

## Decline of Empire: Parallels Between the U.S. and Rome

By Doug Casey, Bonner and Partners, Inner Circle, 19 August 2016

Let me start by saying I'm not sure the collapse of Rome was a bad thing.

There were many positive aspects to Rome – as there are to most civilizations. But there was much else to Rome of which I disapprove, such as its anticommercialism, its militarism, and, post-Caesar, its centralized and increasingly totalitarian government.

In that light, it's worth considering whether the collapse of the U.S. may not also be a good thing. Another point of clarification: It's somewhat misleading to talk about a simple "fall of Rome." It's more accurate to talk about its gradual transformation, with episodes of what paleontologists describe as "punctuated disequilibrium."

But Republican Rome fell in 27 BC with the accession of Augustus and the start of what's called the Principate period. The emperors were now in charge. But they were still, at least in theory, just the "first among equals." [See nearby box.] The U.S. entered its own Principate period with the accession of President Roosevelt in 1933. Since then, the president has reigned supreme over Congress, as Emperor Augustus did over the Roman senate. Pretenses fell off increasingly over time in Rome, just as they have in the U.S. After the 3rd century AD, with constant civil war and

### The Three Phases of Rome

Broadly speaking, there are three distinct periods of ancient Rome:

**I. Roman Republic (509 BC to 27 BC)** – The government was headed by two elected consuls, who were advised by the senate. The consuls held a one-year term.

**II. Principate Period (27 BC to AD 284)** – The emperors took charge and ruled like military dictators. But they retained the façade of the Republic – with its senate, assemblies, and magistrates. To keep the outward appearance of the old Republic, they avoided calling themselves emperors. Instead, they referred to themselves in Latin as *Princeps Civitatis* ("First Citizen of the State"). Hence the name Principate.

**III. Dominate Period (AD 284 to AD 476)** – The emperors consolidated their power and ruled as true despots. They nominated heirs. They downplayed the offices of consul and the senate. the destruction of the currency, the Principate period gave way to the Dominate period. From that point on, the emperor no longer even pretended to be the first among equals and was treated as an oriental potentate.

The same trend is in motion in the U.S. Just as the Roman senate, its consuls, and its tribunes, with their vetoes, became impotent anachronisms, so have U.S. institutions. Starting with the fourth emperor, Claudius, in AD 41, the Praetorian Guard – the emperors' elite force of bodyguards – showed they could designate the emperor.

And today in the U.S., that's probably true of its praetorians – the NSA, CIA, and FBI, among others – and, of course, the military.

We'll see how the next hanging-chad presidential election dispute gets settled.

## America's Next Caesar

My guess is that the booboisie (what the Romans called the *capite censi*, or “head count”) will demand a strong leader as the Greater Depression evolves, the dollar is destroyed, and a serious war gets underway.

War has always been the health of the state. And the Roman emperors were expected, not least by their soldiers, to always be engaged in war. It's no accident that the so-called “greatest” U.S. presidents were war presidents – Abraham Lincoln, Woodrow Wilson, and Franklin Delano Roosevelt. (We can humorously add the self-proclaimed war president Baby Bush.) Military heroes – such as George Washington, Andrew Jackson, Ulysses Grant, Teddy Roosevelt, and Ike Eisenhower – are always easy to elect. My guess is that a general will run for office in the next election, when we'll be in a genuine crisis.

The public will want a general partly because the military is now by far the most trusted institution of U.S. society. His likely election will be a mistake for numerous reasons, not least that the military is just a heavily armed variant of the postal service.

It's wise to keep Roman historian Edward Gibbon's words about the military in mind: “Any order of men accustomed to violence and slavery make for very poor guardians of a civil constitution.”

## 500-Year Dole

Along with political problems come social problems... After the Punic Wars (264-146 BC), in the period of the late Republic, the Roman government began offering useless mouths free bread, and later circuses. These were extremely destructive, but were provided strictly for a practical reason: to keep the mob under control. And it was a big mob. At its peak, Rome had about a million inhabitants, and at least 30% were on the dole. The dole lasted over 500 years and became part of the fabric of Roman life – ending only when wheat shipments from Egypt and North Africa were cut off by the Vandals at the start of the 5th century AD.

In the U.S., there now are more recipients of state benefits than there are workers. Programs such as Social Security, Medicare, Medicaid, food stamps, and numerous other welfare programs already absorb over 50% of the U.S. budget. And they're going to grow rapidly for a while longer, although I predict they'll come to an end or be radically reformed within the next 20 years. I recognize that's a daring prediction, given the longevity of the dole in Rome.

## The Rise of “Greenism”

The Roman Empire appears to have suffered a demographic collapse late in the 2nd century AD, during the reign of Marcus Aurelius. This was, at least in part, because of a plague that killed about 10% of the population. But there may be other, subtler reasons for the drop in population. Perhaps people weren't just dying. They also weren't reproducing, which is much more serious.

The rising Christian religion in Rome was puritanical and encouraged celibacy. Something similar is now happening throughout the developed world. After World War II, American women averaged 3.7 children. Now, it's 1.8. In parts of Europe, it's 1.3.

Part of that is due to urbanization. Part is due to an understanding of birth control. But a growing part is that we just can't afford larger families; it's very expensive to have a kid today.

And I believe another major element is a new religious movement of "Greenism." This is analogous to early Christianity in many ways. In particular, it's now considered antisocial to reproduce, since having kids raises your carbon footprint.

### Nothing Left to Steal

Then there is the issue of war...

Wars made Rome. They turned the whole Mediterranean into a Roman lake. With the Punic Wars, Spain and North Africa became provinces. Pompey the Great (106-48 BC) conquered the Near East. Julius Caesar (100-44 BC) conquered Gaul 20 years later. Then Augustus took Egypt.

In the early days, war was profitable. You conquered a place. You stole all the gold, cattle, and other movable property. And you enslaved its people. That was a lot of wealth you could bring home; then you could milk the area for many years with taxes.

But the stream of new wealth to steal ended with the conquest of Dacia in AD 107. The advance in the east stopped with the Persians, a military power comparable with Rome. Across the Rhine and Danube, Germanic tribes – living in swamps and forests with only tiny villages – were not worth conquering. To the south, there was only the Sahara. There was nothing new to steal. But there were continuing costs of administration and border defense.

It was inconvenient – and not perhaps just coincidental – that the barbarians started becoming really problematic when Christianity started becoming popular, in the 3rd century AD. Unlike today, back then, Christianity encouraged pacifism... not the best thing when you're faced with barbarian invasions.

The Roman army started out as a militia of citizen soldiers who provided their own arms. But it eventually accepted anyone. And it morphed into a completely mercenary force staffed and led largely by foreigners.

*And this is how the U.S. armed forces have evolved.* For all the "Support Our Troops" propaganda, the U.S. armed forces are now more representative of the barrios, ghettos, and trailer parks than of the country as a whole. And they're isolated from the rest of the country, too – a class unto themselves, like the late Roman army.

Even though the Roman army was at its greatest size and cost in the Dominate period, it was increasingly a paper tiger. After its rout at the Battle of Adrianople in AD 378, the Western Roman Empire went into a death spiral.

### Bankrupted by War

And the U.S. armed forces may now be in an analogous posture... one comparable to Soviet forces in the 1980s. Although the U.S. has won many engagements and some sport wars, it hasn't won a real war since 1945.

But the cost of its wars has escalated hugely. And my guess is that if the U.S. gets into another major war, it won't win... even if the enemy's body count is massive.

Recall Osama bin Laden's plan to win by bankrupting the U.S. He was astute. Most U.S. equipment is good only for fighting a replay of World War II. The \$2 billion B-2 bomber, the \$350 million F-22, and the \$110 million V-22 Osprey are high-priced dinosaurs.

The U.S. Army lost 5,000 helicopters in Vietnam. At \$25 million each, how many Blackhawks can the U.S. afford to lose in the next war? World War II cost the U.S. \$288 billion, in 1940 dollars. The pointless adventures in Iraq and Afghanistan are guesstimated at \$4 trillion, a roughly comparable amount in real terms.

In the future – unless it completely changes its foreign and military policies – the U.S. will likely be confronting scores of independent, non-state actors, rather than other nation states. We won't really know who they are. But they'll be effective at attacking hugely expensive infrastructure at near-zero cost simply by hacking computers. They won't need a B-2 when a stolen Pakistani nuke can be delivered by freighter. They can take out a \$5 million M-1 tank with an essentially zero-cost improvised incendiary device. As the U.S. bankrupts itself with defense contractors whose weapons have 20-year development times, enemies will use open-source warfare, entrepreneurially developing low-cost, unconventional weapons with off-the-shelf components.

Wars destroyed Rome, just as they're destroying the U.S.

### **Inflation, Taxes, and Regulation**

Economic issues were another major factor in the collapse of Rome.

Inflation, taxation, and regulation made production increasingly difficult as the empire grew, just as in the U.S. And Romans wanted to leave the country, much as many Americans do today. Consider the following from Christian writer Salvian, circa AD 440.

But what else can these wretched people wish for, they who suffer the incessant and continuous destruction of public tax levies? To them, there is always imminent a heavy and relentless proscription. They desert their homes, lest they be tortured in their very homes. They seek exile, lest they suffer torture. The enemy is more lenient to them than the tax collectors. This is proved by this very fact, that they flee to the enemy in order to avoid the full force of the heavy tax levy.

Therefore, in the districts taken over by the barbarians, there is one desire among all the Romans, that they should never again find it necessary to pass under Roman jurisdiction. In those regions, it is the one and general prayer of the Roman people that they be allowed to carry on the life they lead with the barbarians.

One of the most disturbing things about this statement is that it reveals that tax collectors were most rapacious at a time when the Roman Empire had almost ceased to exist.

Economic factors were paramount in the decline of Rome, just as they are in the U.S. The state made production harder and more expensive, it limited economic mobility, and state-engineered inflation made saving pointless.

This brings us to another obvious parallel: the currency. The similarities between the inflation in Rome and the U.S. are striking and well known.

In the U.S., the dollar was relatively stable from the country's founding until the creation of the Federal Reserve System in 1913. Since then, it has lost over 95% of its value. And the trend is accelerating.

Rome's currency, the denarius, was stable until the Principate period. Then it lost value at an accelerating rate until reaching essentially zero by the middle of the 3rd century AD.

This was coincidental with Rome's near-collapse.

### A Disturbing Trend

What's even more interesting is to compare the images on the coinage of Rome and the U.S. Until the victory of Julius Caesar in 46 BC, the likeness of a politician never appeared on the coinage. All earlier coins were graced with a representation of an honored concept, a god, an athletic image, or the like. After Caesar, a coin's obverse always showed the head of the emperor.

It's been the same in the U.S...

The first coin with the image of a president was the Lincoln penny in 1909, which replaced the Indian Head penny; the Jefferson nickel replaced the Buffalo nickel in 1938; the Roosevelt dime replaced the Mercury dime in 1946; the Washington quarter replaced the Liberty quarter in 1932; and in 1948, the Franklin half dollar replaced the Liberty half dollar. It was in turn replaced by the Kennedy half dollar in 1964.

The deification of political figures is a disturbing trend the Romans would have recognized.

### Investment Conclusions

What led the greatest empire in history to its decline and its eventual fall?

We can never fully know. But the parallels with today – the rampant social spending programs... rising military costs... an overburden of rules and regulations... and a rapidly devaluing currency – are too close to ignore.

Another historic parallel that's hard to ignore is that the fall of Rome coincided with the rise of militant Islam. It was a Muslim army that dealt the *coup de grâce* to the Western Empire, advancing as far as Poitiers in France.

It was a Muslim army, too, that sacked Constantinople and brought the Eastern Empire to an end.

These are very big-picture trends, but worthy of careful consideration.....