carried it out in the Senate itself.

Cicero was not one of the conspirators against Caesar who participated in his public assassination on the Ides of March (15th) in 44BC. Yet it is curious why he was not present. No doubt he was invited but declined. Like Crassus who failed to show up in the Senate for the hearing concerning the conspirators in the Catiline affair, one must ask if here too Cicero must have known but avoided the public connection.

Upon the assassination of Caesar, we find Cicero came out in a strong defense of the conspirators and portrays Caesar as a merely power-hungry man. Caesar was vilified by Cicero who launched his personal attack upon his character as they had accused Caesar in reply to Cicero's Cato.

Cicero stated that all the gifts of Caesar within his character, were directed to only one end – the subjugation of the free state to his lust for power (*Cicero, Philippica 5,49*). Cicero condemnation of Caesar became known as his Philippics referencing the famous speeches of Demosthenes (384–322 BC), the Athenian who roused the Greeks to defend against Philip of Macedon (the father of Alexander the Great). Cicero engaged in self-justification that his words cast

Curse of all Republics – the Oligarchy

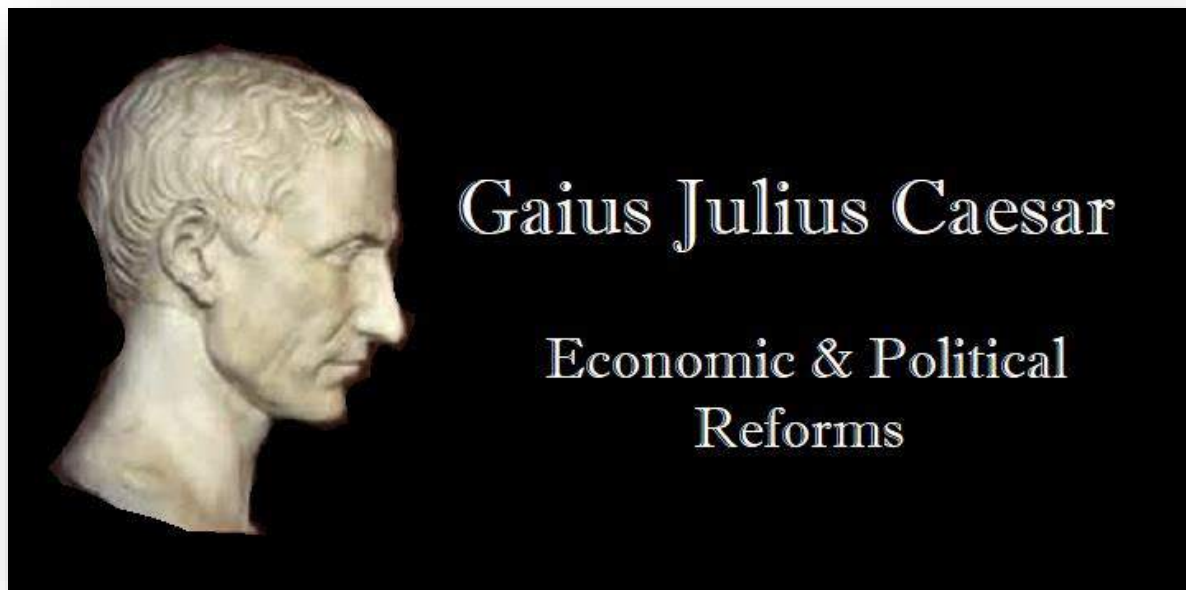
serious doubt about his judgment and objectivity. Was he so blind, or could he fluctuate upon the moment listening to every speech and believing that he who spoke last was always the best?

There can be no question that the control over the so called “free state” by the Senate was a dictatorship in the cloak of a multi-headed oligarchy that was simply unconstitutional (*factio paucorum*). There was nothing that represented a democracy for the people, but a façade of self-interest and corruption where the rule of law merely became the interest of those in control.



*Brutus, 42 BC Silver Denarius
"EIDMAR" Declaring He Killed Caesar
on the Ides of March*

As for Brutus, who boldly issued coins pronouncing he had killed Caesar on the Ides of March (“EID MAR”), fled into the nearby hills with only about four legions after he had lost the battle. Realizing he would be captured, Brutus committed suicide by running into his own sword being held by two of his own men. Plutarch tells us that his last words were: ***“By all means must we fly; not with our feet, however, but with our hands”***. Brutus also uttered the well-known verse calling down a curse upon Antony. Yet Mark Antony displayed great respect for Brutus and ordered his body to be wrapped in Antony’s most expensive purple mantle. Brutus was cremated, and his ashes were sent to his mother, Servilia. As for his wife, Porcia, she committed suicide upon receiving the news (*Brutus 53 para 2*). She may have committed suicide prior to Brutus’ defeat.



The Economic Reforms of Gaius Julius Caesar

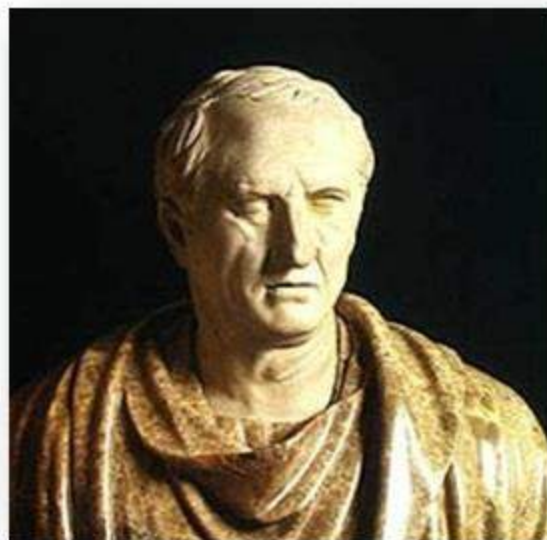
Actions speak louder than words. The most curious aspect I have found regarding the story of Caesar is the obsession with only his military career and the willingness to even listen to often the self-serving rantings of the oligarchy to justify their own crimes not merely against Caesar, but in the suppression of the Roman people. If we only consider Caesar's military career, there would be no real interest on my part. What I have always found fascinating, is his diversity of true genius. Generals come and go, but true economic reformers of the state to save the nation are rare indeed. Neither Republican nor Democratic today seems to have any interest in being a statesman for that requires looking beyond personal interest, and looking into the eyes of fate herself, and realizing it is his country he must save, often from himself.

When Caesar turned toward domestic reforms, he did so with lightning speed. Even after defeating all contenders, Caesar returned to Rome in 46 BC and began such a sweeping economic reform, that it puts to shame any pretended accomplishments of the first 100 days that began with President Franklin D. Roosevelt in 1933.

There can be no greater example of political corruption that required desperate reform than the calendar. I can see absolutely no defense whatsoever by Cato

or the more moderate Cicero than the sheer fact that Caesar even had to revise the calendar. What we must understand is that the office of **pontifex maximus** (high priest) was in charge of the calendar. The Romans used the moon calendar but knew it was incorrect and thus it required adjustments by inserting leap days. The corruption degenerated to such a point that elections could be postponed by the insertion of days. This realization led to bribing the high priest to even insert months to affect the political elections.

If Caesar were truly corrupt as Cato, then why bother with reforms? Caesar replaced the typical lunar year and introduced his new calendar based on 365¼ solar days on January 1st, 45 BC. He actually inserted 67 days between November and December making the year 46 BC a one-time calculation of 445 days. He may have even consulted with Greek astronomical calculations assisted by the scholar Sosigenes (*Suetonius, Divus Iulius 40; Cassius Dio, Historia Romana 43,26; Plutarch, Caesar 59,5-6*). It was Plutarch who reported that when a friend of Cicero remarked that the constellation of Lyra was due to rise next day, Cicero snapped – “**Yes, by edict.**” This is merely an example that the Optimates were constantly complaining about every reform Caesar would make, illustrating the true character and anti-Republican attitudes those who pretended to be Republicans truly possessed. This was about their power being lost, not about their country.



Marcus Tullius Cicero
(106-43 BC)

Caesar instituted labor reforms intent upon reducing what we would call the unemployment rate. If one could replace workers that had to be paid salary with slaves, given the high degree of agricultural economic activity that was at least 70% of the economy if not more, the competition between slaves and the poor was a serious problem. To this issue, Caesar enacted legislation against the owners of **latifundia** obligating them to recruit a third of their employees in pasturage from free men.

Caesar also sought to further education and medical care. To accomplish this, he offered citizenship to doctors and teachers of liberal arts who would agree to settle in Rome. It was indeed trying to create a new dawn of civilization and saw education and medical care as critical to achieve that goal.

Caesar reformed the corruption within the welfare system. For far too long the list of the alleged poor had way too many “**no shows**” so that grain paid for by Rome was being handed out to people who were not there and resold. Suetonius tells us of his genius in reforming welfare, Caesar conducted a census in a novel way:

“Caesar changed the old method of registering voters: he made the City landlords help him to complete the list, street by street, and reduced from 320,000 to 150,00 the number of householders who might draw free grain. To do away with the nuisance of having to summon everyone for enrolment periodically, he made the praetors keep their register up to date by replacing the names of the dead men with those of others not yet listed.”

(Suetonius, The Twelve Caesars, Julius Caesar 41,3)
(Penguin Classics ed., translation by Robert Graves)

By making the landlords account for their properties, Caesar eliminated the hoax of creating fake residences and fake names to collect free grain and then resell it. The reduction of more than 50% by just forcing a census exposed the corruption that infiltrated even this expenditure.

Suetonius also tells us “***Caesar dissolved all workers’ guilds except the ancient ones.***” (Id./42,3). He also addressed criminal reforms whereby the Oligarchy when caught, would essentially exonerate themselves. In an effort to create a more just Equal Protection of the law, Suetonius informs us that Caesar “***increased the penalties for crime; and since wealthy men had less compunction about committing major offences, because the worst that could happen to them was a sentence of exile, he punished murderers of fellow-citizens (as Cicero records) by the seizure of either their entire property, or half of it.***” (Id./42,3). Often, a relative would murder another to clear the line for inheritance. If caught, they could merely opt for exile walking away with their spoils. Caesar closed this loophole.

Caesar dealt with the same corruption we have today in the courts. For example, the Supreme Court ruled in John Van de Kamp v. Thomas Lee Goldstein (decided January 26, 2009), that where previously it was held that a citizen could only sue a government prosecutor for administrative acts, a suit was filed in California where a person was imprisoned for murder on false testimony that the government knew about. The prosecutor refused to produce the evidence that would show he was prosecuting the wrong person. After he won on habeas corpus, he filed a lawsuit for damages. The district court and the Ninth Circuit allowed the lawsuit to proceed holding it was “**administrative**”. The

Supreme Court overruled and effectively held that the government prosecutors are absolutely immune even if they intentionally wrongly prosecute a person for whatever reason. So, if you live next to one of these people and he just doesn't like you, he can criminally indict you, lie to the courts, manufacture false testimony, and even seek the death penalty. The Supreme Court has held that this is OK because the state's need to prosecute supersedes all civil rights whatsoever. In this one decision, they have eliminated the entire purpose of the Constitution. You live in an oligarchy no different today than what Caesar faced back then. For the one maxim always holds true; **Absolute power, corrupts absolutely!**

The judicial reforms of Caesar were profound. Suetonius tells us that “**he arranged with the commons that, apart from the consuls, half the magistrates should be popularly elected and half nominated by himself. Allowing even the sons of proscribed men to stand, he circulated brief directions to voters.**” (Id./41,2). One might focus immediately on his retaining a right to nominate half the judges. Please note, today 100% of the judges are nominated by the President, none are elected by the people. The form of the nomination was also given by Suetonius:

“Caesar the Dictator to such-and-such a tribe of voters: I recommend So-and-so to you for office.”
Id./41,2

What you will note is that it is still not a command. It would remain as purely a recommendation that applied to half the magistrates. Today, the President nominates all federal judges and justices to the Supreme Court. There is no option

for the people today as was the case under the tyranny of the Republican Oligarchy.

It is also clear from his personal experience during the Catiline affair, that the treatment the accused received at the hand of Cato was uncivilized, violated every principle of law, and eliminated the entire body of constitutional rights that Roman citizens possessed as a matter of right of birth. Cato's vile act of eliminating the right to a jury trial for the accused and the summary execution he demanded within 3 days of their charges, was conduct that was unacceptable to Caesar. For this very reason, Caesar undertook the reform of the legal rights to secure the right to trial by jury. The audacity of the Optimates to even argue against such reforms shows very clearly that they are not worthy of any office, but are the worst possible criminals of all, for what they did deprived every Roman of their birth right. This was conduct unfitting any country claiming to be "free" that respects either the rule of law or the rights of the people as individuals.

Caesar was deeply concerned about the degrading of the jury. The juries were being stacked with treasury tribunes who were notoriously up for sale. Where Cato simply refused to provide a trial by jury in the Catiline affair just as President George W. Bush refused to give the alleged terrorists a trial by jury seeking to give them only a military tribunal with none of the Constitutional rights, the reforms of Caesar were aimed at stopping the practice of stacking juries. Again, we find Suetonius informs us: ***"He limited jury service to knights and senators, disqualifying the Treasury tribunes."*** (Id./41,2).

Throughout history, the right to trial by jury has always been one of the first rights to be assailed. We find Thomas Jefferson list among the injuries within the Declaration of Independence again the same charge: ***"For depriving us in many cases of the benefit of Trial by Jury."*** In Jefferson's correspondence, he again makes it clear ***"I consider trial by jury as the only anchor ever yet imagined by men, by which a government can be held to the principles of its constitution."*** (Writings of Thomas Jefferson, Vol. 3, Washington Ed. 71).

Curse of all Republics – the Oligarchy

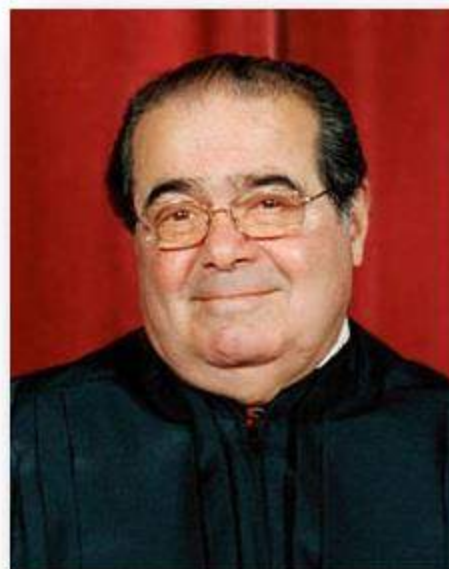
Tyranny always seeks to eliminate trial by jury, for there is no better way to have absolute control. This was a right demanded in Magna Carta to end the tyranny of the King of England in 1215. When the United States began the First Supreme Court Justice John Jay made it clear ***“the jury have a right to determine the law as well as the facts in criminal cases.”*** George v. Brailsford, 3 U.S. 1, 3 Dall. (1794). This view was based upon a trial of William Penn, founder of Pennsylvania. The king put him on trial, and the jury refused to find him guilty and would not comply with a law they regarded as unjust. Penn walked out of the court, but the judge imprisoned the jury on contempt.

In the United States, judges fail to instruct the jury that it is their constitutional right to act as a check and balance against all branches of government that includes the legislative. Judges claim the jury must follow the law just as the judge did in the Penn trial. But that is unconstitutional. Congress could pass a law stating you must kill your first-born. There is nothing to prevent that from taking place. You are supposed to stand trial for refusal, and the jury is told they must follow the law and find you guilty. It is then the defendant's right to appeal claiming the law is unconstitutional. If the judge disagreed, you are executed.

This is what they want. Mindless citizens pretending that they have no right to decide the law as was the case in the trial of William Penn. This is an insult to freedom. There is no government by the people and for the people when the people are removed from the government. That is tyranny no matter what we call it.

The elimination of the jury in the United States has been systemic. To the credit of Justice Scalia, he began to notice that courts were cleverly using two sets of facts and claiming that one was merely a sentencing factor that judges were to decide. Scalia dissented Monge v. California, 521 U.S. 721 (1998). He wrote:

“I do believe that that distinction is ... simply a matter of the label... Suppose that a State repealed all of the violent crimes in its Criminal code and replaced them with only one offense, ‘knowingly causing injury



Justice Antonin Gregory Scalia
(born March 11, 1936)

to another', bearing a penalty of 30 days in prison, but subject to a series of 'sentencing enhancements' authorizing additional punishments up to life imprisonment or death on the basis of various levels of mens rea (intent) ... Could the state then grant the defendant a jury trial, ... solely on the question whether he 'knowingly cause[d] injury to another', but leave to the judge to determine ... whether the defendant acted intentionally or accidentally ...? If the protections extended to criminal defendants ... can be so easily circumvented, most of them would be, to borrow a phrase from Justice Field, "vain and idle enactment[s]."

Justice Scalia's persistent objections to creating new sets of facts that judges could withdraw from the jury came to a head in Appendi v. New Jersey, 530 U.S. 466 (2000). Here, a man was tried for shooting at a house. The jury was given only that question. The court reserved for itself to determine if the man knew the race of people within and thus convert that into a hate crime carrying a much more serious penalty. Finally, Justice Scalia gathered the support to overrule the lower courts and uphold the Constitution. But this was only the start of the battle for the dissent was Justices O'Connor, Rehnquist, Kennedy, and Breyer. None of these Justices would uphold the rights of citizens.

As the battle to retain arbitrary powers for judges against the people of the United States continued, finally it came to a head in Blakely v. Washington, 542 U.S. 296 (2004). But this was a case concerning state law, and the Justice Department immediately argued it did not apply to federal courts trying to still eliminate jury determinations of key facts. To illustrate how corrupt the judiciary has become, they split hairs in the words used to keep the game going. The words at issue were decided in Appendi:

"Other than the fact of prior conviction, any fact that increases the penalty for a crime beyond the prescribed statutory maximum must be submitted to a jury, and proved beyond reasonable doubt."

Appendi, 530 U.S. at 490

Blakely held that the defendant was entitled to a jury trial on all facts that increased the sentence. There was virtually a revolt among the inferior courts and their arrogance is reflected in a Second Circuit decision presided over by the whole court led by President's George W. Bush's First Cousin, Chief Judge John M. Walker, Jr. The very Sentencing Guidelines clearly stated that never could any sentence ever exceed the statutory power to eliminate jury trials.

“[W]e have understood Apprendi to be limited, as the majority opinion in that case states, to ‘any fact that increases the penalty for a crime beyond the prescribed statutory maximum.’..., and therefore have not required that any fact-finding necessary for application of the Guideline be done by a jury.”

U.S. v. Peñaranda, 375 F.3d 238, 243 (2d Cir. 2004) (en banc)

Because of such an uproar among the judges basically saying to the Supreme Court *“How dare you diminish our arbitrary powers”*, a few months later in U.S. v. Booker, 543 U.S. 220 (2005), Justice Ginsberg jumped ship joining both the Scalia and Breyer camps admitting the practice was unconstitutional, but claiming the Guidelines were just advisory and judges still had discretion to find facts for sentencing. Scalia lost, despite the fact that the law up until 1985 had always been ***“[n]o fact, not even an undisputed fact, may be determined by the Judge.”*** U.S. v. Harvey, 756 F.2d 636, 645 (8th Cir. 1985). Americans no longer have any right to trial by jury, for even if a jury acquits you on 9 out of 10 charges, the judge can still sentence you to the acquitted conduct rendering a jury verdict irrelevant. There is no right to trial in federal courts any more thanks to the usurpation of power by judges as always.

Caesar was fighting the same pervasive corruption then as we face today. Again, we find Suetonius informs us: ***“In his administration of justice he was both conscientious and severe, and went so far as to degrade senators found guilty of extortion.”*** (Id./43,1.) We even find he addressed women's right by reforming the divorce laws. Suetonius tells us: ***“Once, when a man of praetorian rank married a woman on the day after her divorce from another man, he annulled the union, although adultery between them was not suspected.”*** (Id./43,1).

Caesar also dealt with the problem of international trade deficit created by the importation of luxuries such as silks and spices. Suetonius tells us once again.

“He imposed a tariff on foreign manufactures; he forbade the use, except on stated occasions, of litters, and the wearing of either scarlet robes or pearls by those below a certain rank and age. To implement his laws against luxury he placed inspectors in different parts of the market to seize delicacies offered for sale in violation of his orders; sometimes he even sent lictors and guards into dining-rooms to remove illegal dishes, already served, which his watchmen had failed to intercept.”

Id./43,1-2

Caesar's legal reforms were extensive. Suetonius tells us:

“Another task he set himself was the reduction of the Civil Code to manageable proportions, by selecting from the unwieldy mass of statutes only the most essential, and publishing them in a few volumes.” (Id./ 44,2). He also planned ***“to provide public libraries, by commissioning Marcus Varro to collect and classify Greek and Latin books on a comprehensive scale.”*** (Id./44,2).

Caesar also had on the drawing board major building projects. Suetonius tells us:

“Caesar continually undertook great new works for the embellishment of the City, or for the Empire's protection and enlargement. His first projects were a temple of Mars, the biggest in the world... and an enormous theatre sloping down the Tarpeian Rock.” (Id./44,1). ***“His engineering schemes included the draining of the Pomptine Marshes and of Lake Fukinus, also a highway running from the Adriatic across the Apennines to the Tiber, and a canal to be cut through the Isthmus of Corinth.” (Id./44,3).*** His military plans Suetonius tells us included the ***“expulsion of the Dacians from Pontus and Thrace, which they had recently occupied, and then an attack on Parthia by way of lesser Armenia...”*** (Id./44,3).

Resolving the Debt Crisis

Since the Populares movement with Catiline championing the cancellation of all debt, it was widely assumed that when Caesar came to power, this was his intention. He faced a very serious problem, for a debt crisis embraces the entire economy, not just an isolated sector. Caesar in this area showed a remarkable insight and it is lost to modern politicians who only want to be the head of state, yet lack any practical knowledge of how the economy truly functions. It would be as if I bought a hospital, and merely because I now own it and am in charge, I assume that also qualifies me to conduct brain surgeries. That is what politicians do all the time. Most are lawyers and are not qualified as students of economics.

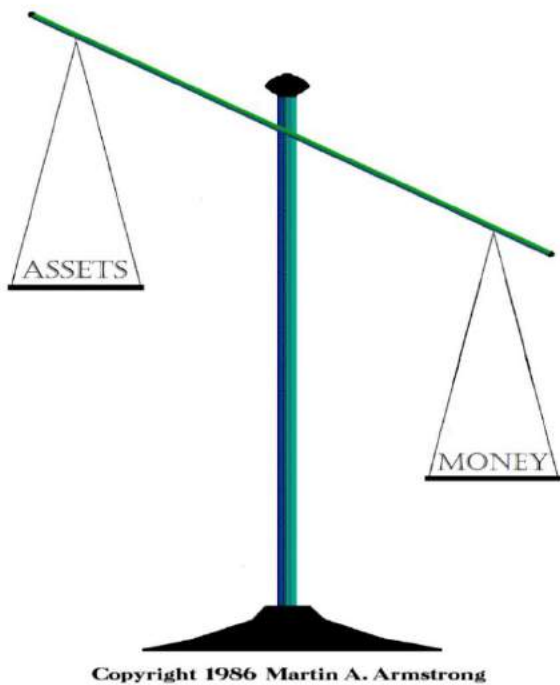
Suetonius informs us on this subject that Caesar did not do what everyone had expected. Aside from instructing Antony that he would have to pay the full value of his bid for Pompey's estate, he did not merely cancel all debt.

“He disappointed popular agitators by cancelling no debts, but in the end decreed that every debtor should have his property assessed according to pre-war valuation and, after deducting the interest already paid directly, or by way of a banker’s guarantee, should satisfy his creditors with whatever sum that might represent. Since prices has risen steeply, this left debtors with perhaps a fourth part of their property.”

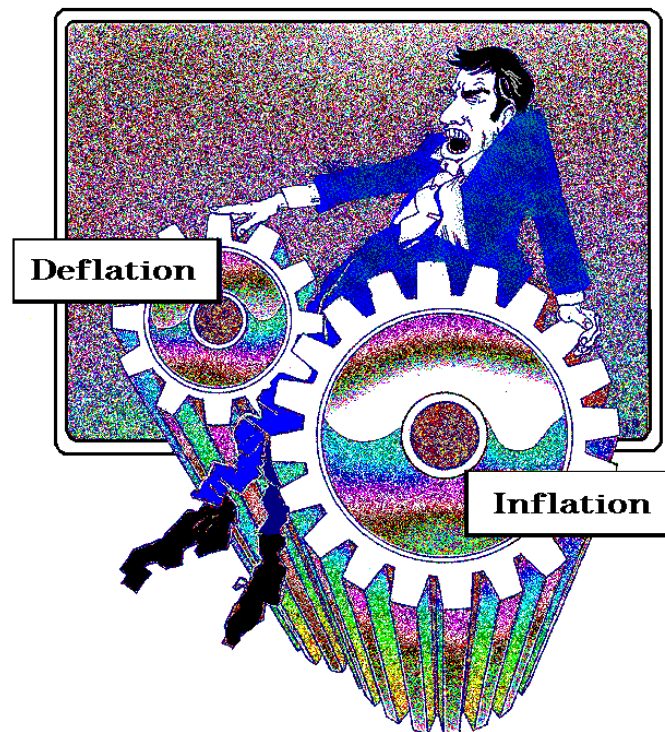
Id./42,2

Suetonius’ Latin text:

“De pecuniis mutuis disiecta novarum tabularum expectatione, quae crebro movebatur, decrevit tandem, ut debitores creditoribus satis facerent per aestimationem possessionum, quanti quasque ante civile bellum comparassent, deducto summae aeris alieni, si quid usurae nomine numeratum aut perscriptum fuisset; qua condicione quarta pars fere crediti deperibat.”



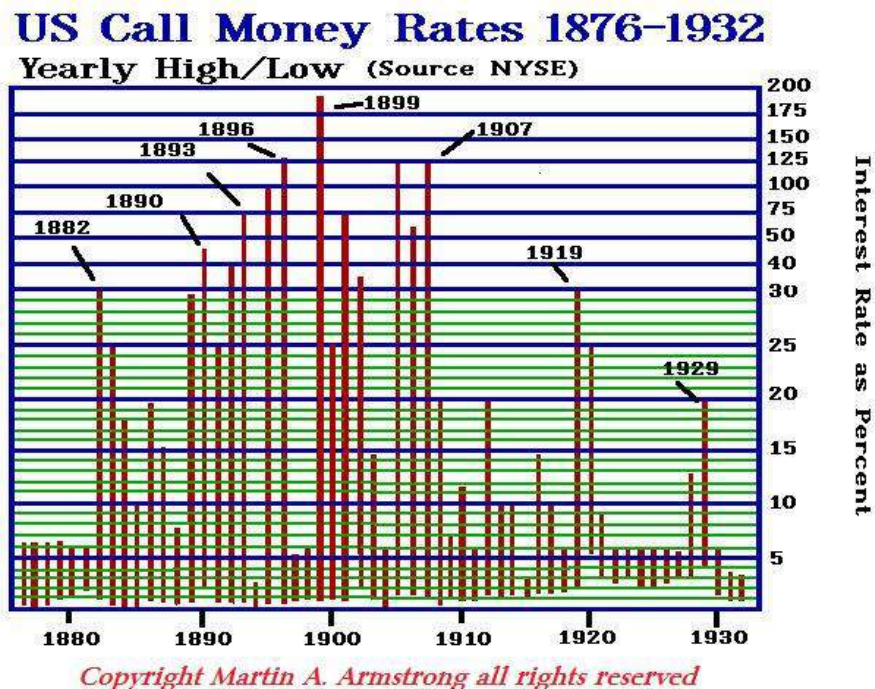
Despite the desperate self-serving arguments of the Optimates that Caesar was seeking only personal power, his actions speak far beyond their biased words. This was truly a man who acted with incredible speed making decisions in the remarkable short time he had as the Economic Reformer of Rome. He understood that the value of money is in itself a commodity. It rises and falls against all things tangible effectively no different than the price of a common stock of a corporation.



This is one of the most misunderstood aspects of our economy. People assume they can fix or peg the value of money (currency) such as a gold standard. Such attempts have always collapsed because of the very nature of our economy. Capital will concentrate in one sector within an economy domestically. It will also do the same thing internationally concentrating within a single nation. This causes that sector to rise in terms of value expressed in the currency due solely to investment trends.

There are also trends set in motion due to changes in supply. For example, a drought or storm may wipe-out the majority of a food crop. This will be reflected in the rise in prices of that commodity due purely to a collapse in supply relative to a steady demand. This is opposite of the speculative bubble where it is demand that rises in the face of a steady supply. Here it is supply that declines with steady demand.

Money rises and falls in purchasing power regardless of the management of the money supply because of this natural effect of the concentration of capital domestically and internationally as well as among individuals (**DEMAND**) and due to drastic changes in **SUPPLY**. This is the contest between **INFLATION** and **DEFLATION**.



Note: pre-1913, volatility was significant higher lacking a central bank

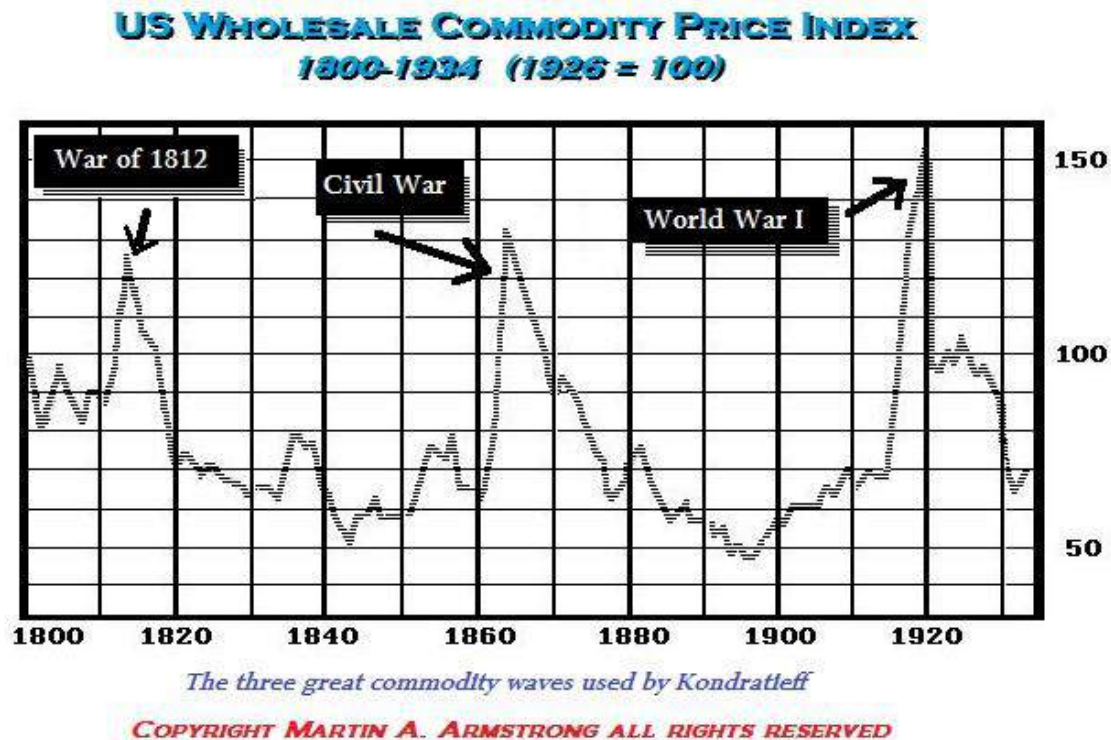
Caesar was confronted by a collapse in real estate values most likely as a percentage far greater than we have seen today. Lacking a central bank to smooth-out seasonal problems and to lend money to a particular bank area, the lack of any centralized control over the economy had produced the same higher volatility reflected in the Call Money Rates before the birth of the U.S. central bank – the Federal Reserve in 1913. As we can see from this chart on Call Money, interest rates had nearly risen to 200% during short-term financial panics.

Hence the Debt Crisis that Caesar faced was widespread and resulted in a crisis whereby if someone could not pay, it was not a question of just walking away and letting the lenders repossess the property. The lenders would refuse to accept a simple return of the original asset to settle the debt.

Thus, this Debt Crisis was much more difficult to solve. There was no option to print money or guarantee debts. Caesar had to truly understand the problem and come up with a solution that would not destroy the economy as the majority of the Populares had been advocating. That would result in a Marxist style transfer of all wealth. By spreading the capital evenly among everyone, he realized this would in fact wipe out the economy as a whole. This would be disturbing the natural flow of commerce that would be no different than trying

Curse of all Republics – the Oligarchy

to outlaw all animals from devouring another. The uneven distribution of wealth is a similar natural phenomenon caused by the mere fact that there are entrepreneurs and innovation that produces new industry from ideas.



We can see from the above chart on the US Wholesale Commodity Price Index between 1800 and 1924 that the three great waves of inflation that made up the Kondratieff Wave. Nicolai Kondratieff (1892–September 17, 1938), was a Russian economist who spent his time in researching price fluctuations within a basket of commodities. It was Kondratieff who identified long-term cyclical waves in price activity ranging from 50 to 60-year periods. These waves he identified were 1780–1840, the Industrial Revolution, and 1840–1890. Although Kondratieff essentially believed that these long waves were something of a rhythmic pattern inherent within the capitalistic system, he also maintained that communism would not eliminate them either. As a result, he was sent off to Siberia in 1930 and after his sentence was over, Stalin had him summarily executed.

Curse of all Republics – the Oligarchy

These three Kondratieff Waves were to a large extent caused by war, which disrupts supply. It is not hard to image what Caesar faced given the Civil War. Indeed, during the Great Depression there was the Dust Bowl where 40% of the civil workforce could no longer find employment due to the weather. During this period of the Great Depression, farmland values collapsed to about 30 cents an acre at public auction as crops could not grow. Such values during the mid-19th century had been \$1.50 an acre.



In the United States, a dramatic expansion in farming took place. The number of farms tripled from 2.0 million in 1860 to 6.0 million in 1905. The number of people living on farms grew from about 10 million in 1860 to 22 million in 1880 to 31 million in 1905. The value of farms soared from \$8.0 billion in 1860 to \$30 billion in 1906. The first few years of the 20th century was prosperous for all American farmers. The years 1910–1914 became a statistical benchmark, call “parity” that organized farm groups wanted the government to use as a benchmark for the level of prices and profits they felt they deserved. As always, they tried to fix profits and prices to the detriment of consumers.

Rome had undergone a similar expansion following the end of the Punic Wars. Rome was the rising star overshadowing Greece and taking on the mantle of the Financial Capital of the World. Land values soared and thus borrowing was extensive.



With the advent of the Civil War, the value of cash rose as it always does in an economic decline and tangible asset values collapse. Thus, the moneylenders no longer accept the land in return and demand more assets to cover the loan.



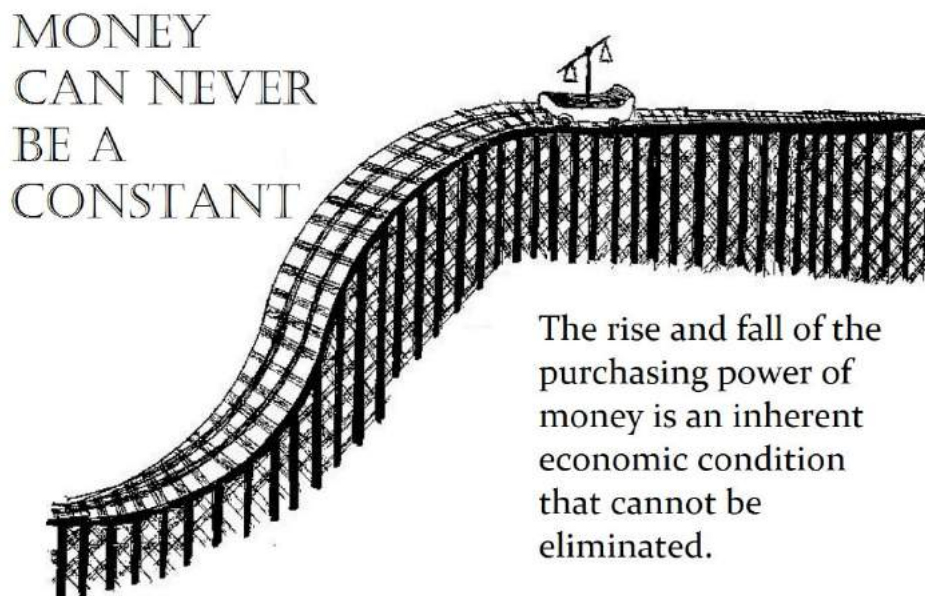
Caesar dealt with this major extraordinary situation in a truly astonishing manner, realizing that assets and money are on the opposite sides of the scale as opposing forces acting as two free radicals, yet bound together forming an Economic-union that in fact resides at the core of the very economy. This is the ying/yang or the Dia-oikonomos (hidden opposing force creating the essence of economy).

Caesar understood that as the value of property rose, the measurement is money which in itself rises and fall in purchasing power. When property declines, it is measured in money.

This is not a constant relationship for money itself is not like a ruler etched in metal or wood. Money is more akin to a rubber band even when it may be gold or silver.

This is the very essence of our primary confusion because of the presumption that money is somehow a constant value. The way we measure the economy is we presume falsely that money is a constant. We expect values to always appreciate in a linear fashion and remain oblivious to the very existence of a business cycle.

The truth of this misconception becomes simply that money is like everything else – subject to the whims of supply and demand as moved by the direction of mother nature. There is no constant in that respect and money as we have fixed it within our mind is printed on a rubber-band and is really very elastic.



Money Can Never be a Constant

Our greatest problem is trying to see that not merely do we live in a three-dimensional world with objects possessing height, width, and depth, but there is also movement that can only be measured by the one constant that exists – Time.

The problem we have is that the scale I gave on the previous page showing that assets exist on one side and rise and fall against the opposite side being money, now we have to see in our mind that the scale is itself on roller coaster which is the global economy. We may think we are making or losing money, but are we if money itself cannot be a constant? Is there something beyond this perspective we can identify as **International Value**?

Albert Einstein was seen as a genius. He was asked how he thought. People just assumed that his brain was some sort of a fluke. He replied: “***A new idea comes suddenly and in a rather intuitive way***” and his thoughts, he exclaimed, moved in a “***wildly speculative way.***” He was told that people thought in words. He replied:

“I rarely think in words at all. A thought comes and I may try to express it in words afterwards ... I have no doubt that our thinking goes on for

the most part without the use of signs and, furthermore, largely unconsciously."

Most people assume that they think only in words. But they are wrong. People assumed that Einstein was just a genius, and did not listen to what he was saying. He visualized relationships and that leads to concepts. The concepts flow so fast, there is no time to even bother to form words in our mind. The comprehension suddenly appears, and then you try to rationalize the idea in words.

We all actually think this way. We learn by visual and sound in a much deeper way than in reading just a book. This much has been proven in studies. Education in Roman times was limited to the basics and then you moved on to apprenticeships where you learned from actually doing the job you dreamed of. Most of the big entrepreneurs dropped out of college for they do not teach creativity and you certainly cannot get a degree as a hedge fund manager. Such skilled are basically self-taught which we often call "street smart".

It is not easy to always explain visual concepts in words. Trying to provide is an explanation of the economy so that you can visualize the real solution, requires looking around at everything and not trying to always reduce something using linear analysis to boil it down to a single cause and effect.

The global economy is a dynamic relationship between everything with no real constant existing anywhere. We are at a tremendous disadvantage because we have grown up thinking in a flat linear world that does not exist. We see the assets rise and fall as measured in money, but we do not take it to the next level. Instead, we try to blame someone for causing our linear assumption to suddenly collapse into a cycle. Yet because we presume the cycle is not natural, we ignore the lessons right before our eyes.

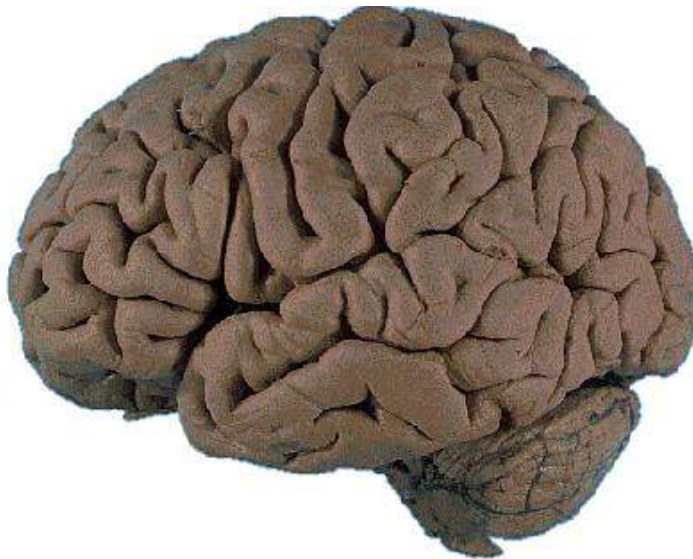


This linear view of the world economy is only reinforced by the corruption in politics. A career politician will never try to prevent a crisis for he gains nothing by that. Nobody will vote for someone who claimed they save their job when they were unaware that they might have lost it. Instead, career politicians love crisis. They stand up and proclaim vote for them and they will punish the person who cause your linear dream to collapse.

The reason this is true, is because money is itself a language in our mind. Just as Einstein was confronted by the question does, he think in words, we also limit ourselves by thinking in money, against which we measure gains, losses, winners and losers, and government only thinks in how much money it can take from the people in taxes, fines, and fees.



Words lead to
Concepts

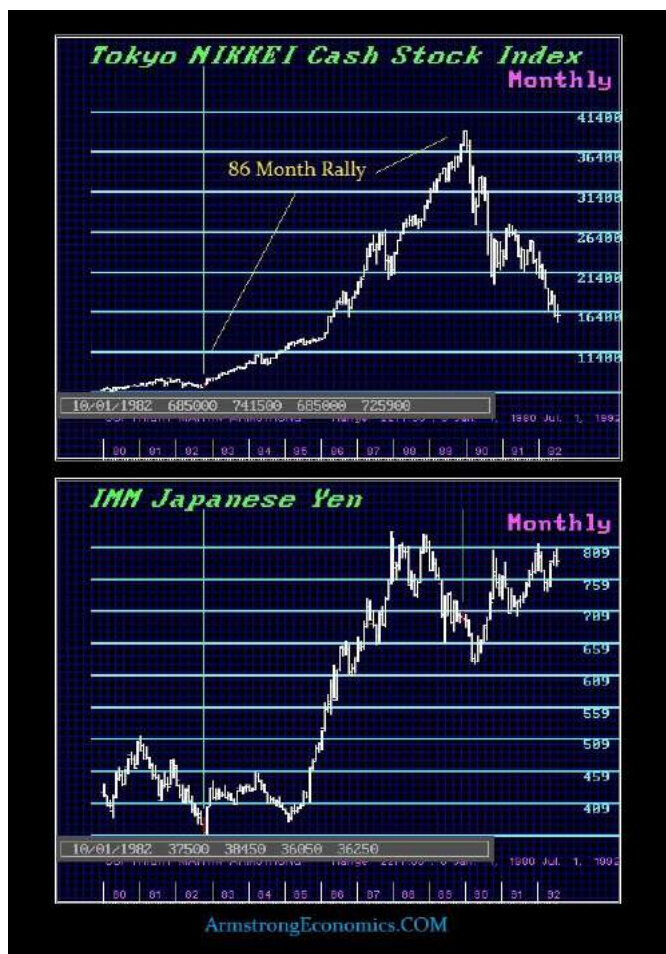


The unfortunate misconception about thinking in words created by the press who asked the question, has been a major set-back, I believe, in our evolution process. It may appear that we think in words, but this is not true. You are reading this right now and the words are being submitted to your mind. Eventually, you learn something which emerges as a concept – not as a collection of individual words. Our mind is actually a super-computer which stores concepts that can be accessed by any of the various senses we possess from sight, smell, sound, and taste for example.

Individually, words do not generally form a conception alone. There are some exceptions as there are to most things. For example, we may have experienced a date with a person where we fell in love. Our mind unconsciously is recording the collateral events; the music in the background, the place, the food and the

wine. We are not aware that our mind is recording these events. Yet, we may then hear that music that was playing, and our mind will retrieve that moment based solely upon that sound and bring to the forefront that entire event as a distant memory.

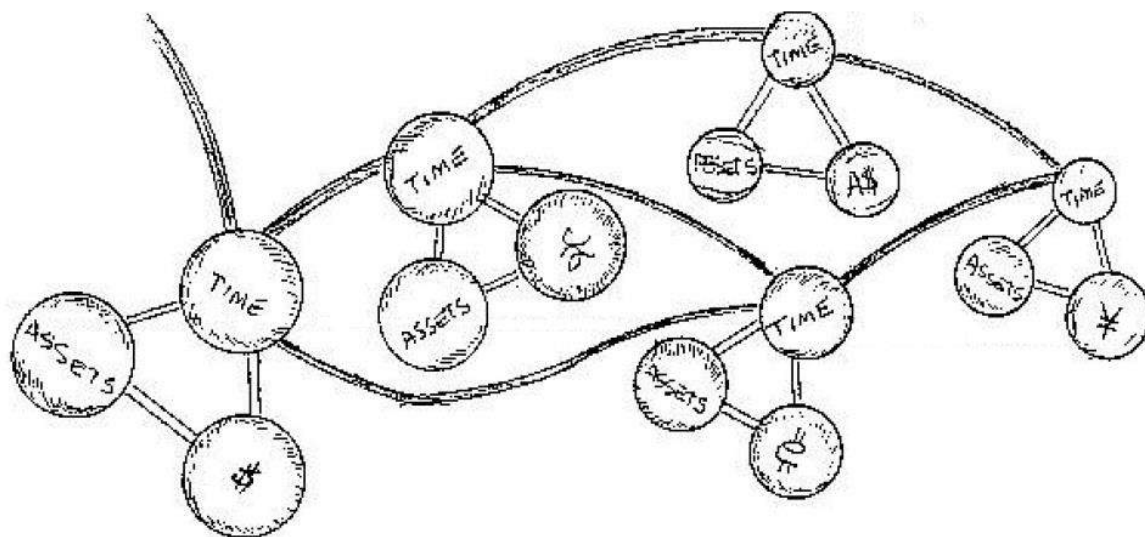
The word is not how we think – it is concepts. Therefore, if truly think dynamically yet this linear idea of trying to analyze things is as if we are also trying to just think in words and not understanding there is something far more dynamic taking place in our own minds. Consequently, we can see the linear scale in our mind with assets and money on opposite sides, but we do not comprehend that that is sitting in a roller coaster which is rising and declining in an eternal sea of political-economic change on a global scale.



Each person around the world will act in their own self-interest and judge the value of assets in a foreign land as expressed in the currency of their homeland. In this manner, domestic investors will be looking at just the scale of assets v money in their local currency, while

the foreign investor will translate that to a concept of value in their currency. In this manner, capital flows around the world based upon its perception of an international value.

Therefore, a **REAL** bull market because something that is rising in terms of the local currency, yet that currency is also rising against other currencies globally. The foreign investors will be attracted for they will make even more money than a domestic investor since they will benefit from **BOTH** the asset rise and the currency. That was WHY Japan experienced its Bubble in 1989.



Time is the Only Constant

What Caesar saw in his mind's eye, was that the value of assets relative to money fluctuates so much that it is rather different depending on the Time. Now we must stop and realize that the value of anything can only be measured in a split second. At any time thereafter, its value will constantly fluctuate even in domestic terms. The value we see in a local currency measuring the assets in dollars relative to a moment in time is fixed at that same moment by taking those assets and recasting them in different currencies.

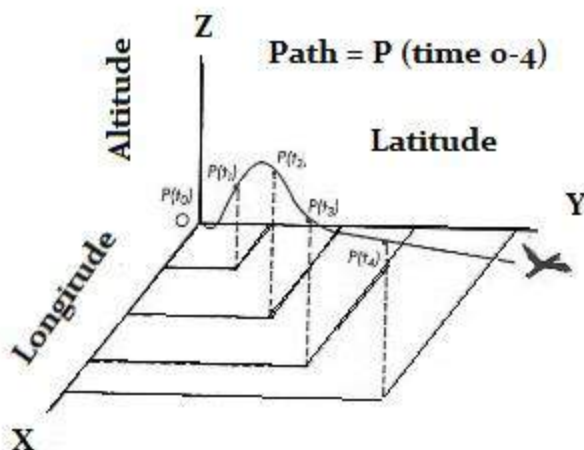
Today, we have a very global economy so each investor around the world measures profit and losses in terms of money that is his home currency. Hence, what one sees in dollars as rising in value, to another may see a decline if the dollar is declining at a greater percentage than the assets are rising as measured in dollars.

Therefore, **TIME** will be important both domestically when you buy the assets relative to the local business cycle, and then its true value will be different in terms of international value based upon the currencies of other nations.

Caesar realized that at the **TIME** you purchased a house, the lender was willing to loan you \$100,000. Now that real estate crashed and burned, it is worth only at best say \$50,000. Your mortgage is now more than the property is worth. In the case confronting Caesar, the bank still demanded the \$100,000 even though currently it could buy two homes for the same amount of money. Caesar realized

there is a dynamic here. If the bank bought stock in a corporation for \$100,000 and the stock went down in value by 50%, it would now have only \$50,000 worth of stock. If the stock went to \$200,000, the bank would then claim a profit. Mortgages are no different.

This is the problem of the real world. Let us try to identify where a plane is in the sky. We can calculate the latitude and the longitude and then apply the depth being the altitude. But that is a brief calculation that is invalid seconds later because the plane is moving.



This is precisely the same problem we face is trying to ascertain the value of something. In our mind it may be fixed because we are also measuring that in terms of the money that we wrongly assume is a constant. Our conception is static and unrealistic for we do not see the international value at issue.

This is what Caesar understood and is thus reflected in his solution to recalculate to a point in time when values were equal.

Caesar was urged by the Populares to just wipe out the debts. This, he realized, would benefit the people, but also wipe out the capital formation. He conceptualized for the first time which only a rare politician has ever seemed to conceptualize – there is a lack of constant.

Caesar appointed assessors to revalue all property to the date of the loan prior to the economic crisis. He then ordered that all interest payments would be credited toward capital. Thus, he balanced the scales by settling the debts at where they originally stood. Suetonius tells us that **“the creditors lost about a fourth of what they had lent.”** (Id./42,2). [Suetonius: “*quarta pars (a fourth part) fere (about) crediti (of the loan/debt) depiribat (got lost)*”]

This may be true perhaps on an average basis, but I suspect it may have been at least 1/3rd. However, there was no other option to state bailouts. Caesar was no doubt assassinated for it, for the people who were the very creditors were often the senators. Even the image that Shakespeare gave us of Brutus was far

Curse of all Republics – the Oligarchy

from the truth. This was a greedy and ruthless man in his financial dealings. Cicero tell us that Brutus (85–42BC) lent money at 48% to the City of Salamis in Cappadocia (Turkey) when the legal rate was 12% (*Cicero, Epistulae ad Atticum* 5,21,10–13).

Clearly, Caesar was a politician who rose to the level of a statesman who truly sought to reform the corruption in the Roman Republic. He was not acting out of his person self-interest for he too had debts and believed that wiping out all debts would have unfairly benefited himself. Caesar saw the dynamic relationship that constitutes value. He realized that value is merely a tangible concept in and of itself.

Gaius Julius Caesar was a man who could see his conception of how the economy would work and the best way to eliminate corruption. To see the Debt Crisis and the injustice of the economy, did not lead him to insane ideas that our current crop of politicians is trying to create both in Europe and the United States with failed Quantitative Easing to punish us for their mismanagement. They engaged in class warfare to divert responsibility from themselves. They always point to the rich and claim the solution is to raise their taxes, but they never seem to lower taxes for the middle class. These ideas are Marxist by any label you want to apply to try to hide the truth of their actions.



Gaius Julius Caesar
(100–44 BC)

Caesar was asked to take the Marxist approach and cancel all debts. This is a man that could have taken that concept and ordered it by decree. He still did not, and chose the high road that was best for the country. In contrast, our politicians only listen to Karl Marx. They see the “rich” only for what they possess. They do not see that what they are seeking to destroy is human individualism.

We are headed into fascism where the property remains nominally in the name of the owner, but the state dictates what you may do with that property, how you will manage the property, and what you shall pay to the state. The state is accomplishing the same experiment of Marx with communism insofar it results in a central control dictated by politicians.

Just as Russia and China collapsed because the state is not in the front line and thus is incapable of innovation, fascism is leading to the very same end. When the state is concerned about what a business pays in bonuses regardless of if they are justified or not, that is embarking upon fascism.

Government is simply incapable of providing economic growth. They may own the hospital, but they are not qualified to be a surgeon. We need a divorce! The first time the two words were joined “political economy” it was the marriage in hell. We cannot tolerate what is taking place for our future is being destroyed.

Caesar Died for his Economic Reforms

Caesar realized that money is not a constant. Neither are assets. The only constant is **TIME**. By evaluating all property and loans to a fixed point in time pre-war, he discovered the real constant. We may believe we are making money by the sheer increase in the number of dollars, yen, pounds, francs, Euros, or RMB. But if we then calculate that in a different currency and back-test that with time, we end up with a completely different perspective.

Caesar appears to have understood that there was no constant value to money, and its value expressed in assets rose and fell also with the winds of fortune and fate combined. His economic reforms were more than most politicians can do in 8 years, compared to no less than 2 years.



Julius Caesar (100-44BC)
Silver Denarius

Make no mistake about it. Caesar paid for his economic reform with his life. Cato and Brutus were not the wonderful people their propaganda tried to relay. Even Plutarch reported in his Pompey:

“that the common talk among the cavalry was to the effect that, once they defeated Caesar, they must get rid of Pompey too. Some say that this was the reason why Pompey never gave Cato any really important command; and that, even when he was marching against Caesar, he left Cato behind ... because he was afraid that, if Caesar were eliminated, Cato may insist on him laying down his own command immediately.”

Curse of all Republics – the Oligarchy

(Plutarch, Pompey, 67, 1-2)



Marcus Junius Brutus
(85 BC – October 23, 42 BC)
*"EIDMAR" Declaring He Killed Caesar
on the Ides of March*

And as for the celebrated Brutus, Shakespeare's portrayal was far too flattering. None of his books have survived except the writings to Cicero. He was ruthless and had a nasty reputation for being extortionate and very cruel in his dealings with the provincials as governor. He was pardoned by Caesar, yet was a lead assassin, and when he lost in battle against Mark Antony and Octavian (future Augustus), he committed suicide knowing he would not be spared a second time.

Brutus had always cloaked himself in his relation to Lucius Junius Brutus who was one of the first consuls in 509BC who overthrew the last Etruscan king creating the Roman Republic.

Cicero met his end on the order of Marc Antony after the assassination of Caesar. His throat was cut, and then his head and hands were severed. They were sent to Rome. Antony ordered that they should be mounted in the Forum. Here were the hands that wrote so profoundly and tore Rome apart. Antony proclaimed, ***"Now let there be an end of our proscriptions."*** (Plutarch, Cicero, 49,1).

Rome passed into eventually the hands of Octavian who assumed the purple and became the first of the emperors of Rome serving between 27BC and 14AD. Caesar



Lucius Junius Brutus (Consul 509BC)
Gaius Servilius Ahala (Magister Equitum 439BC)
Denaris minted 54BC commemorating Brutus & Ahala

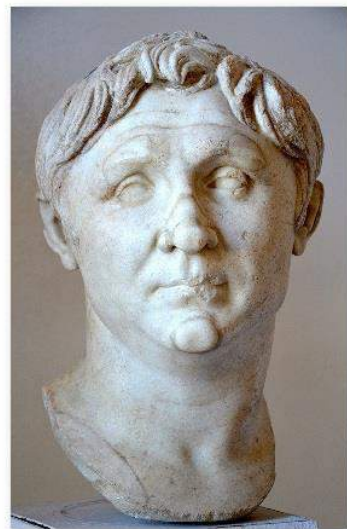
Curse of all Republics – the Oligarchy

died for his reforms. It is appropriate we have named the month of July & the calendar after him.

Most disturbing is the fact that Shakespeare and others took the writings of Cicero and assumed that the Republic was an honorable political entity and Caesar was the cruel dictator. But the office of dictator was a normal post and in fact Cicero had served as a dictator as well for one term.

What the Founding Fathers behind American and Shakespeare failed to grasp was that the Roman Republic had fallen into the hands of an Oligarchy. The corruption became so blatant during the political elections of 53BC. The elections of 53BC effectively degenerated into a bidding war between the various factions. Under the pretense of helping candidates with their expenses, the bottom line was simple bribery. We know from various contemporary authors of the time, that the bribery was so intense, that interest rates jumped from 4% to 8% during those elections. This bidding war was so serious, that the Senate of Rome was forced to act.

Pompey professed to be shocked at the entire affair which was highly unlikely given his part in the dealings. The Senate was forced to announce prosecutions against all concerned, and the offices of Consul were given to other parties following a confession by one candidate, Memmius. Political contribution scandals are still taking place today as they did thousands of years ago.



Gnaeus Pompeius Magnus
(106 – 48BC)



Republics always dies by suicide. They are quite different from a true democracy where the people actually get to vote on each issue. A Republic is merely a facade for we elect “representatives” who then make decisions on behalf of the whole. That opens the door to bribery and ultimately all Republics are consumed by oligarchies.

The only possible way to infuse a real democratic process into a Republic is to impose term limits upon these representatives. If they serve one term of two-years at most, then they will act as an oversight of the bureaucracy. Additionally, there must be EQUAL PROTECTION of the law meaning there can be no Marxism which involves class warfare.

Once the Roman Republic came to an end and the Imperial era began with the reign of Augustus (27BC–14AD), the head of state could no longer be bribed. Augustus outlawed government borrowing and taxes were indirect amounting to about 7%. The government was funded by the creation of money which proved to be far less inflationary than borrowing which then competes with the private sector, retards economic growth, and forces the private sector to pay higher interest rates reducing disposable income. Social programs still existed to take care of the less fortunate including widows and orphans.

Financial Contagions



Tiberius (14 - 37 AD)

Æ Sestertius Rome mint Struck 22-23 AD

Tiberius seated left on curule chair

"CIVITATIBVS ASIAE RESTITVTIS" (cities of Asia restored)

Financial contagions have been taking place since recorded history. Ever since there has been international trade, external events in one nation have tended to ripple back through the trade routes to disrupt the economy of one nation infected by another. The bankers in Rome would always fall into a panic with news of some disaster in a province to which they had lent money. There was a huge earthquake in modern Turkey which took place in 17AD, which the historian Pliny called it "the greatest earthquake in human memory". Such events would always send panic down in the Forum where the moneylenders and bankers set up shop.

Historical records report that up to fifteen towns and cities were destroyed or seriously damaged by the earthquake: Sardis, Magnesia, Temnos, Philadelphia, Aegae, Apollonis, Mostene, Hyrkanis, Hierapolis, Myrina, Cyme, Tmolus, Pergamon, Ephesus and Kibyra. The Roman Emperor, Tiberius (14-37AD) waived all taxes due for five years after the earthquake. He also sent ten million sesterces in aid. Tiberius issued a sestertius struck in 22-23 AD in Rome, with the inscription "CIVITATIBVS ASIAE RESTITVTIS" or "cities of Asia restored".

Financial Contagions

Even when we look back at the Legal Code of Hammurabi circa 1650BC, we see an attempt to create fixed prices and regulation that contracts between two people had to be written down. Obviously, such laws would not be required if there had not been wild fluctuations in price of commodities.

Just as in Roman times where Cicero tells us that Brutus saw no problem exploiting others for profit. Brutus began his political career as an assistant to Cato who was really the head of the oligarchy in Rome. He bid for the governorship of Cyprus. It was during this time period that Brutus enriched himself by also skimming taxes and then lent money to Ariobarzanes I (96–63BC) of Cappadocia (modern day Turkey) at 48%, well above the legal lending rate, which was confirmed by Cicero's documents on Brutus. Indeed, Brutus returned to Rome after making



Marcus Junius Brutus
(85 BC – October 23, 42 BC)
AV Gold Aureus with Portrait of Brutus

himself incredibly rich from collecting taxes and lending out money. International investment has always been taking place since ancient times.

The Roman were always eager to run into investments in a new province recently conquered. After the conquest of Gaul, the Romans found the Celtic people to

also be excellent craftsmen. Although Herodotus mentions palm-wood casks used in shipping Armenian wine to Babylon, it was the Celts who invented the wooden barrel back around 350BC. They were watertight containers that were able to be rolled and stacked. Following the lead of the Roman army, merchants quickly adopted wooden barrels in place of amphorae.

Even the Tulipmania of the 17th century enticed investors from all over Europe into Amsterdam. Rarely ever discussed was the fact that tulips began also trading in London.

Of course, then there were the great investments in emerging markets which turned into major bubbles which bursts in 1720 – the South Sea Bubble in London and the Mississippi Bubble in Paris. Once again, there were so many people



The Code of Hammurabi Black Basalt Stele - Louvre

throughout Europe investing in the Mississippi Bubble that the King of France had to assume the debts for political relations.

Panic of 1857



**Purchasing Power
of Gold Fluctuated
at all times**



The first major economic contagion to be acknowledged in modern times as a global event was the **Financial Panic of 1857**. Preceding this event, there was an over-expansion of the money supply during 1848-1857, which was caused by the **1849 California Gold Rush** discovery. This discovery set in motion an inflationary bubble setting the tone for the **Panic of 1857**. Inflation had moved substantially higher as gold flooded the US economy. By 1857, gold's purchasing power had declined from 1849 steadily to the point that it purchased at best half as much as it had just 10 years prior.



Bayard Taylor
(1825 - 1878)

Event gold did not prevent waves of inflation and deflation throughout history. During the 1849 Gold Rush in California, the journalist for the New York Tribune, Bayard Taylor (1825-1878), arrived in San Francisco by ship during the summer of 1849. He was shocked at what he encountered and did not think that anyone would even believe what he was going to write. His dispatches about the gold rush economy in California stunned many and helped to create the 1849 Gold Rush.

The average wage for a laborer in New York was about one or two dollars a day. In California, individual hotel rooms were rented to professional gamblers for upwards of \$10,000 a month, which is the equivalent of about \$300,000 today.

Financial Contagions

The degree of inflation in terms of gold was astounding and lacks comparison in modern times. There was so much gold, that the value of goods rose even though they did not in New York. The inflation phenomenon was local.

1849 California Gold Rush



1851 California US Assayer of Gold

Legal Tender \$50 Gold coin by Augustus Humbert

Gold became so common; they were even striking \$50 gold coins in California when \$20 was the highest denomination elsewhere and \$1-dollar coins down to 25 cents all in gold. Eventually, there were \$1 gold coins minted in the United States for general circulation throughout the USA. Indeed, Taylor wrote:

"[One] citizen of San Francisco died insolvent to the amount of forty-one thousand dollars the previous autumn. His administrators were delayed in settling his affairs and his real estate advanced so rapidly in value meantime that after his debts were paid, his heirs had a yearly income of \$40,000 [\$1.2 million today]."



California 1949 Gold Rush
The Gold Panner

"These facts were indubitably attested; everyone believed them, yet hearing them talked of daily, as matters of course, one at first could not help feeling as if he had been eating 'of the insane root.'"

Edward Gould Buffum (1820–1867), author of *Six Months in the Gold Mines* (1850), described having a breakfast of bread, cheese, butter, sardines, and two bottles of beer with a friend and receiving a bill for \$43. Today, that is equivalent to about \$1,200.

1849 United States Gold Coins *from the California Gold Rush*

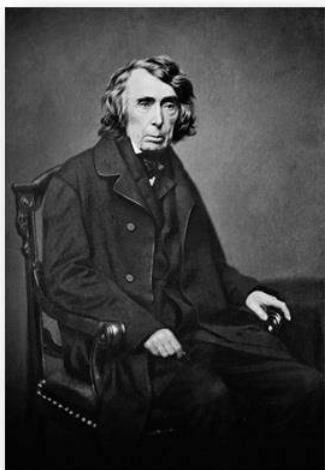


There were reports of canteens charging a dollar for a slice of bread or two if it was buttered, which is equivalent to \$56 today. A dozen eggs might cost you \$90 in today's prices, a pickaxe would be the equivalent of \$1,500, a pound of coffee \$1,200, and a pair of boots as much as \$3,000.

"Every newcomer in San Francisco is overtaken with a sense of complete bewilderment. The mind, however it may be prepared for an astonishing condition of affairs, cannot immediately push aside its old instincts of value and ideas of business, letting all past experiences go for naught and casting all its faculties... Never have I had so much difficulty in establishing, satisfactorily to my own senses, the reality of what I saw and heard."

Financial Contagions

The vast discoveries of gold affected the trading partners of the USA strengthening the interconnectedness of the world economy. The financial crisis began during the autumn of 1857 in the United States which at that point in history was truly an emerging market from the European perspective.



Roger Brooke Taney
(1777 – 1864)

5th Chief Justice of the Supreme Court (1836-1864)
Author of *Dred Scott v. Sandford* (1857)
12th US Secretary of the Treasury (1833 – 1834)

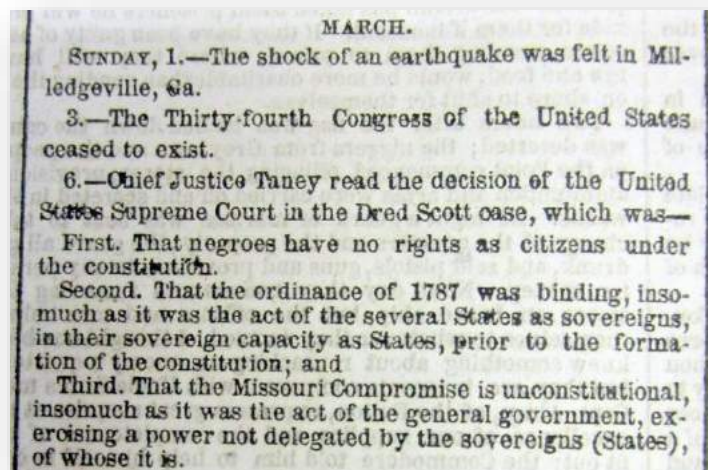
The California Gold Rush of 1849 had created an inflationary boom, but in 1851 there was also the **Australian Gold Rush**. The

money supply was dramatically increased by chance as gold became far more common. Nothing of this magnitude had taken place since the Spanish brought back mountains of silver and piles of gold from South America during the 16th and 17th century.

There was also a very serious Supreme Court decision which set in motion a wave of discontent which would eventually foster into the American Civil War. The Supreme Court ruling in

Dred Scott v. Sandford was handed down in March 1857. Dred Scott was an African American slave who had asked a United States Circuit Court to award him his freedom because he and his master had resided in a state (Illinois) and a territory (Wisconsin Territory) where slavery had been banned.

Chief Justice Roger Taney, writing for the court, held that Scott, as a person of African ancestry, was not a citizen of the United States and therefore had no right to sue in federal court. This holding was so off the legal path, that only fostered discontent. The rationale employed by Taney implied that people of African descent (both slave and free)



Financial Contagions

were not protected by the Constitution and were not U.S. citizens. Soon after the Dred Scott case, it became evident that the ruling would have drastic financial and political effects as railroad securities and land values began to decrease. Confidence in the West evaporated as investment now seemed risky. Of course, only after the Civil War did the 14th Amendment to the U.S. Constitution overrule that decision. The opinion of the court, written by Chief Justice Roger B. Taney, but there were two separate opinions making the vote 7-2.

Those who really opposed slavery on religious grounds began to prepare for civil unrest. Chief Justice Taney really thought the decision would end the slavery question and defuse the entire issue. Western Anti-Slavery Society, was a radical abolitionist who believed the U.S. Constitution was fundamentally a pro-slavery document and therefore unfit to bind together a morally just nation.



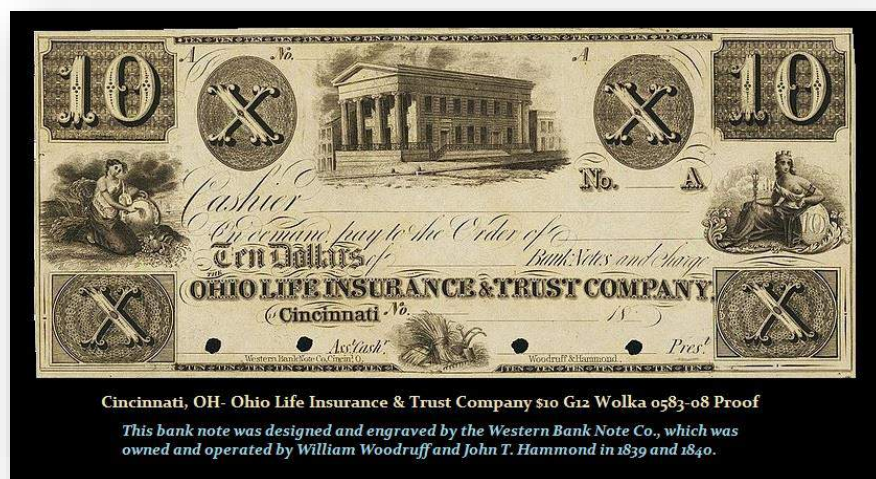
The Crimean War was fought from October 1853 to February 1856 in which the Russian Empire lost to an allied force of the Ottoman Empire, France, Britain and Sardinia. The conflict on the surface was a question of rights of Christian minorities in the Holy Land. Russia sought to protect the Eastern Orthodox Christians while the French promoted the rights of Roman Catholics. Behind the slogans truly turned on the question of power. Britain and France did not wish to allow Russia to expand in the face of the declining power of the Ottoman Empire.

The Tsar Nicholas I of Russia and the French Emperor Napoleon III refused to back down over the pretended religious issue despite the fact that the West and Eastern churches struck a deal. Nicholas issued an ultimatum that the Orthodox Christian subjects of the Ottoman Empire were to be placed under Russia's

Financial Contagions

protection. Britain brokered a compromise by then the Ottomans demanded changes and Nicholas refused. The Ottomans obtained promises from the French and British to support them against the Russians which was all for political territory.

The Crimean War was the first to be photographed and the first to employ modern technology of shelling. Russia was defeated and it realized that its military had to be reformed to cope with modern technology. In Britain, the public opinion was also outraged at the failures of the war. The newspapers demanded serious reforms. The discontent even led to the Sepoy Mutiny in 1857, which was the first failed attempt at Indian independence from Britain. This was also the war that made Florence Nightingale famous worldwide for her modernization of nursing in treating the wounded.



In the United States, the **Panic of 1857** began with a loss of confidence with the failure of the **Ohio Life Insurance & Trust Company** on August 24th, 1857 as the direct result of the collapse in agriculture prices. The company's New York City offices closed due to bad loans and investments that were too concentrated into the agricultural-related businesses. Because of the Crimean War in Europe, much of Europe's farm labor were summoned to fight in the war. Europe turned to American crops for food. When the Crimean War ended in 1856, European farm production resumed, and American agricultural exports collapsed. The price of grain collapsed in value in the United States and that undermined the loans at Ohio Life. The decline in agriculture undermined the banking system since it accounted for nearly 70% of the civil force. The Financial Panic of 1857 was born. The panic spread to the railroad companies and their shares began

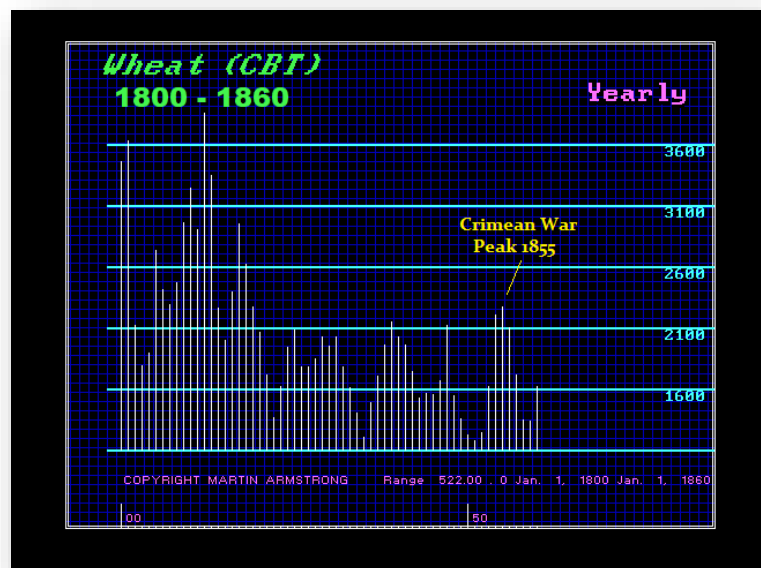
Financial Contagions

to collapse. There were rumors that the US Federal Government would be unable to pay obligations in specie (gold). More than 5,000 American businesses failed within a year, and unemployment was accompanied by protest meetings in urban areas.

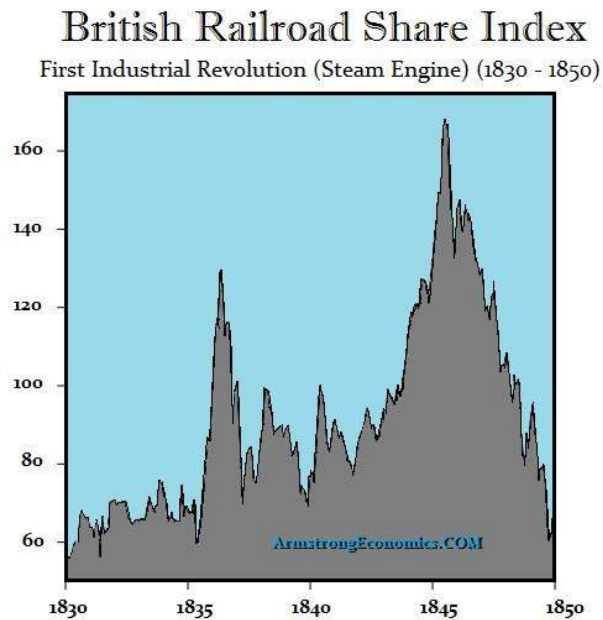
Indeed, it was 1857 when two songs became popular – *The Angels Told Me So* and *Ave Maria*. They reflected the hard times and the view of the dark clouds rising over the slavery conflict that was brewing.

The **Panic of 1857** had brought to an end a period of prosperity, inflation, and speculation which followed the Mexican American War, the Crimean War in Europe, but also the 1849 California Gold Rush. It was what had appeared to be that endless supply of gold pouring into the American economy which played its part by helping inflate the currency creating the illusion of let the good times roll.

Because of the Crimean War, suddenly American farmers found themselves thrust into a new worldwide economic trade. Because of the Crimean War, the price of wheat rose sharply from a low in 1851 at 1170 to 2270 by 1855. The doubling of wheat prices created a boom for the American farmer which set the stage for the bank failures when they lent heavily into the agricultural markets and the crash back to 1330 by 1859.



Financial Contagions



British investors began to recall their investments from the United States as their own share market had collapsed following the Railroad Bubble top in 1845. It was this Railroad Boom and bust which had also stirred the rising discontent with capitalism as a socialist movement was beginning to win converts.

This would manifest in yet another contagion – the 1848 European Revolutions. The uprising that became the European **Revolutions of 1848** began essentially as a democratic movement and an uprising against the

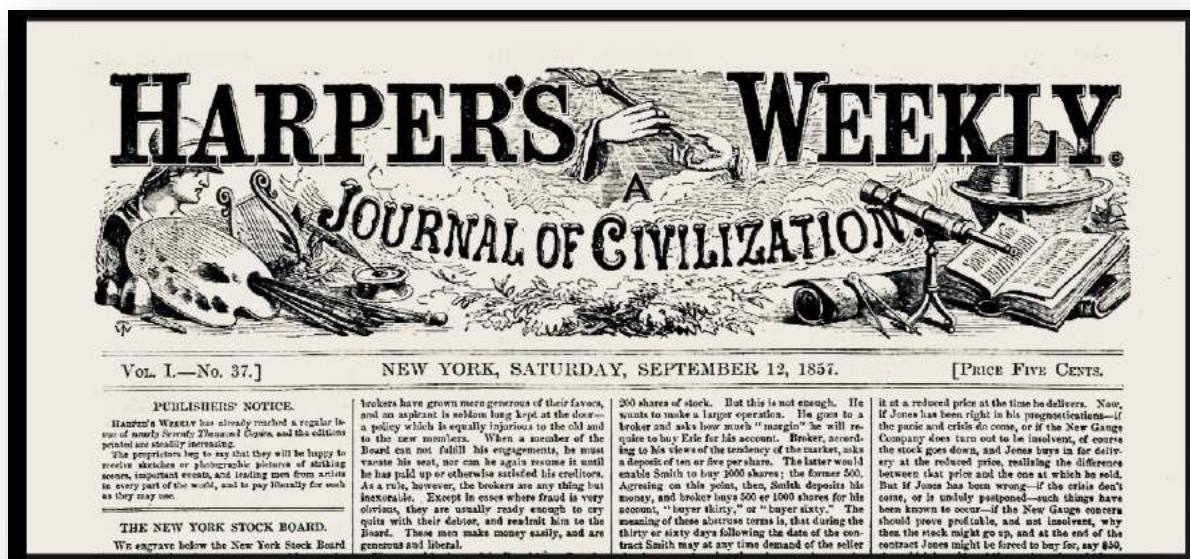
political elite. Indeed, the France the monarchy was overthrown and replaced by a republic. A number of major German, Austrian, and Italian states saw the old-world leaders forced to grant liberal constitutions.

Nonetheless, the British pound had remained fairly steady during the Crimean War against the dollar declining only marginally compared to the wild swings of the War of 1812. Therefore, the decision to withdraw funds from the United States tended to be due to the collapse in banks and agricultural prices rather than a currency move. The collapse of banks in the United States raised international concerns about the economic soundness of the United States economy.



The fall of grain prices, which spread economic misery into rural areas, because of the end of the Crimean War and Russian re-entry into global grain markets, had also led to a collapse in agricultural land values sparking foreclosures.

The investigation that always follows produced the *Report of the Clearinghouse Committee*, which stated: "**A financial panic has been likened to a malignant epidemic, which kills more by terror than by real disease.**" It was the failure of the *Ohio Life Insurance & Trust Company* on August 24th, 1857 that the government officially laid the blame.



Harper's Weekly for September 12th, 1857 reported the reaction on the New York Stock Exchange in the aftermath of the failure of the *Ohio Life Insurance & Trust Company* on August 24th, 1857. The financial institution had loaned \$5 million to railroad builders and had been swindled out of millions more by the manager of its New York branch. Banks had been reducing their loan exposure beginning on August 4th, 1857. Little did they know that a major gold shipment destined to New York just sank that day. This news would only add to the suspicion that was in the air about insolvencies in the railroad industry:

...Jones believes that we are going to have a "crisis," a "revulsion," and "panic." Or Jones is treasurer of the New Gauge Railway, and having access to the books, knows that it is insolvent. In both these cases Jones directs his broker to sell for his account so many shares of the New Gauge Railway...retaining the right of delivering the stock on any day he pleases prior to the conclusion of the contract. Of course, Jones doesn't own the stock he sells; he intends to buy it at a reduced

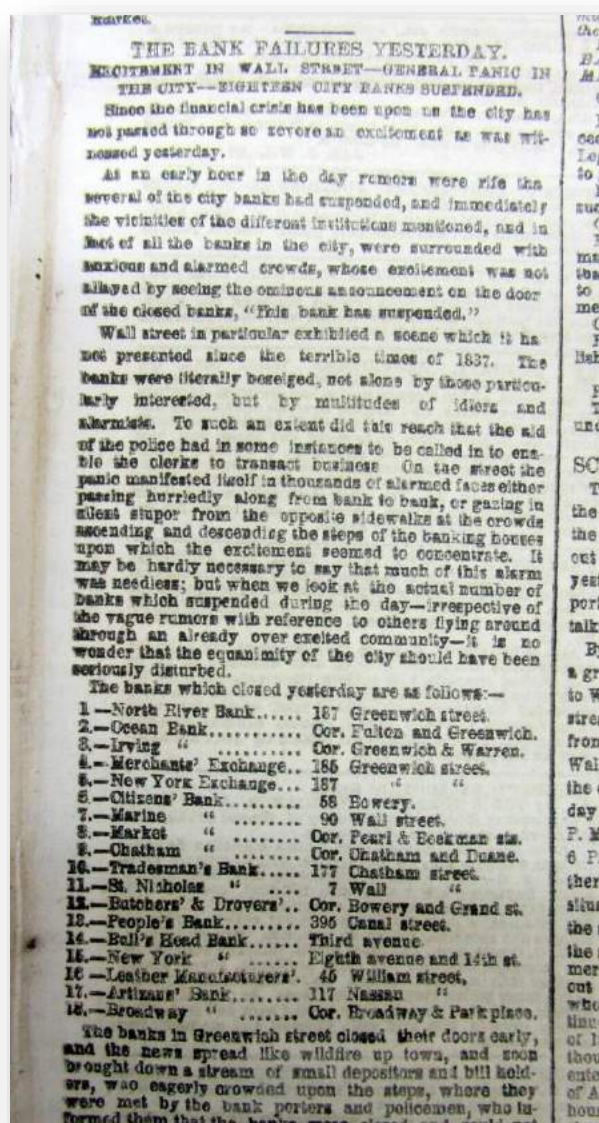
price at the time he delivers. Now, if Jones has been right in his prognostications — if the panic and crisis do come, or if the New Gauge Company does turn out to be insolvent, of course the stock goes down, and Jones buys in for delivery at the reduced price, realizing the difference between that price and the one at which he sold. But if Jones has been wrong — if the crisis don't come, or is unduly postponed — such things have been known to occur — if the New Gauge concern should prove profitable, and not insolvent, why then the stock might go up, and at the end of the contract Jones might be forced to buy for, say \$50, that which he sold at \$45 — netting a loss of \$5 per share.

There was a depreciation of the bank currency if not a refusal to accept banknotes in the aftermath of the **Ohio Life Insurance & Trust Company** failure. Indeed, farmers simply refused to accept bank currency in payment for produce. There was a spreading sense of confusion and distrust with the spreading failure of individuals and corporations, which included the Illinois Central Railroad Company. Reports of failures appears in the newspapers. In single day, eighteen bank failures shook the confidence in the stability of the financial system.

The one hundred and \$122 million of bills payable that constituted the bank loans in August 1857, was probably less than one-fourth of the personal debt then current in the city of New York.

As the public's faith in the soundness of financial institutions continued to plummet from that point forward in late August 1857, more and more US banks began to fail.

Clearly, the East Coast was hardest hit with bank closures in New York, Philadelphia, Baltimore. Nevertheless, bank failures began to spread across the Missouri River to cities such as



THE GREAT WRECK.
LOSS OF THE CENTRAL AMERICA!
A HUNDRED PASSENGERS SAVED.
More than 500 Missing.
WOMEN AND CHILDREN SAVED.
ALL THE OFFICERS LOST, SAVE ONE.
Statement of one of the Saved.
Passengers Coming to New-York.
LIST OF THE OFFICERS AND CREW.
\$1,500,000 in Specie Lost.
DETAILS AS FAR AS KNOWN.

The terrible catastrophe briefly announced in our paper of yesterday morning is fully confirmed. The steamship *Central America* is totally lost, and as far as known up to 9 o'clock last night, more than five hundred of her passengers and crew have perished.

The excitement created by this disaster is most intense. From the fact that no list of the passengers has reached our city, and probably will not until the arrival of the next steamer from Aspinwall, there is the most painful uncertainty among those expecting relatives and friends. Up to the close of our evening particulars yesterday, only about 30 names of the passengers and crew who were saved had reached the city. The telegraphic lines were besieged all day, but the information received was meager and unsatisfactory.

THE STEAMER.

The *Central America* was a three-masted side-wheel steamer of the first-class, built of oak with copper fastenings. She was constructed at Mr. Webb's yard in New York in 1852, and was metall-d in August, 1856. She was originally named the *George Law*, but her name was changed to the *Central America* in June last. She was thoroughly overhauled before leaving this port the last time, and her machinery was supposed to be in excellent order. She had an abundant supply of coal when she left Havana. She was well guarded against fire, and no apprehensions were felt on that score. She had two steam Worthington pumps and two or three hand force-pumps. She carried six boats capable of sustaining fifty men each, and plenty of life preservers. There were also facilities for constructing rafts if necessary. The *Central America* was owned by the United States Mail Steamship Company (Messrs. Marshall O. Roberts and others), and was worth about \$140,000. Her owners were their own underwriters.

New-York Tribune, New York, New York
September 19th, 1857, Sat • Page 4

Omaha. As financial panic began to grip the economy, the British started to withdrew capital from United States banks as did most other Europeans, particularly since they needed cash back home for their liquidity crisis.

Strangely, on September 11th, 1857, a Mormon militia in southern Utah seized a wagon train from Arkansas and brutally murdered 120 people. Mormon leaders attempted a cover-up, but it became known as the "Mountain Meadows Massacre".

Then on September 3rd, 1857, the *SS Central America*, a wooden-hulled steamship which had transported about one-third of all the gold discovered in California valued then at \$150 million between 1852 and 1857, set sail from San Francisco transporting millions of dollars in gold intended to create a reserve for eastern United States banks. The ship was caught in a hurricane and sunk in mid-September in the Atlantic off the coast of Cape Hatteras, North Carolina. The first news that the ship was overdue appeared on September 15th, 1857.



New York Matters.

New York, Sept. 14.

The weekly bank statement show an increase in specie of \$193,888, and a decrease in loans of \$2,235,793 ; in circulation of \$350,876 ; and in deposits of \$310,294. The amount of specie on hand is \$12,181,857 ; to be increased by the expected remittances from California per steamship Central America, now over due.

The dry goods house of N. E. Smith & Co. has failed, as also the hardware firm of Swords, Walton & Co. Both these houses have been in extensive business, and it is believed have ample means to liquidate all claims.

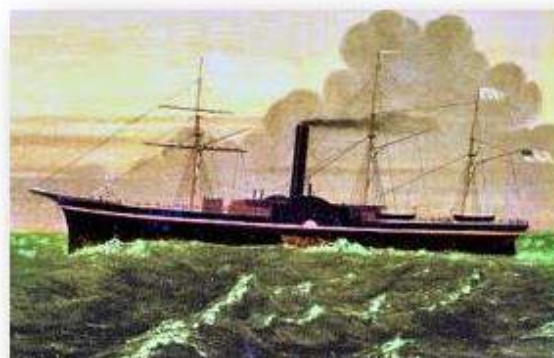
James Ritka, extensive manufacturer in Philadelphia, suspended to-day.

Mr. Andrew Jackson, Jr., has declined to bestow the gold snuff box upon Maj. Dyckman, on account of the division of sentiment and excited feeling existing here on the subject. He says that whenever the public judgment of the people of New York shall settle the claims between the individuals it shall be his pleasure to discharge the duty resting upon him. He returns immediately to Tennessee.

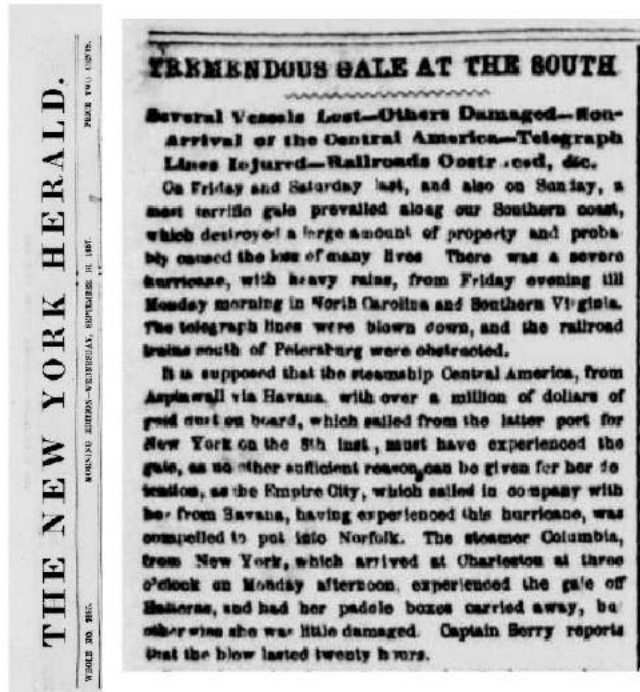
Mrs. Cunningham's trial is assigned for the 28th inst.

The anniversary of the American army entering into the city of Mexico, was celebrated this afternoon by a parade of the 78th regiment of National Guards, and the reception and entertainment by the New York volunteers of the Scott Legion of Philadelphia. The great expected feature of the day, however, did not come off as appears above.

The personal wealth of the passengers was substantial. There was reported over \$1 million in gold dust carried aboard. However, there was also a secret shipment of 15 tons of federal gold, valued at \$20 per ounce back in 1857, intended for the eastern banks - \$8 million in total in 1857 value.



*SS Central America sank Sept. 11th, 1857
(the "Gold Ship")*



By September 16th, 1857, the New York Herald reported that the telegraph lines were down because of the hurricane. The Herald reported: "It is supposed that the steamship Central America ... with over a million of dollars of gold dust on board ... must have experienced the gale, as no other sufficient reason can be given for her detention..."

There was still no understanding that there was a secret shipment of 15 tons of gold for the US Treasury. The following day, the Herald reported a search would begin for the missing

SS Central America.

Daily National Intelligencer (Washington, D.C.), reported on September 18th, 1857, that the ship sank and the Norwegian barque Eloise had rescued women and children passengers from the Central America which foundered at sea with five hundred passengers, beside her crew, and that only sixty of the whole number on board were saved.

Harper's Weekly of New York, reported on September 26th, 1857

"...The catastrophe which we all deplore -- which in the midst of panic strikes a deeper thrill... we can only sympathize and bow in humility, confessing human weakness, and saying, 'Thy will be done!'"





There were some 581 persons aboard. Captain William Herndon managed to get many women and children off the ship to another vessel. He chose to stay with more than 400 passengers and crew who drowned as the ship sank on September 12th, 1857. It was the largest loss of life in a commercial ship disaster in United States history.

By early October, the fate of the SS Central America was being published in the press. This contributed to the concern about a shortage of specie in New York banks which eventually culminated into a panic by October 13th, 1857.

During the **Panic of 1857**, the telegraph had only been in use thirteen years. By October 5th, 1857, the news had appeared in the overseas press. In Belfast, they reported that the missing gold was still only £400,000.

On the afternoon of October 13th, 1857, John Livingston entered the Bank of New York seeking to convert two circulation notes into specie (gold). The notes indicated that the bank would redeem them for specie on demand. The face value of each note was \$100. Upon being presented with the notes for redemption, the teller refused.

That same day, member banks of the New York Clearing House declared that they would suspend convertibility of their circulation notes into specie. In



MONETARY AND COMMERCIAL.

(From Times' City Article.)

London, Saturday Evening.

The funds opened this morning at a decline of one-eighth, from which there was ultimately a reaction. About £88,000 was taken from the Bank to-day for exportation. Should the demand continue at this rate during next week, an early advance in the rate of discount must be anticipated.

The total loss of the Central American steamer, with the Californian mails and about £400,000 of gold, will fall heavily on this side, more than half the amount being insured here.

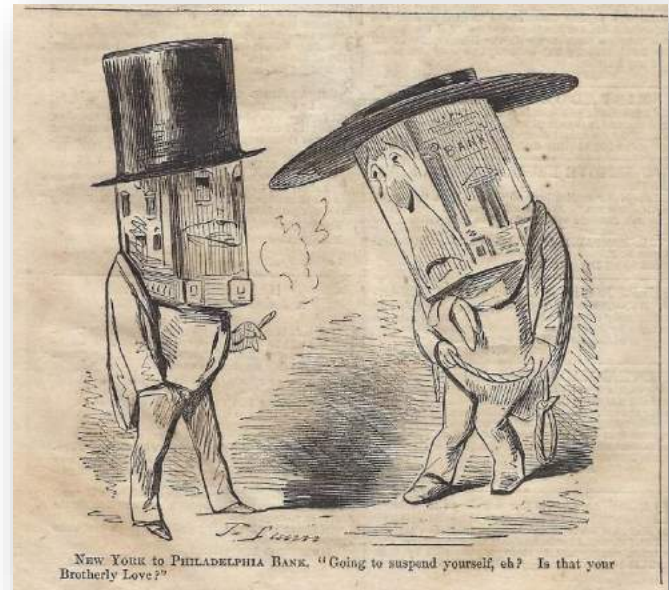
(From Daily News' City Article.)

London, Saturday Evening.

Financial Contagions

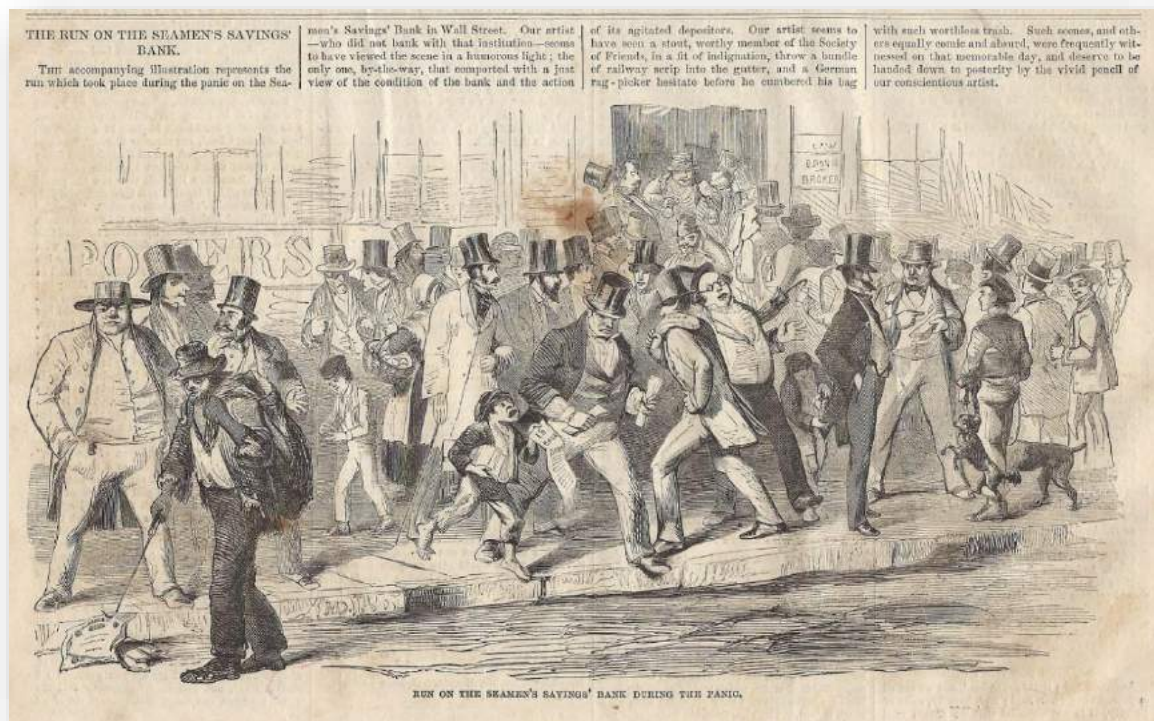
Livingston's view, an existing law enabled depositors to petition the courts for summary dissolution of any bank that had suspended convertibility for 20 days or more. Therefore, John Livingston sued to dissolve the Bank of New York in order to extract his claim of \$200 in specie. The case was brought before Justice Roosevelt of the New York State Supreme Court. On October 19, 1857, Roosevelt read an opinion in favor of the defendant. Observers wondered why the court made this exception to the law.

It was October 14th, 1857 on Wall Street which became known as **Suspension Day**, when banking was suspended in New York and throughout New England. New York banks close and did not reopen until December 12th, 1857. As banks began to close outside of New York City, cartoons would appear like the New York banks criticizing the Philadelphia banks.



The contraction of the economy that followed the **Panic of 1857** was quite dramatic and certainly had parallels in Europe, South America, South Africa, and the Far East causing it to be held as the first worldwide economic crisis. As in all financial panics, people begin to hoard their wealth and do not spend it so freely. In the U.S., the hoarding of wealth and economic contraction caused significant job loss as capital investment dried up. While the South was not greatly affected, most of the crisis was focused in the North where the Industrial Revolution had been center stage. The economic contraction lasted a full eighteen months and carried over much resentment into the onset of the American Civil War. Indeed, because the Panic of 1857 was primarily felt in the North, this too helped to resonate in the question between the difference between the agricultural economy in the South and the industrial economy in the North.

Financial Contagions



Banks began to fail, and stores and factories began to close, touching off a financial crash known as the **Panic of 1857**. During October 1857, 12% of all accounts at the banks in New York had been closed – 635 in general. The climax was reached on October 14th which became known as **Suspension Day**, when banking was suspended in New York and throughout New England.

The Seamen's Bank for Savings, which was formed in 1839 to encourage thrift among seamen, was the subject of a run on October 13th, 1857 which was pictured as a cartoon in Harper's Weekly dated October 31st, 1857.

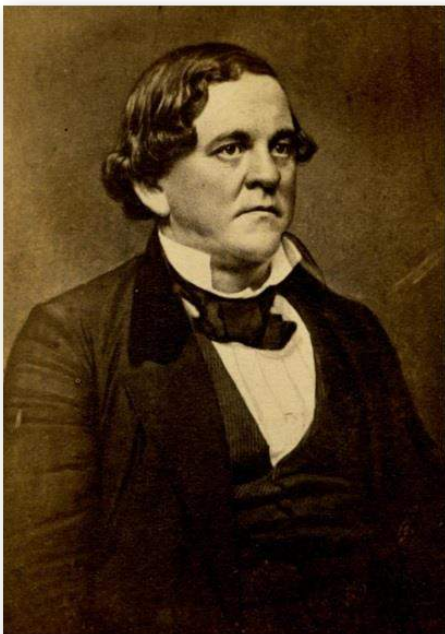
A very severe depression followed in which nearly 5,000 American businesses ended in bankruptcy. From this point, gold began to rise in purchasing power as cash (gold) became scarce following the over-leveraged good times. People always hoard their cash curtailing their expenditures as uncertainty swirls around them. The depression which followed was relieved to some extent when Gold was found in Colorado in 1858 and 100,000 rushed out to Pike's Peak in search of their fortune. The silver **Comstock Lode** was discovered shortly thereafter in 1859, which yielded \$397 million over the course of the next several decades by 1882.

Financial Contagions

Harper's Weekly reported on October 10th, 1857: *"Some of the foreign journals are beginning to set up the old cry of American repudiation, apropos of the recent collapse in United States Railroad securities."* Id/p642. The following week, Harper's wrote on October 17th, 1857:

"The panic becomes more profound. Some days may seem brighter, but they are only like higher waves in a falling tide." Id/p658. On October 24th, Harpers reported: *"The scene in Wall Street was unparalleled; from twenty to thirty thousand persons thronged the sidewalks and choked the entrances to the banks, demanding specie for notes and checks."* Id/p678. Then on November 28th, 1857, Harper's Weekly wrote: *"SPECIE increases from week to week, and confidence steadily gains ground. This is good news. Half the battle is won by the gradual diffusion of cheerfulness."* Id/p754.

Treasury Secretary Thomas Howell Cobb (1815–1868) bought government debt injecting specie into the economy. He injected twelve million in gold, which was added to the immediate circulation of the money supply when it was most needed. Cobb felt that the accumulating surplus in the Treasury vaults was



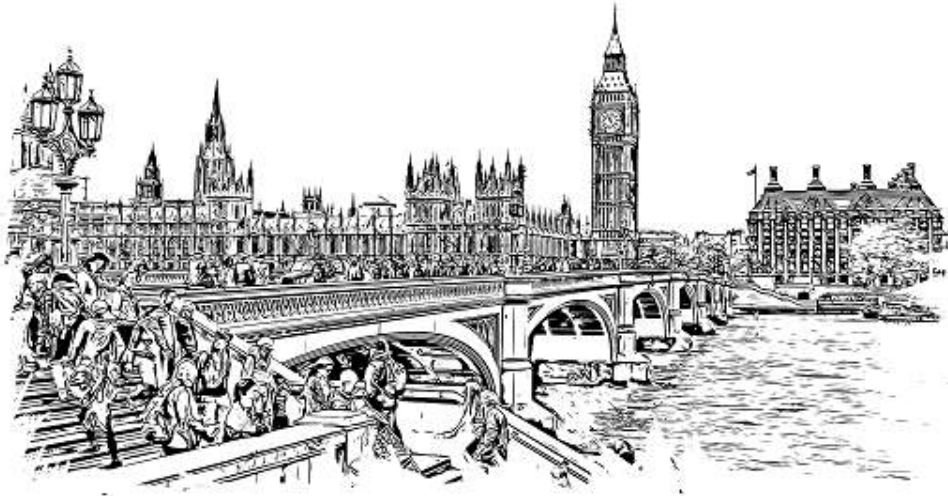
Thomas Howell Cobb
(1815 – 1868)
Secretary of the Treasury (1857 - 1860)

causing stringency in the money market. To relieve this, he introduced surplus funds into circulation by buying back government bonds from commercial banks, which had purchased them as investments. This was perhaps the earliest Quantitative Easing measure on record. Most government policies would have practiced austerity at that point in history keeping the gold in vaults in the belief that this would inspire confidence in the government. Harper's Weekly on December 12th, 1857 even commented that had Cobb not injected the gold when it was most needed, the crisis would have lasted longer. id/p786.

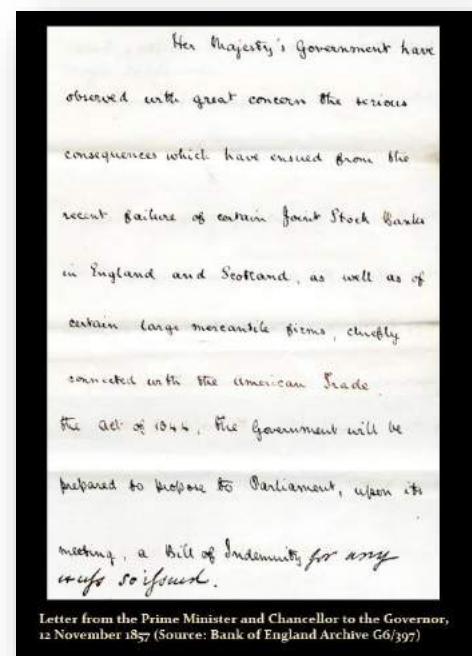
On November 21st, 1857, Harper's Weekly wrote about the prospects of a contagion infecting Europe. *"The arrivals of the Ariel and Arabia have set at rest the apprehension which was felt in some quarters lest the crisis which overthrew our*

Financial Contagions

*banks here should have proved contagious abroad, and the Bank of England should have been forced to suspend."*ld/p738.



In Britain, the Panic of 1857 in America first impacted the two cities most connected with the American trade which were Liverpool and Glasgow being shipping ports. This created an initial wave of commercial failures in Glasgow firms, but then on the 27th of October 1857, the Liverpool Borough Bank failed. The contagion in Britain began to spread from that bank failure and by the 9th of November, the Western Bank suspended all payments. The City of Glasgow Bank failed on the 11th of November, and the following day the panic spread to London. The interest rates soared rising from 5½% to 8% which was the previous 1847 Panic high and then the rates jumped to 9% in a panic and touched 10% before the day was finished on November 11th, 1857 (D.M. Evans 34).



Letter from the Prime Minister and Chancellor to the Governor,
12 November 1857 (Source: Bank of England Archive G6/397)

Financial Contagions

Bank directors met with Sir George Cornewall Lewis, the Chancellor of the Exchequer, on the 10th of November to address the crisis. Then on the 12th of November, the Prime Minister, signed the letter that suspended the Bank Charter Act for the second time in ten years.

Indeed, Prime Minister Lord Palmerston's government on the 12th of November 1857, circumvented the requirements of the **Peel Banking Act of 1844** of May 6th, 1844 reducing the requirement to back the currency issued by the Bank of England with precious metals, which set off the contagion as the **Panic of 1857** spread to Britain.

The suspension of the **Banking Act of 1844** in response to the contagion from America that hit Britain in the latter months of 1857, was actually the second time the Act was suspended within ten years. The **Panic of 1857** became the first modern worldwide financial contagion spreading not only to England and continental Europe, but also infecting South America, South Africa, Australia and the Far East.



Prime Minister Lord Palmerston
Henry John Temple, 3rd Viscount Palmerston
(1784 – 1865; Prime Minister June 12, 1859 – October 18, 1865)

David Morier Evans (1819–1874), a well-known Welsh financial journalist, wrote in 1859 that the financial crisis was the most *“remarkable on record extending as its ravages did through every market and in almost every conceivable direction”*. In 1857, the Bank of England issued notes for £2,000,000 above the legal limit were issued (*John Guiseppe Evans, The Bank of England: A History from its Foundation in 1694. London: Evans Brothers Limited, 1966. Print id/114*).

Ironically, the **Bank Act of 1844** was specifically designed to prevent a recurrence of precisely the kind of crisis it was facing in 1857. Interestingly, suspension of the Act was necessary in order to calm that very crisis it was intended to prevent – the Paradox of Solution.

Meanwhile, in Britain, on December 5th, 1857, Harper's Weekly reported: *“The measure which was indicated in our issue of last week as a possible remedy for the embarrassments of the British trading community has since then been*

Financial Contagions

*adopted by the Government of England; the Bank has been officially informed by the Government that it may create paper without holding a specie equivalent in its vaults."*ld/p770.

The collapse of the British economy was certainly delayed with respect to the collapse in the American share market. Nevertheless, the panic depreciation of American securities, namely the railroads, did not initially cause a panic in London.

The real impact from America which impacted Britain was the decline in the price of commodities. The British economy at that time was still predominantly agriculturally based. This is why the Panic of 1857 in Britain began in Liverpool and Glasgow which were the two major ports for trade.

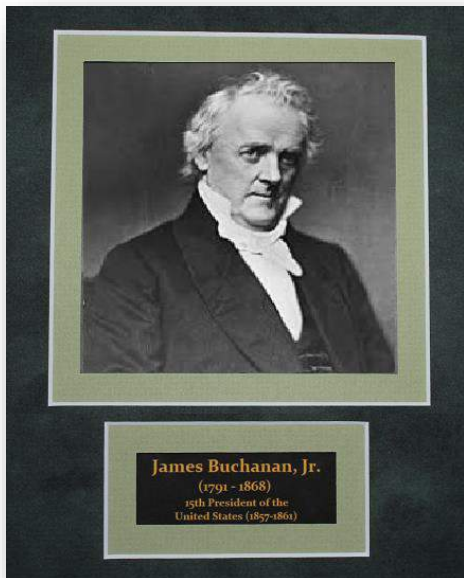


When we look at the performance of the American share market, we can see that 1857 was by no means a major isolated high. The peak in the American share market remained that of 1835 and the secondary reaction rally had peaked in 1852. Therefore, the market was already in a bearish trend for several years. The previous low of 1842 had followed the **Panic of 1837** and the widespread collapse of private bank notes throughout America. Hence, the fear

Financial Contagions

of private banknotes and sovereign defaults by states was not a remote distant memory.

Clearly, the events of the **Panic of 1857** were extraordinary insofar as they were becoming a more widely perceived problem of an interconnected global economy that was becoming subject to contagions.



President Buchanan's response was "reform not relief" to the crisis that emerged in 1857. Buchanan maintained that the government was "without the power to extend relief", but it would continue to pay its debts in specie (gold). The dominant philosophy was to maintain the credit of the United States federal government particularly in light of the sovereign defaults of the states in the aftermath of the **Panic of 1837**.

President Buchanan declared that he would not curtail public works, but he would also not add anything new to stimulate the economy. He was clearly a Jacksonian in respect to his economic views regardless of the fact that those very views created the Panic of 1837 and the sovereign defaults of the states during the 1840s which involved Arkansas, Illinois, Indiana, Louisiana, Maryland, Michigan, Mississippi, Pennsylvania, and the territory of Florida.

Buchanan urged the states to restrict the banks to a credit level of \$3 to \$1 of specie imposing his philosophy of AUSTERITY during a financial crisis. He also discouraged the use of federal or state bonds as security for bank note issues. Banks would buy various government bonds and use them as the backing to issue paper currency. Naturally, when states defaulted during the 1840s, this resulted in a collapse in public confidence in all private banknotes. Buchanan had hoped to reduce the deficit; however, his Secretary of the Treasury Thomas Cobb had taken a different view of what was necessary during a crisis.

Between the 25th and 29th of September, no fewer than one hundred and fifty banks in Pennsylvania, Maryland, Virginia, and Rhode Island suspended specie

Financial Contagions

payment (D. M. Evans 34) and the panic reached a peak in the United States in October when 1,415 banks in the United States failed (J. G. Evans 113).

In his December 7th, 1857 State of the Union message to Congress, President Buchanan said:

Thanks to the independent treasury, the government has not suspended [specie] payments, as it was compelled to do by the failure of the banks in 1837. It will continue to discharge its liabilities to the people in gold and silver. Its disbursements in coin pass into circulation and materially assist in restoring a sound currency.

To avoid further financial panics, President Buchanan encouraged the United States Congress to pass a law to provide immediate forfeit of a bank's charter in the event that the bank suspended specie payments.

By 1859, the Panic began to level off and the economy had begun to stabilize. President James Buchanan, after announcing that the paper-money system seemed to be the root cause of the Panic keeping in line with his Jacksonian philosophy, he decided to withdraw the usage of all bank notes under twenty dollars and urged the states to follow his example.

The Fall of Athens



With the rise of Athens after their crushing defeat of the Persian Invasion of 480BC, the Athenian city-state significantly increased spending on state employees, public works, and assistance for the poor. As spending increased, so too did Athens' public borrowing. The first Delian League (478–404 BC) was one readily available source of credit for Athens. The amount borrowed accounted for nearly 40 percent of public spending. In 454BC, the League's treasury was transferred to Athens and they then borrowed excessively to fund monuments of imperial splendor such as the Parthenon. This began known as the Golden Age of Athens built upon debt. Athens had exploited the Delian League to prepare for another Persian invasion that never came. It became the ancient version of NATO that was formed to defend against a Russian Communist

Invasion, which also never came. The due extorted from the member Greek city-states was used to create the Athenian Golden Age which inspired resentment that would ultimately lead to war.



Pericles
(c. 495–429BC)

What weakened Athens was its debt. They squandered their wealth much as a lottery winning creating public debt. Then came the plague of Athens, 430–426BC came at the outbreak of the Peloponnesian War (431–404 BC), but it caused the death of the great statesman, Pericles (495–

The Fall of Athens

429BC), and also decimated the population and contributed significantly to the decline and fall of classical Greece.

The cost of the Peloponnesian War (431–404 BC) was massive and by 423 BC, the city of Athens owed the Treasury of Athena approximately 7,000 talents, which was 26 kg of silver or the value of 9 years of a skilled worker – over \$3 billion dollars in wages of \$50k annually. The Athenian state publicly defaulted on its debt to the sacred treasury. Borrowing by various Greek city-states throughout the classical period more often than not ended in default, which sometimes resulted in renegotiation or repudiation.



Athens eventually defaulted during the economically devastating Peloponnesian War (431–404 BC). This is what resulted in the complete debasement of the Athenian Owls reduced to a bronze coin silver plated in 404BC. They had exhausted both their ability to tax and their silver mining revenues. The sacred Treasury of Athena was the main creditor to the city-state during the war. Temples had vast sums of money from people donating money to the gods for favors or forgiveness.

The defaults on debt deeply hurt Athens' reputation. Then in 405BC, the Spartan general Lysander defeated the Athenian fleet in battle. With the fleet defeated, the people in the city of Athens began to starve. They did not have the army to take on the Spartans on land. In 404BC the city of Athens surrendered to the Spartans ending the Peloponnesian War.

The city-states of Corinth and Thebes wanted the city of Athens destroyed and the people enslaved for their extravagance. However, Sparta disagreed. They

The Fall of Athens

made the city tear down its walls, but refused to destroy Athens or enslave its people.

The real victor of Persia. Sparta defeated Athens only with financial help from Persia. The Peloponnesian War in Greece merely substituted a Spartan empire



Ancient City-State of Sparta

for an Athenian one. Sparta took over the Athenian empire and kept all of its tribute revenues for itself. Sparta's allies, who had made even much greater sacrifices for the war effort, got nothing in return. This would ultimately create resentment against Sparta that would lead to yet another war.

Interestingly, following the Peloponnesian War, Athens' interim government borrowed 100 talents from the victorious Spartans. It was now about gathering wealth so Sparta spared Athens for future profits. Sparta installed a new government known as the Thirty Tyrants. Yet after only about one year, Athens' democratic government returned to power overthrowing the Thirty Tyrants. Nonetheless, the new Democratic government assumed the debt incurred by the interim government and repaid the Spartans in full. It really had no choice. This story is noteworthy as it marks one of the first discernable instances of **Sovereign Debt** that was actually repaid.

The Athenians' timely repayment, however, is anomalous in the long history of public borrowing. Default and renegotiation of public debt is a practice nearly as old and constant as public debt itself. It is ironic that sovereign debt defaults began in Greece who many regards as the pioneers of public debt. We never learn from history for if we look at this Greek practice, it is important to recognize that throughout history governments have rarely been careful stewards of borrowed money. They are exempt from laws and as such have always squandered the resources of the people ending in catastrophic politic unrest.

While Sparta won the Peloponnesian War, they did not enjoy their victory for very long. Sparta had also borrowed and owed much to prince Cyrus the Younger (b? – 401BC) of Persia. Now Cyrus needed help when his father Darius II died in April 404BC to defend his right to the throne. The Spartan officer Clearchus, probably acting with tacit approval of his government, supported Cyrus when he revolted. Many Greek mercenaries, professional soldiers who had fought in

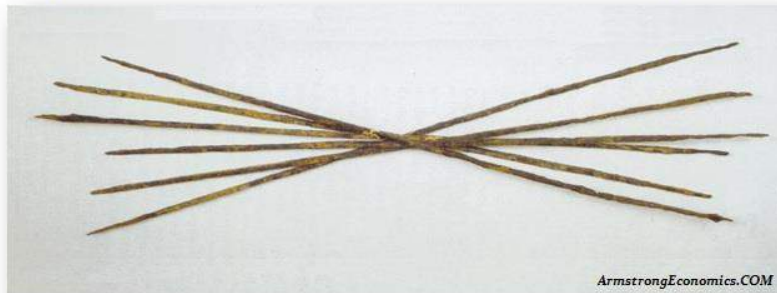
The Fall of Athens

the Peloponnesian War, joined the expedition, which culminated in 401BC in the battle of Cunaxa, in which Cyrus was killed.

The resentment had swung from Athens and now attached itself to Sparta who was seen as greedy. Sparta was really no match economically for Athens. They had never issued coins and remains as an ancient communistic type of government where loyalty was to the state.

Pericles and the Peloponnesian War? A long war between Sparta and Athens that was this clash of philosophies. The battle I'm talking about goes back that far, and it starts with this: Sparta never issued any coins for it was effectively a communistic state.

Sparta v Athens - Clash of Philosophies



The origin of Greek coinage was the Obol

(ancient Greek: *obolos*, literally "spit, iron rod") According to Plutarch, the Spartans had an iron *obolus* of four *chalkoi*. Sparta chose to retain the use of the crude and cumbersome, impractical "*oboloi*" for their monetary system rather than adopt any coinage in order to discourage the pursuit of wealth (see Plutarch, *Lycurgus* 9). This philosophy symbolized the virtual communistic view of Sparta. In Classical Athens, the *obol* became a silver coin 0.64 grams & six *obols* = *drachma* (meaning "handful")

Sparta was a very early Communist state, while the Athenian economy had no such restrictions, creating coins, artwork, as philosophy blossomed... a lot of what we call the cornerstones of Western civilization. But Sparta ended up destroying Athens, collapsing it in 404 BC. Sparta never issued coins because the state came first, not the individual. Sparta discouraged individual wealth and thus despised Athens, which to them appeared arrogant and decadent.

The Economic Confidence Model The Fall of Athens (455-404 BC)



This meant that Sparta opposed Athens for they disagreed with their philosophy which was the ancient version of the modern cold-war between the West and Russia as well as China. Athens represented the freedom of the individual whereas Sparta represented everything was free from education, healthcare, to equal pay since there was no money. In Sparta, you were simply the property of the state. Economic servitude in the Communist vision of utopia where human nature is eliminated replace with blissful drones.

In reality, this struggle was between the current superpower (Financial Capital of the World) being Athens and the rising power to take that title, Sparta. This has been called the **Thucydides Trap** which is named after the ancient Greek historian Thucydides who wrote about the Peloponnesian War. Thucydides explained:

"It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable."

The Fall of Athens

While Thucydides provided his opinion, there was another backdrop to this war which he did not cover. Looking at this from an economic issue, it was the ancient clash between Capitalism and Communism. Since Sparta never issued coins and Athens had issued its Athenian Owl coins, Athens had become the Financial Capital of the ancient world. In some respects, this is similar between the confrontation between China and the United States.



Athens Owl AR Tetradrachm

circa 449BC



Genuine



Arabian Imitation

Athenian Owls became the international currency recognized even in barbarian regions. They were imitated by surrounding nations for Athenian currency was not unlike the US dollar today.

Sparta could not possibly compete with Athens economically being a communist-style state that rejected issuing coins. Their jealousy of Athens was indeed that the economics of Athens brought it power and prestige. They developed banking, insurance, and commodity markets. Even Aristotle (384–322BC) complained that the economy had changed and was driven by men who made money from money. In Chapter XI (1258b35), Aristotle believed that moneymaking was beneath the attention of the virtuous man.



Delian League

Like NATO in modern times, the Delian League (or Athenian League) was an alliance of Greek city-states led by Athens and formed in 478 BC to liberate eastern Greek cities from Persian rule and as a defense to possible revenge attacks from Persia following the Greek victories at Marathon, Salamis, and Plataea in the early 5th century BC. These various smaller city-states thus contributed to a common pool to fund any possible invasion of Greece by the Persians. As the Persians never could invade Greece again, these contributions became annual tribute or taxes. Like NATO was to defend against a Russian invasion, the Delian League was its ancient counterpart to defend against the Persians. The money was all held on the island of Delos, the birthplace of Apollo.

In 454BC, the Treasury of the Delian League was transferred from Delos to the Athenian Acropolis, and the League's funds were used for undertaking massive building projects intended to glorify Athens (the Parthenon being the most famous). This naturally inspired resentment among the city-states. Tribute was now paid directly to Athens, which had become an empire in all but name, and the scale of coin production soared.

Sparta was encouraged by the fact that members of the Delian League were turning against Athens because of the taxes. While Sparta saw Athens as a decadent threat to its philosophy, so it was one of power and fundamental disagreement with the economic differences between the two city-states which

The Fall of Athens

was at the root of the Peloponnesian War. However, Sparta had the backing of other city-states eager to see Athens fall.

The **Thucydides Trap** is considered the violent aspect of the shift in the Financial Capital of the World. In most cases, the rivalry between the major power and the new contender has led to war. Only a few times the passing of the crown of the Financial Capital of the World changed hands without war such as the loss of that title from Britain to the United States. However, there was still war involved whereas Britain lost its economic status due to war in Europe primarily and then the rise of the Labour Party. It did not involve war with the United States.

Decline & Fall of Rome



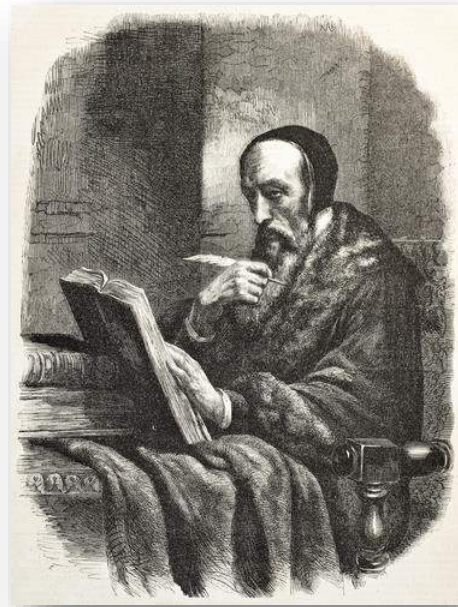
View of the Roman Forum from the Capitoline Hill
by Michelangelo Pacetti (1843)

We all know that Rome fell or else we would all still be speaking Latin. If Rome fell as do all Empires, Nations, and City-States, then do we face the same risk? The classic work of Edward Gibbon (1737–1794) entitled the *Decline and Fall of the Roman Empire* published back in 1776 actually inspired the birth of the United States and republicanism. Even Benjamin Franklin (1706–1790) was a friend of Edward Gibbon and assisted him in some editing.

Gibbon was not the only historian who sought to try to identify why the Roman Empire fell. There was a serious lack of comprehensive written contemporary sources from the 3rd century AD. The obvious conclusion many made was that its fall was primarily caused by the barbarian invasions. Gibbon added that this was made possible by the gradual loss of civic virtue among its citizens, which was rather very subjective.

In Edward Gibbon's final chapter tells us about two attendants to Pope Eugenius IV (1431–1447) who are sitting on top of the Capitoline Hill in Rome overlooking the Roman Forum. Poggius then comments upon the vicissitudes of fortune which spares nothing and nobody while it buries empires, nations, and city states in a common grave.

"Her primeval state, such as she -might-- appear in a remote age, when Evander entertained the stranger of Troy, has been delineated by the fancy of Virgil. This Tarpeian rock was then a savage and solitary thicket; in the time of the poet, it was crowned with the golden roofs of a temple, the temple is overthrown, the gold has been pillaged, the wheel of Fortune has accomplished her revolution, and the sacred ground is again disfigured with thorns and brambles. The hill of the Capitol, on which we sit, was formerly the head of the Roman Empire, the citadel of the earth, the terror of kings; illustrated by the footsteps of so many triumphs, enriched with the spoils and tributes of so many nations. This spectacle of the world, how is it fallen! how changed! how defaced! The



path of victory is obliterated by vines, and the benches of the senators are concealed by a dunghill. Cast your eyes on the Palatine hill, and seek among the shapeless and enormous fragments the marble theatre, the obelisks, the colossal statues, the porticos of Nero's palace: survey the other hills of the city, the vacant space is interrupted only by ruins and gardens. The forum of the Roman people where they assembled to enact their laws and elect their magistrates, is now enclosed for the cultivation of pot-herbs, or thrown open for the reception of swine and buffaloes. The public and private edifices that were founded for eternity lie prostrate, naked, and broken, like the limbs of a mighty giant, and the ruin is the more visible from the stupendous relics that have survived the injuries of time and fortune."

Unfortunately, Edward Gibbon created a religious controversy for he attributed the decline of the Roman Empire also to the rise of Christianity. Gibbon succumbed to the typical flaw of historians **to interpret the past using the familiarity of the present**. Gibbon was biased by the English anti-Catholic movement which had culminated in the English Civil War (1642–1651) a little more than 100 years before and viewed the fall of Rome through the eyes of those same religious conflicts in Britain at his time in history. Most Enlightenment thinkers were prejudiced with the taint of anti-Catholicism, which many held in contempt during the Middle Ages for its anti-science approach steeped in superstitious Dark Age reasoning that the earth was flat. Only with the dawn of

Decline & Fall of Rome

the new era of the "Age of Reason" did many believe that human progress could resume.

"The story of its ruin is simple and obvious; and, instead of inquiring why the Roman empire was destroyed, we should rather be surprised that it had subsisted so long. The victorious legions, who, in distant wars, acquired the vices of strangers and mercenaries, first oppressed the freedom of the republic, and afterwards violated the majesty of the purple. The emperors, anxious for their personal safety and the public peace, were reduced to the base expedient of corrupting the discipline which rendered them alike formidable to their sovereign and to the enemy; the vigour of the military government was relaxed, and finally dissolved, by the partial institutions of Constantine; and the Roman world was overwhelmed by a deluge of Barbarians."

**—Edward Gibbon. The Decline and Fall of the Roman Empire, Chapter 38
"General Observations on the Fall of the Roman Empire in the West"**

The view that the rise of Christianity made many Roman citizens into pacifists is really absurd. It was Constantine who had no problem using Christianity for strategic military and economic gain. It was Constantine who used Christianity to argue there was but one God in heaven and there should be only one emperor on earth. You would be hard pressed to find when Christianity ever turned Rome into pacifists.



**Marcus Aurelius Antoninus
(b 121; 161-180AD)**

With respect to the decline in morals and values, certainly political corruption grew with the economic decline after the death of Marcus Aurelius (161-180AD) in 180AD. There are those who have argued that because the Romans used lead pipes for their water, there were serious long-term health problems. There is no evidence that this actually resulted in the decline and fall of the Empire. Others added the drinking of alcohol contributed to the incompetency of the general public.

Although Rome overthrew its Tarquin kinds in giving birth to the Republic, the Imperial era was constructed on hereditary path to

Decline & Fall of Rome

the throne. With the death of Nero in 68AD, Rome was plunged into civil war where generals sought to seize the throne. Vespasian won that first conflict and he too then sought to reestablish a hereditary dynasty. He was followed by his sons Titus and then Domitian, but the latter left no heir.



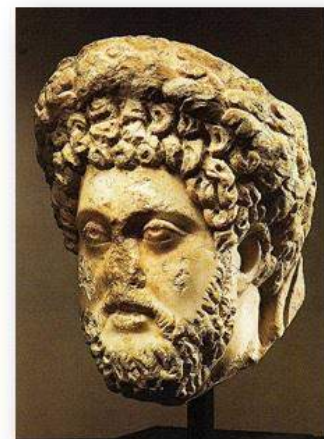
Nerva
(96 - 98 AD)

The Senate then appointed one of their own, Nerva (96–98AD). Some stability lasted until the death of Marcus Aurelius. He was succeeded by his son Commodus (180–192AD) who was ruthless and sought to attack anyone who had been supporters of his father. Upon his assassination, the corruption became so open, the Praetorian Guard auctioned off the position of Emperor. Indeed, this is where Gibbon and most historians drew the line where the Decline and Fall of the Roman Empire began with the death of Marcus Aurelius in 180AD. His son Commodus (180–192AD) was insane and ruthless. Edward Gibbon wrote concerning Commodus:

"[Each] distinction of every kind soon became criminal. The possession of wealth stimulated the diligence of the informers; rigid virtue implied a tacit censure of the irregularities of Commodus; important services implied a dangerous superiority of merit; and the friendship of the father always insured the aversion of the son. Suspicion was equivalent to proof; trial to condemnation. The execution of a considerable senator was attended with the death of all who might lament or revenge his fate; and when Commodus had once tasted human blood, he became incapable of pity or remorse"

(Book 1, Chapter 4).

Upon the murder of Commodus, the actors turned to P. Helvius Pertinax and offered him the throne. He accepted reluctantly. Commodus ran the economy into the ground and Pertinax instituted economic reforms, which immediately made him unpopular particularly with the Praetorian Guard. After reducing



Commodus
(180 - 192AD)



their pay, on March 28th, after a reign of only 86 days, a band of mutinous Praetorian Guards invaded the palace and murdered Pertinax.

Following the murder of Pertinax by the Praetorian guards, the full corruption of Rome burst forth. After parading around with the head of Pertinax on a

pole, the Guards withdrew to the safety of their camp. No clear heir was available so the Guards stationed heralds on the wall to announce openly that the office of Emperor was up for sale to the highest bidder.

Thus, began perhaps the most scandalous affair in Roman history. The corruption had reached such levels that it was clear that the decline and fall of the Roman Empire began at this junction in time.



Didius Julianus
(January 30th - June 1st 193AD)

There were two rival bidders who presented themselves – Titus Flavius Sulpicianus (father-in-law of Pertinax) and Marcus Didius Julianus. Didius' bid was 25,000 sesterii per man, which was the high bid and he was duly declared Emperor.

Once again Rome was plunged into civil war and this time a general from Syria was the victor Septimius Severus (193–211AD) who also set about establishing his dynasty. He had two sons – Geta (209–211AD) and Caracalla. Upon the death of the father, Caracalla murdered his brother Geta while in the arms of their mother. Indeed, Edward Gibbon wrote of Caracalla:

But Caracalla was the common enemy of mankind. He left (A.D. 213) the capital (and he never returned to it) about a year after the murder of Geta. The rest of his reign was spent in the several provinces of the empire, particularly those of the East, and every province was by turns the scene of his rapine and cruelty. The senators, compelled by fear to attend his



Septimius Severus
(193–211AD)

Decline & Fall of Rome

capricious motions, were obliged to provide daily entertainments at an immense expense, which he abandoned with contempt to his guards and to erect, in every city, magnificent palaces and theatres, which he either disdained to visit, or ordered to be immediately thrown down. The most wealthy families were ruined by partial fines and confiscations, and the great body of his subjects oppressed by ingenious and aggravated taxes. In the midst of peace, and upon the slightest provocation, he issued his commands, at Alexandria in Egypt, for a general massacre. From a secure post in the temple of Serapis, he viewed and directed the slaughter of many thousand citizens, as well as strangers, without distinguishing either the number or the crime of the sufferers; since, as he coolly informed the senate, all the Alexandrians, those who had perished and those who had escaped, were alike guilty.

Upon the death of Caracalla, it would take only 43 years for the final blow which devastated the Roman confidence in their mastery of the world. There would be 21 emperors, including attempted usurpers, who sought the throne of Rome. This demonstrated the chaos of the period and the political uncertainty.

Yet within this period of 43 years, there is one emperor who really destroyed the Roman economy by undermining the confidence to retain wealth and to invest reducing the velocity of money dramatically. Maximinus I (235–238AD) is said to have been the first soldier who rose through the ranks to become Emperor. He was also from Thrace in Greece and is said to have been a shepherd before joining the army. With Hindsight, many considered that he was really a barbarian whose parents merely crossed the border into Thrace unable to rationalize his behavior as a Roman citizen. This was largely a position taken to explain what appeared to be an intense hatred of Rome itself. Under Severus Alexander (222–235AD), he had risen to command the Army of the Rhine. Severus and his mother were murdered while in Germany at Moguntiacum (Mainz). The Rhine Army then proclaimed Maximinus I Emperor of the Roman Empire.

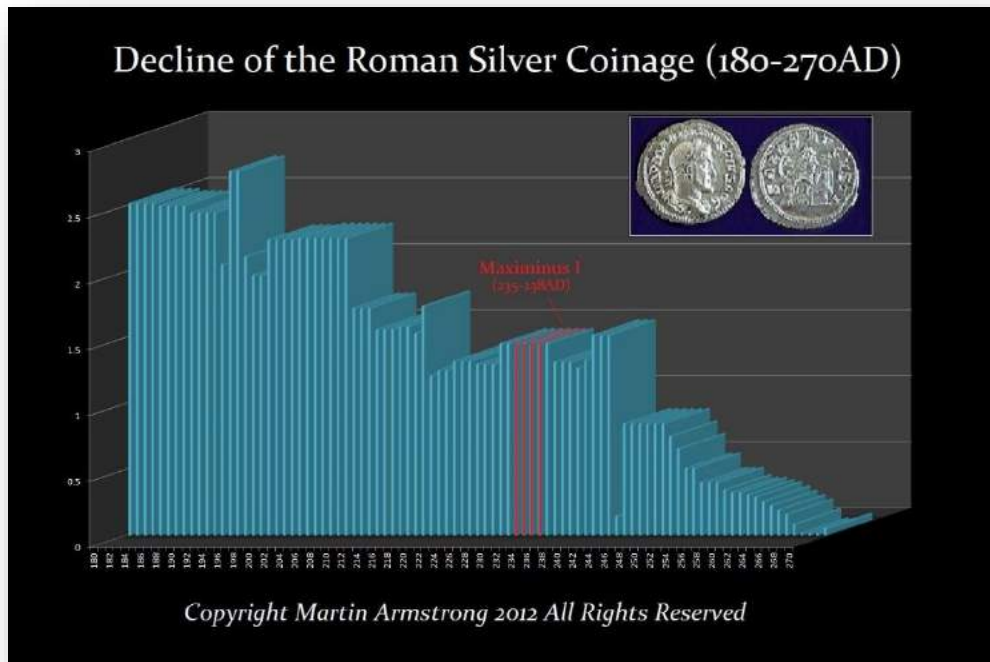
Obviously, the Decline and Fall of Rome was underway. When an emperor tried to reduce government expenditure, the troops rioted as we see in unions today but back then they murdered the presiding emperor such as Pertinax (193AD) and Macrinus (218AD). We see the same economic problems back then as we see today.



Maximinus I
(235–238AD)

Decline & Fall of Rome

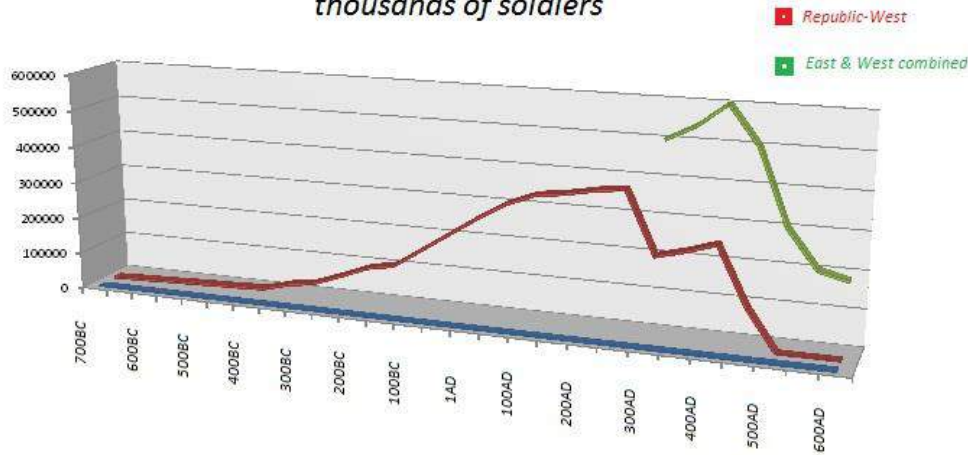
It was in 238AD that a group of landowners rebelled against the rising imperial taxation killing the tax collectors. As taxes rose and government expenditure rose with every debasing currency, things were just nuts.



Maximinus I rising through the ranks as a soldier was a natural selection for government employees demanding money. He took the approach of the government employee. He by no means sought to reduce the pay of government employees; instead, he raised taxes to pay for his troops and even went much further. Maximinus' three actions against the people were very Marxist in those days regarding ALL wealth now belonged to the state! He was desperate for money and those rich bastards were going to cough up everything! This caused money to be hoarded. The decline of the economy from there took 31.4 years (Pi Cycle) to collapse. As money went into hiding, it never returned in force. The collapse of Rome picked up steam.

Roman Military Expressed in Manpower

thousands of soldiers



Copyright Martin A. Armstrong all rights reserved

Sources: Livy, Appian, Dionysius, Polybius, Lydus, Agathius, Gibbon, MacMullen, Goldsworthy, Frank, Santosuosso, Duncan-Jones, Luttwack, Mommsen, Junkelmann, Varady, Ward Perkins, and Nischer

Maximinus had doubled the soldiers' pay, and the military needed additional funds for road-building to maintain control. He also appropriated ornaments from public places and temples. Can you imagine the government coming into your church and taking anything of value to pay for government employee wages? This led to a great tumult resulting in many massacres in defense of religion. In opposing those who had supported Emperor Severus Alexander, Maximinus I ordered Christians were to be persecuted.

Maximinus I used Conspiracy, a crime still used by the United States yet abandoned in Europe, Russia, and even China. Conspiracy is the law of tyrants, for it allows the conviction of someone for a crime they did not commit, nor even attempted to commit but you claim they "intended" purely as a mental state to commit in the future. Maximinus I engaged in legal persecution. Thus, the criminal law became:

(1) committing the act,

(2) attempting to commit the act, and then

(3) there is Conspiracy which is claimed you have only "intended" to commit the act in your mind, which cannot be proven and typically requires extorting a confession by force.

Decline & Fall of Rome

Using conspiracy, the law of tyrants, Maximinus I effectively tore the Roman economy apart at its seams. He charged a noted Senator by the name of Magnus, with conspiracy against the emperor, found him guilty, executed him, and then arrested 4,000 others claiming they conspired with him to intend to depose him. He then used the criminal law to claim they committed a crime of conspiracy, and that, of course, justified confiscating all their property as well.

The second act of Maximinus I was to declare that all wealth simply belonged to the emperor in a communistic fashion. What took place, however, was the complete breakdown of society. Wealth was driven underground and money now was hoarded causing VELOCITY to collapse as cash flow in circulation vanished and hoarding prevailed. This caused the economy to implode as commerce ceased fostering an economic depression, which naturally reduced tax revenues. Maximinus I did not stop with simply private wealth. Maximinus I ordered the wealth of all temples to be confiscated as well. Countless died in defense of their religious beliefs. Not even the gods were respected by Maximinus I whose view was they never answered prayers because they did not exist.



Maximinus I (235-238AD)

Where there had once been golden statues of former Emperors, here also, Maximinus ordered their seizure so they could then be melted down. The Rule of Law collapsed and Historia Augusta tells us that he – *“condemned all whoever came to trial”* and that he *“reduced the richest men to utter poverty.”*

The USA conviction rate today is about 99%. The courts abandoned the people as they have done so again in the USA. There was truly nothing left. Nowhere could a person turn for justice. With the people under siege from their own government, they hoarded wealth to conceal it from state spies. This caused a collapse in VELOCITY of money flow as commerce foundered sending the economy into a Great Depression spiral. This was open warfare against the possession of wealth.



Edward Gibbon wrote in his *Decline and Fall of the Roman Empire* regarding Maximinus I:

"As long as the cruelty of Maximin[us I] was confined to the illustrious senators, or even to the bold adventurers, who in the court or army expose themselves to the caprice of fortune, the body of the people viewed their sufferings with indifference, or perhaps with pleasure. But the tyrant's avarice, stimulated by the insatiate desires of the soldiers, at length attacked the public property. Every city of the empire was possessed of an independent revenue, destined to purchase corn for the multitude, and to supply the expenses of the games and entertainments. By a single act of authority, the whole mass of wealth was at once confiscated for the use of the Imperial treasury. The temples were stripped of their most valuable offerings of gold and silver, and the statues of gods, heroes, and emperors, were melted down and coined into money. These impious orders could not be executed without tumults and massacres, as in many places the people chose rather to die in the defence of their altars, than to behold in the midst of peace their cities exposed to the rapine and cruelty of war. The soldiers themselves, among whom this sacrilegious plunder was distributed, received it with a blush; and hardened as they were in acts of violence, they dreaded the just reproaches of their friends and relations. Throughout the Roman world a general cry of indignation was heard, imploring vengeance on the common enemy of human kind; and at length, by an act of private oppression, a peaceful and unarmed province was driven into rebellion against him."

Id./ Vol. 1; Chapter VII

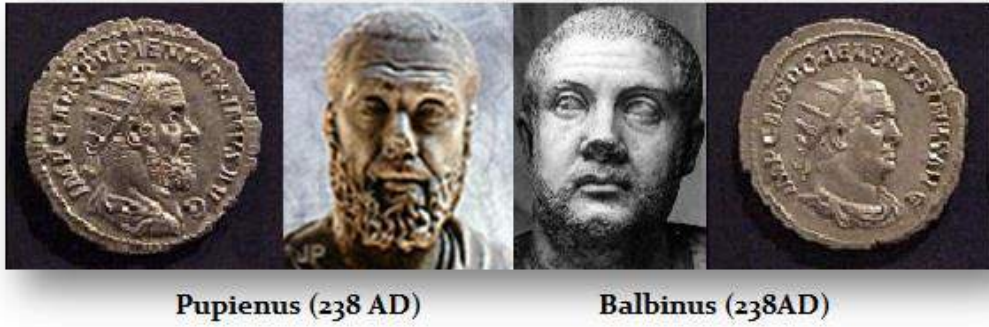


When rebellion began in Africa against the imperial taxation of Maximinus I, the people proclaimed two men Emperor in 238AD, Gordian I (238AD) and Gordian II (238AD). Both were from a wealthy Roman family that held large tracts of land in Africa and were thus directly affected. Both men had been former Consuls and thus were highly respected among the people. Gordian I was 81 years old. He accepted the Purple reluctantly, only with his son as co-emperor. Both were quickly confirmed by the Senate of Rome itself, which clearly now marked their break with Maximinus I.

However, the governor of Numidia was loyal to Maximinus I and marched on Carthage where the Gordians were and defeated the younger Gordian in Battle causing the father to then committed suicide. Their reign lasted only three weeks during the month of April 238AD.

Maximinus I was now marching upon Rome itself given the Senate's support for the Gordians. He had never bothered to even visit Rome, giving support to those who claimed he was a barbarian. Maximinus's reputation was one of a ruthless and cruel man that struck fear in hearts of the people. Maximinus had networks of spies, who were people eager to hunt down the rich and despised them for their wealth. This network of spies indeed was not much different where today in the United States the government offers a reward of 10% of someone's property if it proves they did not pay their taxes. This is precisely what Maximinus was doing, and it undermined the economy to such an extent, that wealth was hoarded being driven underground and the VELOCITY of money collapsed. No doubt, unemployment rose sharply under such conditions. Commerce was deeply affected as a depression set in.

Decline & Fall of Rome



The Senate of Rome was now in a state of panic. With the defeat of the Gordians, they knew Maximinus I would now march against Rome itself and seek vengeance against the Senate all their lives and property would be forfeit. Panic swept through the Senate and thus they quickly now enacted legislation declaring Maximinus I was a public enemy out of desperation. However, the Senate then elected two of their own members to defend against Maximinus I. They then elected Pupienus (238AD) and Balbinus (238AD) as joint rulers.

Pupienus had risen through the ranks of the military and was selected to take an army and head north to confront Maximinus I who was now marching upon Rome. Pupienus was adopting a scorched earth policy. Maximinus I decided to take the northern city of Aquileia. This siege delayed his advance. Meanwhile, Rome was in a state of complete panic.

Balbinus stayed in the city of Rome, but the mob was rioting fearing the worst. Historia Augusta tells us Balbinus is said to have issued "a thousand edicts" that were just ignored by the people who even stormed the imperial palace, but were rebuffed. Anyone suspected of being rich or hiding money was attacked, their homes plundered and were murdered on the streets. The rich became the hated enemy as under socialism/communism and Maximinus' policies now justified these actions as supported by law no matter how unjust. There was no Rule of Law. Rome nearly ended in a sea of blood motivated by class-warfare.

Maximinus I was now laying siege to Aquileia where people defended the city with their lives. There was no debate. Legend even tells us that the women cut their hair to make bowstrings. The citizens scorched the surrounding land to deprive Maximinus of supplies. To the shock of everyone, the valor of the common citizens could not be overcome by the troops of Maximinus. Thus, his own men, humiliated by the common citizens of Aquileia, now entered the tent of Maximinus and murdered him. To demonstrate their new loyalty to Rome, they cut off his head and sent it to Rome. This was the first time that the Senate

Decline & Fall of Rome

showed any courage since the age of Augustus (27BC–14AD). In their celebration, the Senate spoke unwisely and insulted the soldiers while patting themselves on the back.

“So, fare emperors wisely chosen, so perish emperors chosen by fools.”

The army was outraged. In retaliation, they dragged Balbinus and Pupienus from the palace and executed them on the streets of Rome. They then hailed Gordian III (238–244AD) as the new emperor. Some soldiers stormed even the Senate. But the senators were now all armed and struck down the soldiers as they entered the chamber. It appeared Rome would be plunged once again into civil war. But the soldiers accepted Gordian III provided he ruled alone despite the fact he was about 13 to 16 years of age.

From here on out, there was a succession of emperors overthrowing the previous. Gordian III addressed his troops when their loyalty was in question. He told his troops to choose between himself and Philip I (244–249AD) who was spreading discontent. His gamble failed and the troops openly selected Philip and Gordian III was murdered.



Gordian III
(238–244AD)

Trajan Decius (249–251AD) and his legions marched on Rome and confronted Philip around September 249AD in Macedonia. Philip was soundly defeated and died in battle. Decius dies in battle against the Goths and was succeeded by Trebonianus Gallus (251–253AD). The Goths broke their treaty and invaded once again. Aemilianus defeated the Goths and then turned to invade Italy, forcing Gallus to muster his troops in defense of his reign. By August 253AD, Aemilianus had reached within 50 miles of Rome itself and all support for Trebonianus Gallus collapsed and he was murdered by his own troops.

Valerian I (253-260AD)



Double Aureus

Aureus

As Valerian I was summoned by Trebonianus Gallus to defend against Aemilianus, Valerian marched on Italy and Aemilian was also murdered by his own troops leaving Valerian I the undisputed contestant to the throne.

The Emperor Valerian I (253-260AD) came to the throne and in 260AD, Valerian almost immediately raised his own son Gallienus (253-268AD) to the rank of joint Augustus – co-emperor.

The reign of Valerian was marked by numerous frontier disturbances. In 256AD, Valerian departed Rome for the East in order to deal with the rising threat from Persia. Valerian established his headquarters at Antioch in Syria and mounted his campaign against the Persian from this base of operations. In 257AD, he appears to have won a great victory, at least according to his coinage. For it was at this time that Valerian took the title ***Restorer of the World.*** At the same time, Gallienus was waging his campaign on the northern frontier against the Germans.



Valerian I (253 - 260AD)
Restorer of the World
ArmstrongEconomics.COM

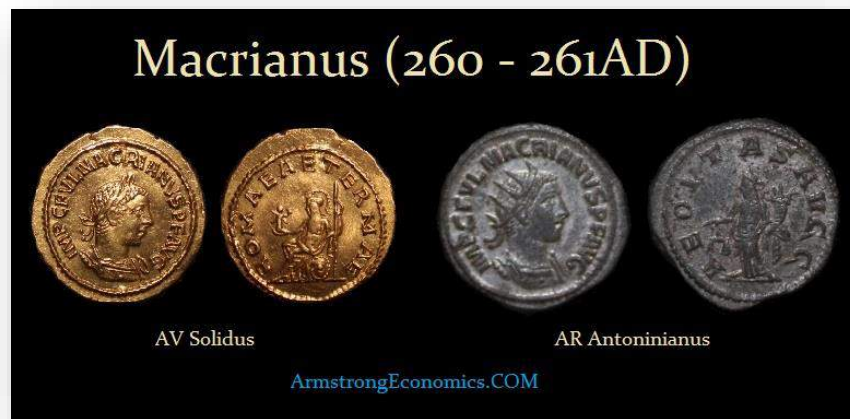


***A bas relief at Naghsh-e Rostam, Shiraz, Iran
with Shapur I on horseback showing Roman
Emperor Valerian held captive chained to the wall
who he eventually had stuffed as a trophy***

Despite his initial success, in 260AD, Valerian attempted a major assault taking his legions through Mesopotamia. In a tactical error, his legions were surrounded and the emperor Valerian was taken prisoner. Valerian was turned into a royal slave made to be the foot stool for the Persian king Shapur I. This mural still survives showing Valerian pleading for mercy before Shapur I. Eventually, Valerian was stuffed as a trophy upon his death.

In the autumn of 260AD the dreadful message of Valerian's capture by the Persians reached his son Gallienus in Rome. Gallienus had always been unpopular among the military leaders and with his father gone, rebellion was in the air. Gallienus was besieged on every front. In late 260AD, the capture of Emperor Valerian left the defenses of the east in complete turmoil.

Antioch fell to the advancing Persians. Then two Roman generals, Macrianus and Callistus, rallied what was left of Roman troops and defeated the Persian king Shapur at Corycus, halting his invasion forcing him to withdraw back behind the Euphrates.



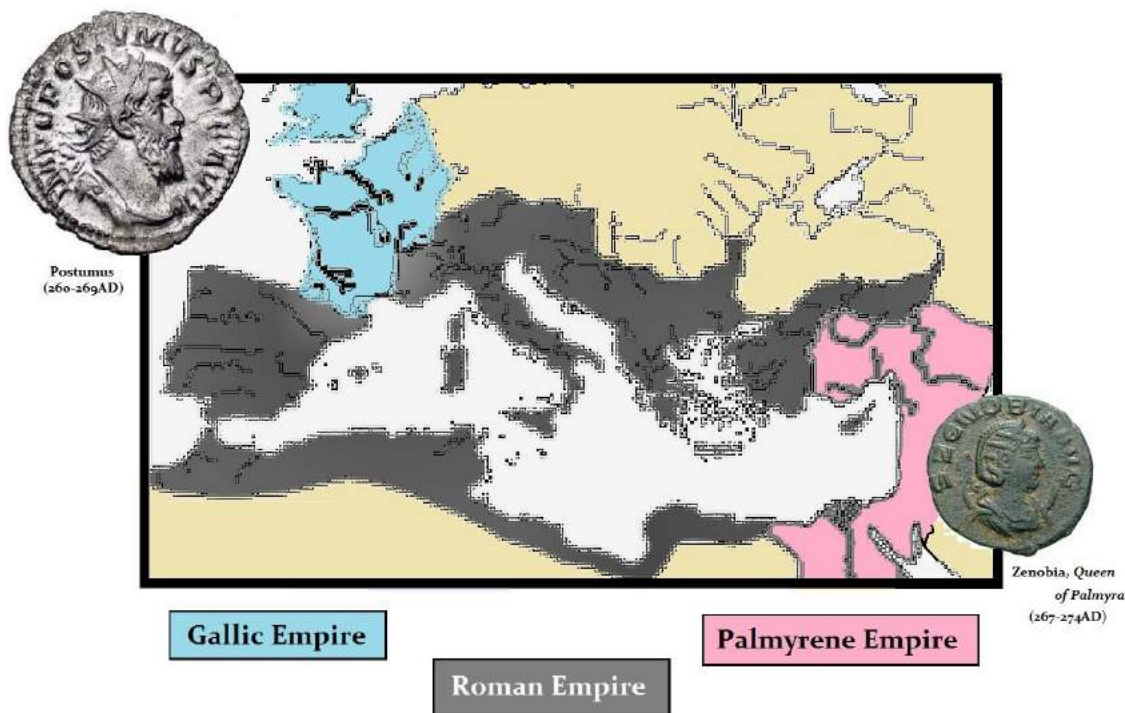
There was no effort to rescue Valerian. Then Macrianus decided the time was right to challenge Gallienus' rule. He nominated his two sons, Fulvius Iunius Macrianus and Fulvius Iunius Quietus, as emperors of the east, with Antioch as their capital. This rebellion won widespread recognition in Syria, Egypt and Asia Minor (Turkey). They were defeated, but this clearly prevented any rescue effort to save Valerian from dying in captivity.



It was at this point in time that the confidence in government collapsed. You can imagine what would have happened had the President of the United States been captured by Russia and the USA could not even stage a rescue mission. Suddenly, the Roman people saw that their empire was vulnerable. The

Decline & Fall of Rome

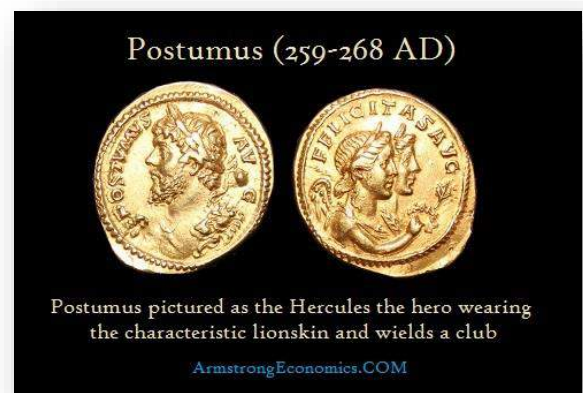
bureaucrats simply began to pillage themselves. Those running the mints debased the silver coinage themselves without any official decree.



The Empire was undergoing a separatist movement. The capture of Valerian I simply resulted in the collapse in confidence. Postumus (259/260–268 AD) rose up and created the Gallic Empire consisting of Britain and France rather than trying to conquer Rome. In the East, we find there too the split with the Queen Zenobia in Palmyra. The Roman Empire had divided into three based upon security and economics.

While Gallienus was dealing with the Goths, his own general Aureolus had been left in Italy to defend against any attack by Postumus. Instead, Aureolus defected to Postumus and even proclaimed himself to be Emperor in Gallienus' absence.

This new internal crisis forced Gallienus to leave the Goths to his generals and he marched back to Italy to confront Aureolus where he defeated his army at the



Decline & Fall of Rome

battle of Pontirolo. Aureolus, however, fled to Milan and Gallienus launched the famous "Siege of Milan." It was here where the embattled Emperor was assassinated by his own generals in a conspiracy most likely involving Claudius II (268–270AD) and Aurelian (270–275AD).



Aurelian (270-275AD)

Antoninianus (23mm, 4.06 grams)
Serdica (Sophia, Bulgaria) Mint, 3rd officina
7th emission, 274AD
XXI·T· in exergue (mintmark)
(XXI meaning 20:1 part silver)

Claudius II died of the plague and he was succeeded by Aurelian. It was Aurelian who address the corruption in government. When Aurelian returned to Rome in 271AD, he found the city terrified and in a state of panic. He immediately halted the rioting and restored order to the capital. The controller of the mint in Rome began a rebellion over the monetary reforms laid out by Aurelian. He ordered that all the debased currency be purchased back and replaced with a new currency of higher content in silver. The ancient historian Zosimus tells us: *"Now he officially issued new money after arranging for the state to buy in the debased coinage to avoid confusion in financial dealings"* (Zos. I.61)

The rebellion was led by Felicissimus. It appears that those who had been running the mint were embezzling the intended silver and issuing the debased coinage at least in part on their own authority. Obviously, any reform to the monetary system that called for an increase in silver content would have been unprofitable for those running the mint for personal gain. In the rebellion, as many as 7,000

Decline & Fall of Rome

soldiers died when Aurelian was forced to trap and execute them and their allies, some of senatorial rank, in a terrible battle on the Caelian Hills.

The true proliferation of imperial mints, however, did not begin until the mid-third century AD. As the number of imperial mints grew, provincial mints gradually were phased out. It was after Aurelian reforms that from 276AD the only provincial mint left was Alexandria, Egypt, and even its production stopped by about 298AD, after which it only struck imperial coins.



Severina wife of Aurelian

(270-275AD)

Antoninianus (24mm, 4.13 g, 6h)

Rome mint, 6th officina. 10th emission (274AD)

ϸXXIR Mintmark (R)

It was also the Aurelian Monetary Reform where the mints began to mark their coinage so that coins that were of sub quality could be identified as to which mint produced it. Mintmarks began to appear beginning very short such as "R" for Rome. The introduction of mintmarks by Aurelian was a critical reform in preventing the corruption that had taken place where the mints were producing debased coinage and robbing the silver for themselves.

The mints which were in operation during the time of Aurelian were Rome, Vienna (?), Lugdunum, Milan, Ticinum, Siscia, Serdica, Cyzicus, Antioch, Tripolis, and one unidentified mint.



Aurelian (270-275AD) Constructed Defensive Walls Around Rome

The Aurelian Reforms of the Monetary System were also accompanied by the construction of the wall around the city of Rome. With the barbarians encouraged by the capture of the Roman Emperor Valerian I in 260AD, the Roman people in the city feared the lack of political economic stability.

Aurelian's construction of the wall to protect the city of Rome itself, marked the serious collapse in the confidence of the people themselves.

During the 100 years that followed the death of Marcus Aurelius in 180AD, Rome had 37 different emperors – 25 of whom were removed from office by assassination. This contributed to the overall weaknesses, decline and fall of the empire. The political instability was accelerated upon the capture of Valerian I in 260AD.

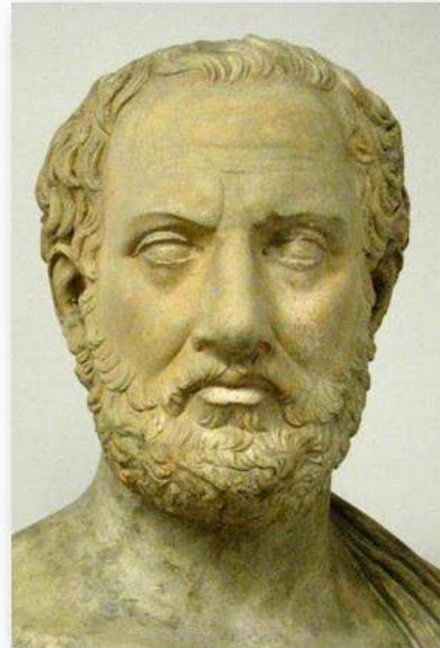
Hobbes & Rule of Law



It was the corruption within the Athenian Democracy that led to the position of one of the political analysts to suggest that we need government and the Rule of Law. Thomas Hobbes (1588–1679AD), whose career was often interrupted by the necessity to flight during the English Civil Wars, was the author of the *Leviathan* published in 1651 and later revised in the Latin edition of 1668. This work is generally regarded as an early influential explanation establishing the concept of a social contract theory.

The *Leviathan* was written during the English Civil War (1642–1651) and argues for a social contract but supports the rule by an absolute sovereign rather than a republic or democracy. Hobbes viewed the English Civil War was “the war of all against all” and could have been avoided only by accepting a strong, undivided government.

Of all his works, the Leviathan stands out as perhaps his crowning achievement. The Leviathan of course was the famous sea monster defeated by Yahweh in various scriptural accounts. Hobbes coined this as the political state. His first published work was in 1628 and was a translation of the Greek work of Thucydides (c. 460–400BC), who attracted Hobbes no doubt for his down-to-earth view of mankind and how they could in fact improve themselves through the lessons of history, which stood in contrast with Aristotle (384–322 BC) taught at Oxford.



Thucydides
(c. 460–400BC)

Hobbes later in his autobiography admitted that he was also impressed for Thucydides exposed him to the dangers of democracy.

Thucydides is perhaps the first great Greek historian who wrote the History of the Peloponnesian War between Sparta and Athens. He was in Athens for the great plague of 430–429BC and himself came down with it, but he survived unlike many others.

Thucydides was even given a command, but lost the city of Amphipolis to a surprise Spartan attack. He was recalled, stripped of his command, made to stand trial, and sentenced to exile for 20 years. That sentence ended only with the defeat of Athens in 404BC. Obviously, Thucydides would have had some bias against the institution of Democracy which impose exile.

Nonetheless, Thucydides' work shows a conflict of character whereas the Athenians were portrayed as more reactionary in their thinking and individualistic compared to the Peloponnesian character was portrayed as much more conservative. This was the core of the conflict in philosophy and we may put this into a modern perspective using the terms of "democracy" against the "communistic" style of Sparta.

Sparta was dedicated to a military oligarchy that rejected the arts, philosophy, and literature. In fact, Sparta never even issued coins for it rejected personal wealth. Sparta was the closest thing that we had to an ancient communistic state where it is the bureaucracy that truly controls power reducing individual

Hobbes & Rule of Law

liberties and achieving a standardized world where the people are essentially treated the same. Pericles, he portrays as combining caution and moderation with a daring imagination and intellect casting him as a leader of a new age.

There is little doubt that Hobbes was greatly influenced by Thucydides and what he saw was very competing personalities that evolved and that the idea of a Democracy truly did not work. Hobbes believed that the sovereignty of the King was the best solution to the pain of man.



Thomas Hobbes (1588-1679)

Hobbes was a brilliant mind. He saw the civil war rage around him and had to flee for his life because of his ideas. But Hobbes is not lost to an age of kings long since passed. If we look beyond the head of state, we still see the Leviathan and that is constructed as the Bureaucracy that never changes which is why we have had these battles for thousands of years with no resolution. Thrasymachus was indeed correct. It matters not what is the form of government and the corruption in the Judiciary will never stop just because

you change the President.

The Leviathan is the Bureaucracy, which cares not who is at the head for they alone control the state. Prosecutors will still charge whomever they desire, and the Judges will deny a fair trial. We no more live in a Democracy today where the will of the people is respected than did Socrates when they ordered his death because those in power did not like what he was teaching the children.



The Death of Socrates



Constantine I the Great
(306-337AD)

Thucydides was correct that mankind cannot truly understand his future without comprehending his past. For history itself contains repeated occurring patterns of the same arguments and battles time and time again. For example, we come to the very interesting period of Justinian I (527-565AD) Byzantine Emperor who came about 224 years later after the assumption of power by Constantine I The Great (306-337AD).

Constantine had grown up in the court of Diocletian (284-305AD) who desperately sought to reform the Roman Empire after its disastrous collapse of the monetary system during the reign of Gallienus (253-260AD). Not

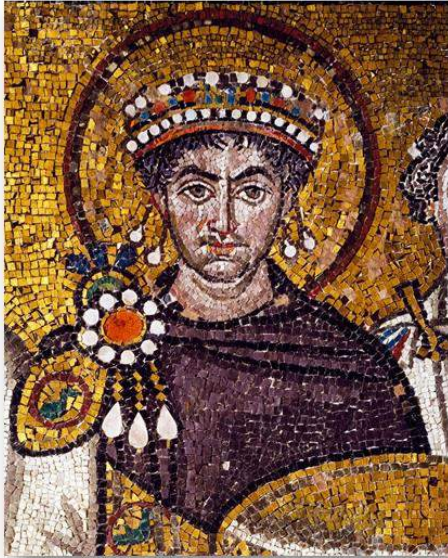
only did the monetary system collapse, but virtually the entire structure of government began to fall apart.

From a power perspective, it was the Senate that exercised control over the military as a check and balance since the days of the Republic. The leader of the army for an event was an elected official. Yet what had stood for about 700 years, crumbled and control of the military was then usurped by professional equestrian officers. This led to a volatile collapse where numerous Generals were usurping powers to try to claim the office of Emperor.

This was the atmosphere upon which the general Diocletian took control and attempted a monetary and political reform known as the **Tetrarchy** splitting the Roman Empire creating two emperors (East & West) with two vice presidents known as Caesars. In fact, Diocletian was the first Emperor to retire in 305AD and pass power to the two awaiting Caesars, one of whom was Constantine's father, Constantius I Chlorus ("The Pale") (305-306AD).



Tetrarchy (293-305AD)
*Diocletian & Maximianus as Emperors
Galerius & Constantius as Caesars
(located in Venice)*



Justinian I
(527-565AD)

With the death of his father in 306AD, Constantine set out to reunite the whole empire under his own single rule. We find that 224 years after the death of his father in 306AD, we come to the year 530AD and the reign of Justinian I (527–65AD). Justinian is famous for his legal reforms known as the ***Codex Justinianus***, that was a new cedes of Imperial Enactments or Constitutions in 528AD (published in 529AD). A second commission of his reform was to attack the corrupt judiciary and codify all the laws known as his *Digesta*. This commission began in 530AD and was delayed by great civil unrest and did not appear until 533AD.

Justinian also simultaneously had established the *Institutiones*, text books for the training of law students, also published in 533AD. A second edition was published in 534AD whereby he revised the laws that previously existed in his famous ***Codex Justinianus***, and his subsequent legislative reforms came much later in 565AD known as his *Novellae Constitutiones Post Codicem*.

What we see with the reign of Justinian I is a determined Emperor who made an effort to root-out the corruption that filled the courts and was destroying commerce. Judges were simply for sale and the collapse in the Rule of Law reflected that. Within just 224 years of Constantine embarking on trying to create a new world, we find the age-old problem of corruption within the ranks of the bureaucracy that is affecting our own economy right now.

The reforms attempted by Justinian came at a very steep price. The two political parties at that time were known as the Blues and the Greens. This is no different than we have today between the Republicans and the Democrats. Those with a self-interest who stood to lose in these reforms, incited civil unrest fueling violent confrontations and attempted to appoint a new emperor who would keep the status quo.

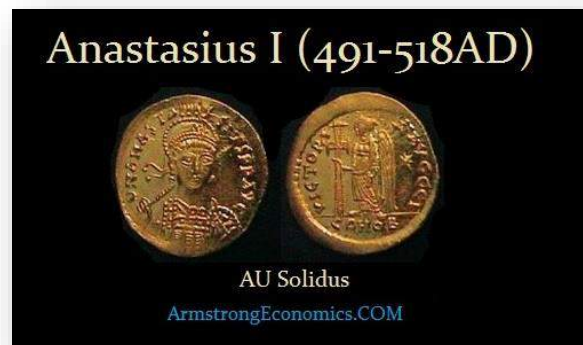
The people, as usual, were manipulated and knew nothing about what they were really arguing for. So, in 532AD, the instigators achieved the unification of the Blues and the Greens who joined together in this civil unrest with the objective of overthrowing the Emperor.

This uprising became known as the “Nika” Revolt, that; in Greek means to “Conquer” or “Win” insofar as the overthrow of Justinian for his reforms, mostly for his anticipated legal reforms. The new united Blues and the Greens that began as factions in sports at the Hippodrome, now attacked and set fire to the city prefect’s office and other public buildings. They even attacked the Imperial Palace setting fire to it and burned down the leading church of the Holy Wisdom that was attached to the Palace.

The mob then were led to the Hippodrome by the secret instigators demanding the dismissal of the city’s prefect and the two new reformer ministers of Justinian John of Cappadocia and the advocate Tribonian, who were the architects of the economic and legal reforms. The next day, the instigators put up the nephew of the former Emperor Anastasius (491–518AD) whose was Hypatius as the new emperor, with the support of a small group of senators whose personal interests were also affected by the reforms.

What turned around events, was Justinian’s wife the **Empress Theodora**. Justinian was going to flee, but Theodora made him stand his ground.

Once it appeared that Justinian would stay, she helped his two leading generals Eelisarius and Mundus to rally troops who then attacked the mob in the Hippodrome that ended in a wholesale massacre and Hypatius was executed.



Theodora
(c. 500–548AD)

Historically, the Rule of Law has always been the most critical part of any economy for nothing can survive without it. Yet every time, it is the corruption of judges that leads to the destruction of society.



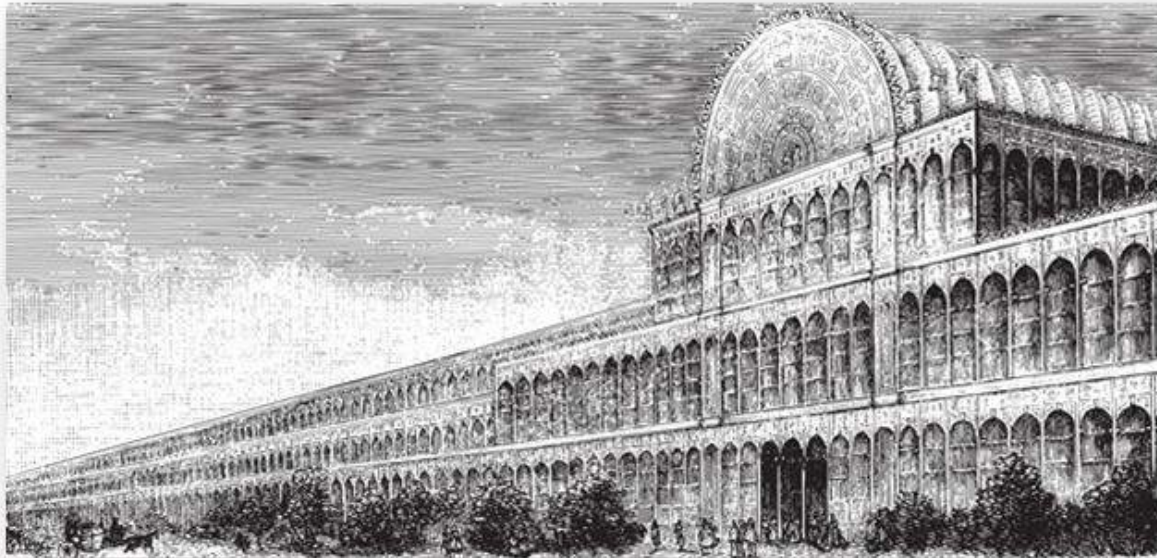
**Fat Justice on the shoulders of a starving African man
by Jens Galchiot, Copenhagen, Denmark 2009**

Once they can be bought and the courts stacked with political objectives, the end is usually well in sight. Every major collapse of a society has been accompanied by the corruption of the Rule of Law. Once that takes place, it is time to turn-out the lights. We find every major reorganization after a political conflict involves the reestablishment of the Rule of Law.

The first Roman Emperor Augustus (27–14AD) also revised the legal code upon taking power. We also find Julius Caesar (100–44BC), perhaps the most profound politician in history with a crisp and truly brilliant mind, also had to eliminate the widespread corruption in the courts and enacted the Lex Julia, meaning the Law of Julius. Legal reform has ALWAYS taken place when the economy has collapsed and a complete reset is required.

Hobbes, in supporting monarchy, held that because a successive covenant cannot override a prior one, the subjects cannot lawfully change the form of government. That of course is tyranny.

Why Socialism Will Destroy Our Western Culture



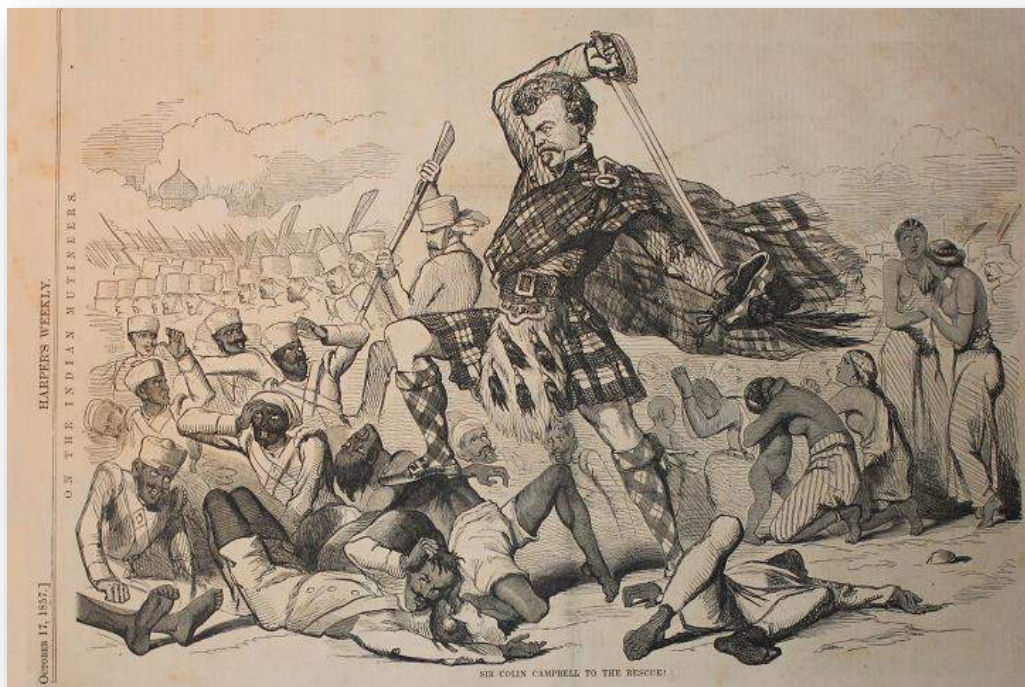
The Great Exhibition of 1851 - The Crystal Palace in Hyde Park

The fall of the British Empire involved a debt crisis and monetarily, but it also peaked with World War I as the Rule of Law declined as well. The British Empire changed throughout the course of its history. Some argue that its social peak took place under Queen Victoria which was marked by the Great Exhibition of 1851.

Without doubt, Britain was the greatest imperial power in modern history. Prince Albert, the husband of Queen Victoria, recognized the value of organizing a massive trade show that would place Britain at the forefront of technology by displaying its latest inventions, everything from massive steam engines to the latest cameras. Britain invited other nations to participate, and the official name of the show, which was a precursor to World Fairs, was The Great Exhibition of the Works of Industry of All Nations.

The building to house the exhibit, known as the Crystal Palace, was 1,848 feet long and 454 feet wide, and covered 19 acres of London's Hyde Park. The exhibition opened in May 1851 and continued into October that year.

Why Socialism Will Destroy Our Western Culture



Some have argued that 1851 was truly the peak for the British Empire for thereafter it began to crumble following this event. In India, discontent erupted into the Sepoy Mutiny of 1857 which began in late March when a sepoy named Mangal Pandey attacked British officers at the military garrison in Barrackpore. He was arrested and then executed by the British in early April. Later in April sepoy troopers at Meerut refused the Enfield cartridges, and, as punishment, they were given long prison terms. This punishment incensed their comrades, who rose on May 10th, 1857, shot their British officers, and marched to Delhi, where there were no European troops. The rebellion lasted until peace was declared July 8th, 1859.

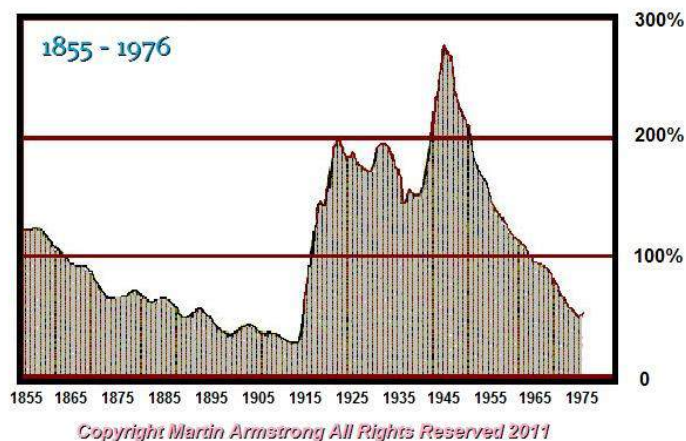
From this point forward, the gradual decline of the British Empire had begun. During the 19th century, some parts of the empire became Dominions. These were states that were still part of the empire but ruled themselves. There have been several stages in the history of Canadian independence. Canada became a self-governing dominion within the British empire on July 1st, 1867 when the British North America Act was passed by the UK Parliament. In most cases this happened peacefully, although there was serious violence in India and Ireland for that matter.

Why Socialism Will Destroy Our Western Culture

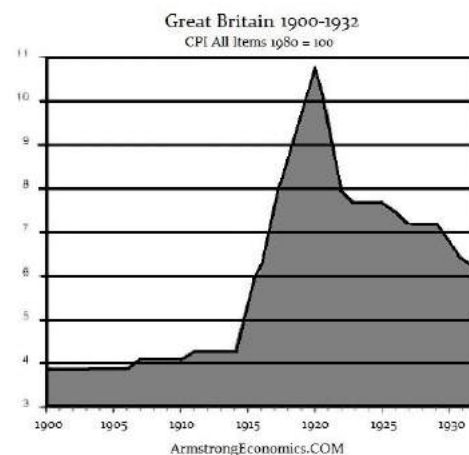
Canada, for example, under the Statute of Westminster, passed by the UK Parliament in 1931, was acknowledged Canada as co-equal with the United Kingdom within the British Commonwealth. Finally, Canada obtained full autonomy when the UK Parliament passed the Canada Act 1982. This granted full sovereignty to Canada, and so marks the date at which Canada became truly independent.

In the case of Australia, she became an independent nation on January 1st, 1901 when the British Parliament passed legislation allowing the six Australian colonies to govern in their own right as part of the Commonwealth of Australia. The Commonwealth of Australia was established as a constitutional monarchy.

Ratio of UK National Debt to Gross Domestic Product



The First and Second World Wars left Britain economically weakened. The cost of two world wars had reduced Britain to merely an empire in dreams. Also, many parts of the empire contributed troops and resources to the war effort. However, this justified their independence after 1945. In the Asian and African colonies, nationalist movements used a range of methods to end British rule. By the late 1960s, most of Britain's territories had become independent countries.



Why Socialism Will Destroy Our Western Culture



The burning question as to why would the fall of empires, nations, and city states today be that different from the fall of the British Empire? Socialism truly began to take political hold just after World War II. Great Britain's Prime Minister Winston Churchill was defeated in re-election by Clement Attlee (1883 –1967), who had been a virtual unknown outside of Britain.

Attlee was the head of the Labour Party, a democratic socialist party established in 1900, while Churchill was head of the conservative party, also known as the Tory Party. After World War II, much of Britain was fed up with healthcare concerns and labor problems. Many saw Churchill's Tory party could not affect any change. Attlee's socialist party addressed these issues by nationalizing

industry and creating a free healthcare system. James MacDonald (1866–1937) was a British statesman who was the first Labour Party politician to become Prime Minister, leading minority Labour governments for nine months in 1924 and then in 1929–31.



Clement Attlee
(1883 – 1967)
Labour Prime Minister (1945-1951)

Nevertheless, coming out of World War II, Europe turned a very hard left. Therefore, the collapse of the British Empire did not involve the collapse of social programs. Today, Western governments are in precisely the opposite position. The collapse of our Western style governments under socialism will present a starkly different end result.



Monument for victims of communism, Prague, Czech Republic

Many Democrats, from Vermont Sen. Bernie Sanders to Massachusetts Sen. Elizabeth Warren, embrace some form of socialism, soft or hard. The return to socialistic policies that had been put forth by Karl Marx, have been hailed by Sanders, Alexandria Ocasio-Cortez, and dozens of other Democrats. Much of the Democratic Party today has become enamored with socialism and seem to ignore the suffering, class warfare, and the horror unleashed by those beliefs. Freedom cannot exist under class warfare.

Indeed, a poll by the American Action Forum found that 40% of Democrats said that socialism is the best form of government. Another 10% said both socialism and capitalism are best. Meanwhile, 57% of Democrats said that socialism has a "positive impact" on society.

The problem that has existed is that politicians have made endless promises for utopia. They ignore the world economic trends and have sold false dreams. They keep reducing benefits and raising age qualifications in a desperate attempt to try to keep the promises moving.

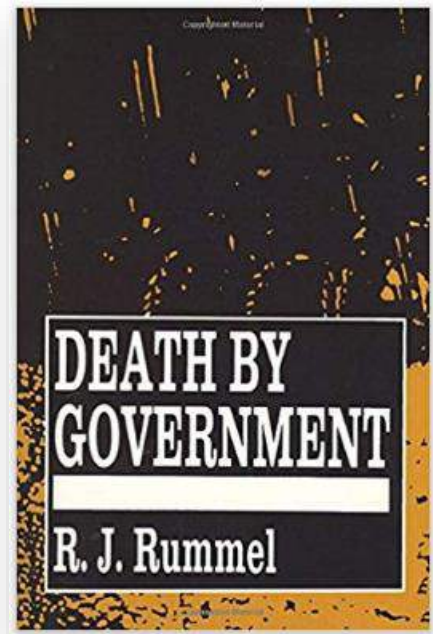
The total amount of people who died in the quest to impose Marxism has been estimated to have been 110 million or more. The Victims of Communism

Why Socialism Will Destroy Our Western Culture

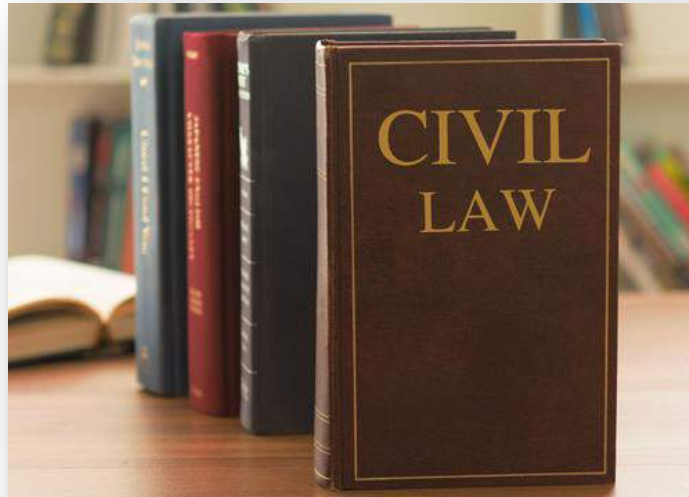
Memorial Foundation put the estimate between 42 million on the low end and nearly 162 million on the top end.

According to R. J. Rummel's book *Death by Government* (1994), about 110 million people, foreign and domestic, were killed by Communist democide from 1900 to 1987 (Rummel 1994, p. 15, Table 1.6). That does not include military soldiers. In 1993, Rummel wrote: "Even were we to have total access to all communist archives we still would not be able to calculate precisely how many the communists murdered. Consider that even in spite of the archival statistics and detailed reports of survivors, the best experts still disagree by over 40 percent on the total number of Jews killed by the Nazis. We cannot expect near this accuracy for the victims of communism. We can, however, get a probable order of magnitude and a relative approximation of these deaths within a most likely range" (Rummel 1993.)

Many people fear that World War III will be the final confrontation between the left and the right over Marxism. Obviously, the collapse of social programs will most likely result in blood in the streets. But the question becomes not that World War III would be opposing countries, but it could emerge both as an international confrontation as well as domestic civil wars more akin to the Communist Revolutions of 1848 that swept Europe.



Conclusion



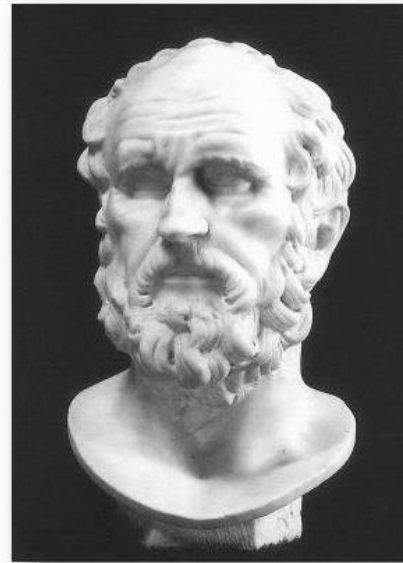
The very purpose of civilization emerges from the fact that there is a synergy whereby the sum of the individuals is greater. In other words, someone opens a bakery and you can simply buy bread instead of making it yourself. Civilization flourishes when people common together and form great cultures that flourish because the synergy of the whole out performs the isolation of individuals or tribes.

It is the Rule of Law which binds civilization together and enables it to expand into some of the greatest advancements in human history. As long as the Rule of Law provides for a fair and equitable co-existence, then civilization will prosper. The first step in the decline and fall of every civilization takes place when the Rule of Law no longer secure fair and equitable treatment of individuals.

As Edward Gibbon noted in his *Decline & Fall of the Roman Empire*, it was the son of Marcus Aurelius, Commodus (180–192AD), who ignored the Rule of Law and distorted it for his own personal gain and pleasure. Gibbon wrote concerning Commodus that each ***"distinction of every kind soon became criminal. The possession of wealth stimulated the diligence of the informers..."*** (Book 1, Chapter 4). Once the Rule of Law ceases to protect the individual, then all is lost for commerce will then depend upon the favor of the judge and/or the state.

Conclusion

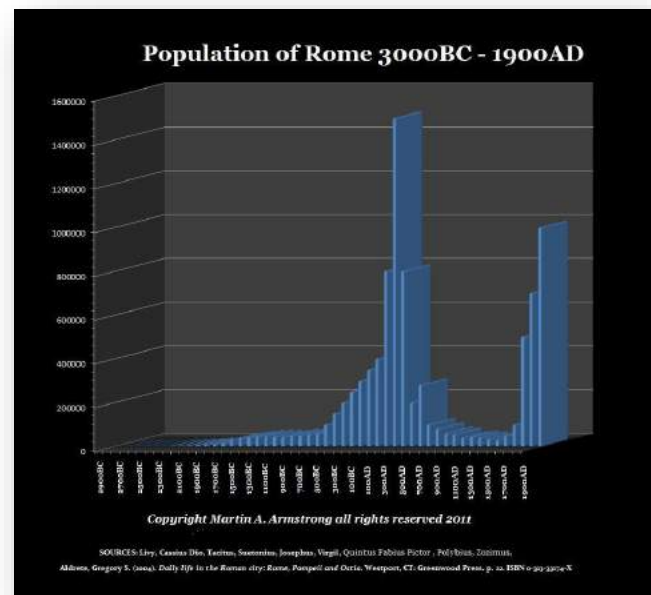
"[T]he different forms of government make law democratical, aristocratical, tyrannical, with a view to their several interests; and these laws, which are made by them for their own interests, are the justice which they deliver to subjects, and him who transgresses them they punish as a breaker of the law, and unjust. And that is what I mean when I say that in all states there is the same principle of justice, which is the interest of the government; and as the government must be supposed to have power, the only reasonable conclusion as, that everywhere there is one principle of justice, which is the interest of the stronger."

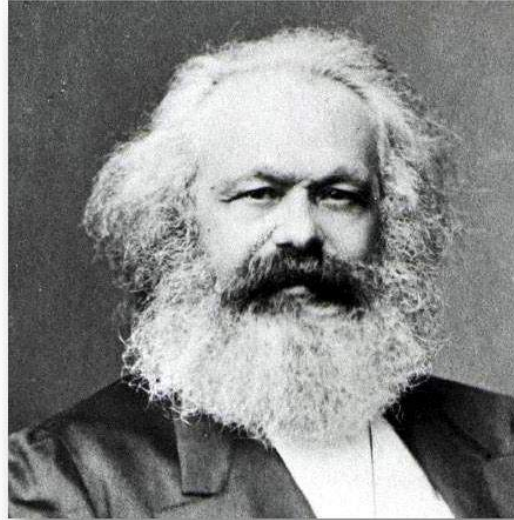


Thrasymachus (Θρασύμαχος)
(ca. 459-400 BC)

The Rule of Law is the most important element to maintain, yet it is also the first thing to go when the power of government seeks to expand and maintain its existence. Indeed, the famous quote of Thrasymachus (c 459–400BC) in his debate with Socrates illustrates the problem. All government see "justice" as their own self-interest. As that emerges, the very purpose of civilization ceases to exist and the cycle of coming together begin its decline. Like everything else, nations and empire rise by combining individual states, but when it no longer is equitable to remain together, the process reverses to separatism.

The Romans called it the suburbanization of society where people began to just leave the urban centers. The population of Rome had peaked around 180BC reaching 1 million people. No city would reach that level of urbanization again until London during the Victorian Era.





Karl Heinrich Marx
(1818-1883)

"Or how does it happen that trade, which after all is nothing more than the exchange of products of various individuals and countries, rules the whole world through the relation of supply and demand—a relation which, as an English economist says, hovers over the earth like the fate of the ancients, and with invisible hand allots fortune and misfortune to men, sets up empires and overthrows empires, causes nations to rise and to disappear—while with the abolition of the basis of private property, with the communistic regulation of production (and implicit in this, the destruction of the alien relation between men and what they themselves produce), the power of the relation of supply and demand is dissolved into nothing, and men get exchange, production, the mode of their mutual relation, under their own control again?"

Karl Marx, The German Ideology / Theses on Feuerbach / Introduction to the Critique of Political Economy

Karl Marx (1818–1883) looked at the rise and fall of empires as purely the greed of men and believed that eliminating private property he could defeat the cycle of the rise and fall of empires, nations, and city states. He assumed you could alter human nature, the most impossible thing anyone could do. You cannot change the character of a person. A thief will always enjoy his skill for it is not the value of the theft as much as it is the enjoyment of the con.

The government, which was designed for the people, has got into the hands of the bosses and their employers, the special interests. An invisible empire has been set up above the forms of democracy.



Thomas Woodrow Wilson
(1856–1924)

President Woodrow Wilson made an observation about governments. That despite being a government of the people, Republics quickly fall into the hands of the bureaucracy which then sells itself to special interests creating an invisible empire which sits above the pretense of democracy. To accomplish that, the key restraint is the Rule of Law. To enable the rise of corruption and oligarchies, the critical thing to eliminate is the Rule of Law.

President John F. Kennedy once remarked: "A man may die, nations may rise and fall, but an idea lives on." Indeed, our ideas freedom, liberty and justice for all, seems to always run through the demands which ultimately result in the decline and fall of all empires, nations, and city-states.



Venetian "Mouth of Truth"

Venice at the height of its power (697–1797AD) during the 14th century was more than merchant traders and carnival masks. Venetian life was governed by a policy which empowered citizens to police each other which gradually undermined the very purpose of civilization. The Council of Ten or *Consejo de i Diexe* in Venetian, oversaw the ruling classes and protected the state. Embedded in the walls of various places throughout the city, there were the Venetian Mouths of Truth known as the *bocche di leone* which appeared like ornate letterboxes during the 14th century. They were carved with the open-

Conclusion

mouthed faces of the emblematic lion of Venice. Residents in the 1300s would have seen them springing up all over the place as every district had one. But this was not a mail service. They were for dropping off tips against fellow citizens that would go to the Council of Ten.

Residents were encouraged to bring criminal, unsanitary, immoral or treasonous complaints to the state's attention by writing letters to the Council. Denouncing your neighbor's bad behavior was absolutely promoted which was turning residents against one another. I recall going behind the Berlin Wall before it fell. An East Berliner would speak freely and explain what was going on, but as soon and anyone came close to us, they immediately sprung into praise for the Communist state. This was the atmosphere which existed in Venice and ultimately undermined the very purpose of civilization. Your neighbor was suddenly a spy for the government.

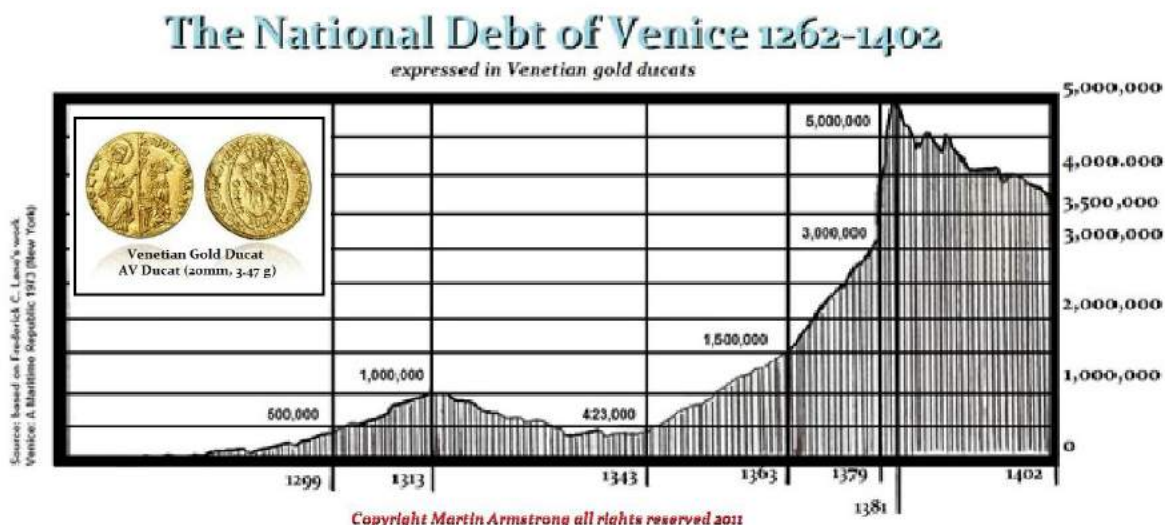
All accusations had to be signed by the accuser, but this was because some offenses carried a payment for the informant. If someone was not paying their fair-share of taxes and the informant could rat on them, they received a reward. The prisons were filled with both noblemen, and even priests. The bridge from the Doge's Palace to the Prison became known as the **Bridge of Sorrows**.



The system had weakened the Venetian Empire creating disunity among its citizens which resulted in its ultimate fall of the Republic and dissolution of the Council by Napoleon in 1797. The only reason Venice was able to survive was the fact that it owned the commerce. It did not require capital of the individual to create trading ventures. The Council of Ten had fought any suggestion of

revolution, corruption or criminality mercilessly and with chilling authority via a network of spies using the Venetian Mouth of Truth for 487 years condemning dozens of men to prison, exile or death. The Venetian Republic survived as a ruthless tyranny whose demise brought relief to its citizens.

Conclusion



The Venetian Mouth of Truth coincided with the peak in Venetian Debt during the 14th century. A man by the name of Baiamonte Tiepolo who belonged to one of Venice's most prestigious families from which his great grandfather and grandfather were both Doges (heads of state). Baiamonte wasn't deeply concerned about the fiscal management of the Empire. He sought to organize a coup to overthrow Doge Gradenigo in 1310. His plot was discovered and he was charged along with his co-conspirators. They were naturally convicted. This was the incident which led to the establishment of the Venetian Mouth of Truth.

I have also explained how Maximinus I (235-238AD) declared all wealth to be the property of the state and how he too rewarded informers. Using conspiracy, the law of tyrants, Maximinus I effectively tore the Roman economy apart at its seams. He charged a noted Senator by the name of Magnus, with conspiracy against the emperor, found him guilty, executed him, and then arrested 4,000 others claiming they conspired with him to intend to depose him. He then used



Maximinus I (235-238AD)

the criminal law to claim they committed a crime of conspiracy, and that, of course, justified confiscating all their property as well. Once you turn the people into informers against one another, investment contracts and the economic decline begins.

The first thing to fall is **ALWAYS** the Rule of Law. Once you undermine that for the benefit of the state or the judges become pawns of bribes, it becomes inevitable

Conclusion

that the Empire, Nation, or City-State has begun the process of the Decline & Fall.



While there is little doubt that the fall of Empires, Nations, and City-States has always involved fiscal mismanagement, the collapse begins with the collapse in the Rule of Law from which corruption then becomes possible. Gradually, the state will turn against the rich who created the economy and they first contract in their investment and eventually just leave.

In Edward Gibbon's (1737–1794) *Decline and Fall of the Roman Empire* (1776), his final chapter tells us about two attendants to Pope Eugenius IV (1431–1447) who are sitting on top of the Capitoline Hill in Rome overlooking the Roman Forum. Poggius then comments upon the vicissitudes of fortune which spares nothing and nobody while it buries Empires, Nations, and City-States in a common grave.

"Her primeval state, such as she –might—appear in a remote age, when Evander entertained the stranger of Troy, has been delineated by the fancy of Virgil. This Tarpeian rock was then a savage and solitary thicket; in the time of the poet, it was crowned with the golden roofs of a temple,

Conclusion

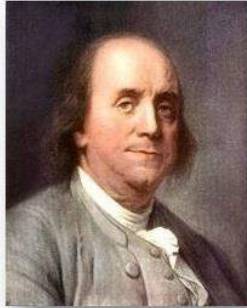
the temple is overthrown, the gold has been pillaged, the wheel of Fortune has accomplished her revolution, and the sacred ground is again disfigured with thorns and brambles. The hill of the Capitol, on which we sit, was formerly the head of the Roman Empire, the citadel of the earth, the terror of kings; illustrated by the footsteps of so many triumphs, enriched with the spoils and tributes of so many nations. This spectacle of the world, how is it fallen! how changed! how defaced! The path of victory is obliterated by vines, and the benches of the senators are concealed by a dunghill. Cast your eyes on the Palatine hill, and seek among the shapeless and enormous fragments the marble theatre, the obelisks, the colossal statues, the porticos of Nero's palace: survey the other hills of the city, the vacant space is interrupted only by ruins and gardens. The forum of the Roman people where they assembled to enact their laws and elect their magistrates, is now enclosed for the cultivation of pot-herbs, or thrown open for the reception of swine and buffaloes. The public and private edifices that were founded for eternity lie prostrate, naked, and broken, like the limbs of a mighty giant, and the ruin is the more visible from the stupendous relics that have survived the injuries of time and fortune."

Empires, Nations, and City-States all die like human beings. The ideal and goal may live on in the memories of generations. Nevertheless, the process of the rise and fall has always remained the same. Indeed, all such of the Greatest Empires are buried in a common grave with the lessor. It is our fate.



As a human society, we seem to be incapable of ever learning from the vicissitudes of fortune for we always presume that this time it's different. We remain arrogant and presume that unlike every empire which came before us, we possess the power, the glory, and the key to fate which will defeat the past and allow us to emerge as the exception to history.

Conclusion



Benjamin Franklin
(1706-1790)



Those who would give up essential liberty to purchase a little temporary safety deserve neither liberty nor safety

Liberty has never risen from Government. Liberty has always emerged from the revolution against tyranny. Liberty springs only from the limitations upon governmental power. It is never the product of increasing the power of government. Ben Franklin (1706-1790) understood what Liberty was. He explained that you cannot possibly attain liberty by surrendering your right under the pretense of preserving your security

Patrick Henry (1736-1799) likewise understood the value of Liberty. It is highly questionable if anyone in this modern era even thinks about preserving their liberty. It has become an abstract concept and the states claim that to protect the people from terrorism, they must surrender all rights to privacy.

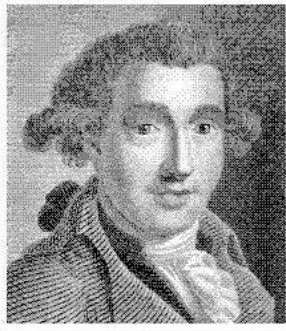


Patrick Henry
(1736-1799)

I know not what others may choose but, as for me, give me liberty or give me death.

I know of no way of judging the future but by the past.

For my part, whatever anguish of spirit it may cost, I am willing to know the whole truth; to know the worst and provide for it.



Thomas Paine
(1737–1809)

Common Sense

Some writers have so confounded society with government, as to leave little or no distinction between them; whereas they are not only different, but have different origins. Society is produced by our wants, and government by our wickedness; the former promotes our POSITIVELY by uniting our affections, the latter NEGATIVELY by restraining our vices. The one encourages intercourse, the other creates distinctions. The first a patron, the last a punisher.

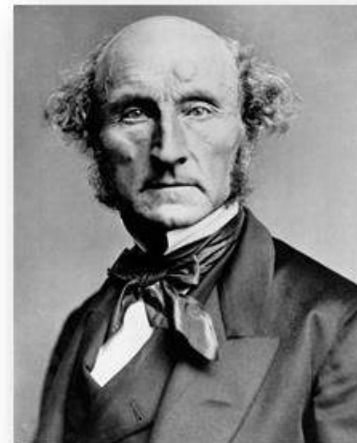
"These are the times that try men's souls."

It was Thomas Paine (1737–1809) who pointed out that governments have always forgotten who is the true sovereign. They presume they are the sovereign rather than the people. Like Edward Snowden, the American politicians call him a traitor for exposing that the US Intelligence services were acting illegally. But if the people are the true sovereign, then informing the people about illegal actions of the state cannot be treason against the nation for government is not the nation – it is the people.

John Stuart Mills (1806–1873) in his classic work of 1859, *On Liberty*, explained that governments have no power to make laws to protect themselves that imprison people. They can only have laws to protect harm to another citizen.

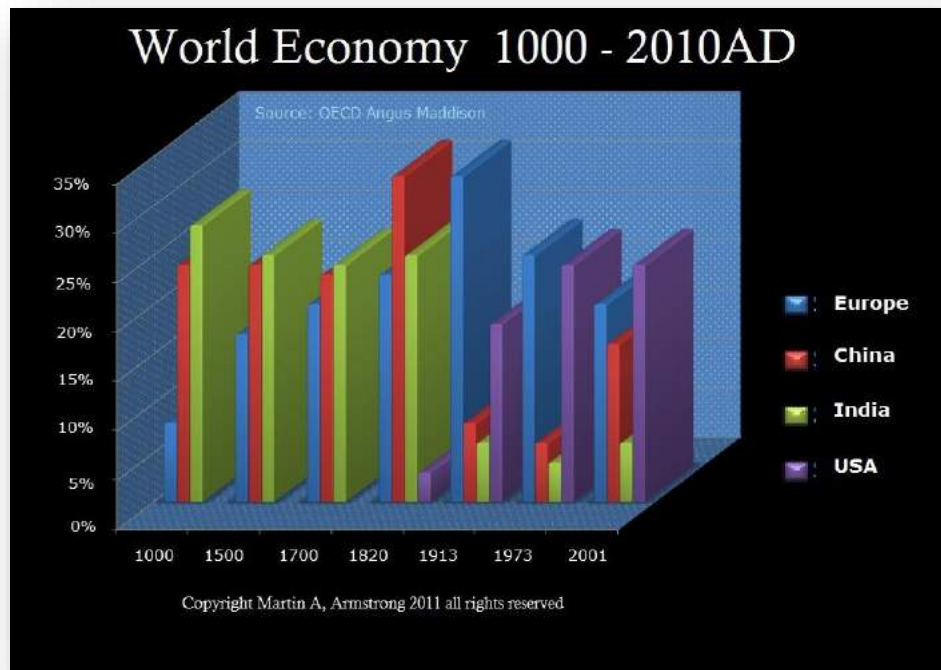
"The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. His own good, either physical or moral, is not a sufficient warrant."

Chapter 1: Introductory



John Stuart Mill
(1806–1873)

Conclusion



Nevertheless, as civilizations grow and government become intoxicated upon their own power, the Rule of Law is undermined and what began as a beneficial gathering into a civilization is reversed.

We must understand the rise and fall of Empires, Nations, and City-States has ALWAYS existed. Only a fool would dare to presume that this time is somehow different. The cycle by which the Financial Capital of the World migrates is always present. Once the Rule of Law is sacrificed, all else is lost and the process of the decline and fall begins.

How Civilization Collapses

- 1) The collapse in the Rule of Law
- 2) Collapse in centralized government
- 3) The rich flee and economic growth declines
- 4) The economy implodes without investment
- 5) Birth rate declines with population
- 6) People migrate and abandon urbanization