# THE FINANCIAL CRISIS OF 33 A. D.

Tacitus (*Ann.* VI, 16-17) gives some details about a serious financial crisis that occurred in 33 A. D. He says that Julius Caesar's laws on usury and on the amount of Italian land to be possessed by lenders had been disregarded for a long time and that when in 33 A. D. the courts decided to take cognizance of cases under these laws, many citizens were brought to court. The praetor, disturbed by the number of cases, referred the matter to the Senate and the Emperor, who decided to allow the culprits a period of eighteen months in which to adjust their affairs in accordance with the law. (Caesar's law had, of course, been a war measure passed in 49 B. C., the chief purpose of which was apparently to prevent the flight of currency and the fall of land values by insisting that a certain proportion of capital must be invested in real estate in Italy.)[1] The order to adjust affairs in eighteen months "brought about a scarcity of money," partly because loans were called at once, partly because "recent confiscations had already brought much of the circulating medium into the Fiscus" (Tac., *Ann.* VI, 17). To meet this scarcity the Senate ordered lenders to invest two-thirds of their capital in Italian lands (perhaps this was a re-enactment of Caesar's law of 49 B. C.). This action had disastrous effects because it hurried the calling in of loans and the decline of real estate values, whereas reinvestment was postponed in view of the prospect of finding better bargains in a falling market. Finally the Emperor arranged, through a banking commission

[1] This passage of Tacitus is the only clear reference to this law of Julius Caesar. Caesar himself, *B. C.* III, 1, mentions only the bankruptcy law of 49 B. C. Suet., *Jul.* 42 and Appian, *B. C.* II, 48 mention the same. Dio, XLI, 38 adds that Caesar placed a limit on the amount of ready money (60,000 sesterces) that could be possessed. Of course this limitation implies a law directing the investment in real property, and it is that that Tacitus refers to in the passage cited. The proportion to be invested is not mentioned, but since the Senate's decree of 33 A. D. placed this at two-thirds we may infer that Caesar's law specified some such ratio. Whether the law applied only to men who lent money we do not know. In *Trans. Am. Phil. Assoc.*, 1887, pp. 5 ff. there is a helpful discussion of the crisis of 33 A. D. by W. F. Allen. The notes in Ramsay's translation of the *Annals* (VI, 16) and in the editions of Furneaux and of Nipperdey are also useful.

of five senators acting for the Treasury,[2] to lend to land-owners in distress a hundred million sesterces without interest for a period up to three years. This apparently ended the crisis.

The account of Tacitus is reasonable so far as it goes, but it does not explain what induced the Senate and the courts to revive Caesarian war measures half a century after they had come to be generally ignored. Apparently the prevailing rates of interest had risen and land values in Italy had been falling, and the land-holding aristocracy therefore decided to raise land prices by creating an increased market for land by reviving Caesar's law. If prices were falling and interest rates going up, the natural assumption would be that there had been a contraction of currency and one that was far more serious than can be explained by Tacitus' reference to recent confiscations,[3] for in general Tiberius was not guilty of very extensive confiscations. I desire to point out that while Augustus increased the coinage for circulation very strikingly from 30 to 10 B. C., he in his last twenty years and Tiberius during his nineteen years of power before 33 coined relatively little and spent very frugally; so that, while gold and silver went abroad increasingly to pay for imports, the per capita circulation inside of Italy was steadily decreasing for forty years.

During his first twenty years Augustus poured out new money very lavishly. In 30 B. C. he possessed himself of the royal treasures of Cleopatra. From this he paid out some 600,000,000 sesterces for Italian land for his discharged veterans; he lavished large sums on the populace of Rome; he repaired all the roads of Italy and the streets of Rome at great cost; he restored 82 temples and built many new ones;[4] he aided many cities of

[2] It is Dio (LVIII, 21) who adds this item. Apparently it was a commission appointed temporarily *ad hoc*, and not a permanent fiscal bank, as is sometimes assumed. Since the commission consisted of senators and since the credits were to be repaid *populo* (Tac., *Ann.* VI, 17), it was doubtless the Aerarium, not the *emperor's Fiscus*, that provided the funds. Suet., *Tib.* 48 mentions the matter but adds nothing of importance.

[3] On confiscations under Tiberius see Marsh, *The Reign of Tiberius*, pp. 207 ff. The fall of Sejanus in 31 had of course involved many of his friends.

[4] *Res Gestae Divi Aug.*, chapters 15-20, give rather full lists of these expenditures.

Italy by gifts of aqueducts, public baths, temples, and fora. I have elsewhere [5] estimated the sums that flowed out to the public in 30-27 B. C. from this source at about one thousand million sesterces. This seems to have been more than twice the normal annual budget of the state. Naturally prices rose decidedly, and interest rates fell from 12% to 4% (Dio, LI, 21). As Suetonius puts it (*Aug.* 41) "when he brought the royal treasures of Egypt to Rome money became so abundant that the rate of interest fell and the value of real estate rose greatly." An era of prosperity followed of which many cities of Italy give proof in extensive public and private building operations. Doubtless many of the new fortunes of the period had their source in the increasing real estate values and in the rapid expansion of cities due to easy credits, increased circulation, and the sense of security in property-holding that came with the re-establishment of a firm peace.

As can readily be seen by using Mattingly's *Coins of the Roman Empire in the British Museum,* the history of Augustan coinage during the first twenty years of his reign confirms this record of lavish currency expansion. The Eastern coinage of silver and gold was quite profuse in 30-27 B. C. Then when Augustus went to Spain he opened several mints there which were kept busy in the years 25-16 B. C. He seems in fact to have sent out prospectors and opened new mines, for Florus (II, 33) says that the Astures learned of the mineral wealth of their country from Augustus' success in mining precious metals. Then Augustus sent his procurator Licinus to gather the tribute of Gaul in coinable bullion and plate,[6] and at Lyons he opened a mint which was very active during the years 15-10 B. C. The mint at Rome also poured out large issues from 18 to 12 B. C.

If we compare the known issues of gold and silver during the first twenty years of the Augustan régime with those of the following forty years (9 B. C. to 32 A. D.), we discover that the annual output during the later period fell to about 5% of the issues of the former years, an amazing contraction over an extensive period.

[5] *Journal of Roman Studies*, 1933, p. 146.

[6] Dio, LIV, 21, interpreted by Mattingly, *op. cit.*, p. cxiii.

Unfortunately we do not know how large the various issues of coins were, but there are indications that there was some uniformity. For instance, in years of very heavy expenses (e. g., in 90-87 and 83-80 B. C.) the coin types are very numerous.[7] From peaceful years the number of coins represented is relatively few and the various types are correspondingly few. Again, we learn from Pliny, *N. H.* XXXIII, 56 that in Caesar's day the gold bullion of the Sacred Treasury was stored in uniform bars of 3⅓ ounces (each good for 10 *aurei*, and worth 1000 sesterces), while the silver bullion was stored in three-pound bars, these also worth 1000 sesterces each.[8] This uniformity suggests, though of course it does not prove, a custom of issuing standard amounts. We also know that Caesar displayed 20,000 pounds of gold in his triumph in 46 B. C. (Appian, *B. C.* II, 102), and there are now known nearly 20 types of *aurei* issued in 46-44. Perhaps each issue therefore required about 1000 pounds of gold, each of the value of a million denarii in the Caesarian ratio of 40 *aurei* to the pound. Such items would seem to support the reasonable inference that during the orderly régime of Augustus the amount of coinage from year to year is probably quite fairly represented by the number of coin types now known. At any rate the types known for the period 10 B. C. to 33 A. D. are very scarce relatively to the abundant issues of Augustus' early days.

We do know that Augustus spent far less in public buildings and on games in his later years than in his early ones, and that Tiberius was constantly accused of stinginess. At his death it was found that he had stored up 2,700,000,000 sesterces in his treasury.[9] In these later years the army of the frontier required the heaviest public expenditure, and most of the money that went to the frontier was probably spent far from Italy. Moreover, the provinces were now secure, so that large investments were being made by Romans in Asia, Egypt, Spain, Gaul, and Africa. In time, of course, these investments would bring returns to Rome, but for the present the outward flow doubtless overbalanced the returns. Furthermore the Augustan pros-

[7] See Grueber, *Coins of the Roman Republic*, I, pp. 189 ff. I refer to the issues of this period, since each type was then numbered.

[8] See *Economic Survey of Ancient Rome*, I, p. 338.

[9] Suet., *Caius* 37, 3.

perity very greatly encouraged the importation of luxuries to Rome. It is an old story that home industry and commerce profited far less from the early Augustan prosperity than did those of remote regions — from Spain to India. The old landed aristocracy took no interest in industry; they continued to invest in land and to spend their surplus on the articles turned out by foreign producers. This outflow of gold and silver had reached dangerous proportions by the days of Pliny, but it was considerable even in the early Empire.

The fact then is clear that, while Augustus coined heavily and spent lavishly during his early years, so that prices rose and credit was easy, after about 10 B. C. the coinage dwindled to a miserable trickle and governmental expenditures at home diminished at the very time when currency began more and more to flow abroad. After forty years of this process a monetary crisis was a foregone conclusion. The crisis of 33 A. D. began by the prosecution of money-lenders who charged illegal rates. High rates of interest are of course a common symptom of contracted currency. Then came the effort to revive Caesar's edict to invest in Italian real estate; and this too is a proof that values had fallen as they do when money is scarce. Tacitus' statement that the scarcity was due to recent confiscations [10] may be taken as a fair indication of the "last straw," but the real cause doubtless lay in the steady contraction of the currency during the preceding forty years after a period of lavish expansion and an orgy of public expenditure during Augustus' early years.

The fact that Tacitus attributes the scarcity of money to the confiscations of Tiberius implies that the economic consequences of contraction were probably being discussed. Certainly Suetonius (*Aug.* 41) and Dio (LI, 21) both knew that the Augustan expansion raised prices. We are therefore not surprised that Tiberius very soon after the crisis began the policy of bringing gold and silver mines into the Fiscus. Sextus Marius, the richest mine-owner of Spain, was accused of treason on flimsy charges in that year and his property, including the mines, was

[10] It should be noticed that during the previous year there was rioting because of the high price of grain (Tac., *Ann.* VI, 13). We are not told what the cause was, but since the city depended largely on provincial grain, the scarcity need not be attributed to a crop failure in Italy.

confiscated.[11] Perhaps the decrease in coinage mentioned above had actually been due to the exhaustion of the bullion then obtainable by the treasury. We may also be justified in surmising that the heavier minting of gold and silver by Caligula and Claudius was made possible by Tiberius' expropriations of mines. And, finally, I would suggest that when Caligula set about spending the large reserve that he found accumulated by Tiberius he may have been encouraged to do so by those who had observed the results of extreme fiscal frugality during the preceding reign.

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[11] On Marius see Tacitus, *Ann.* VI, 19 and Dio, LVIII, 23, who give different reasons for his execution. The significant fact is that his property was given over to the Fiscus, not to the Aerarium.