

How all systems can collapse overnight.

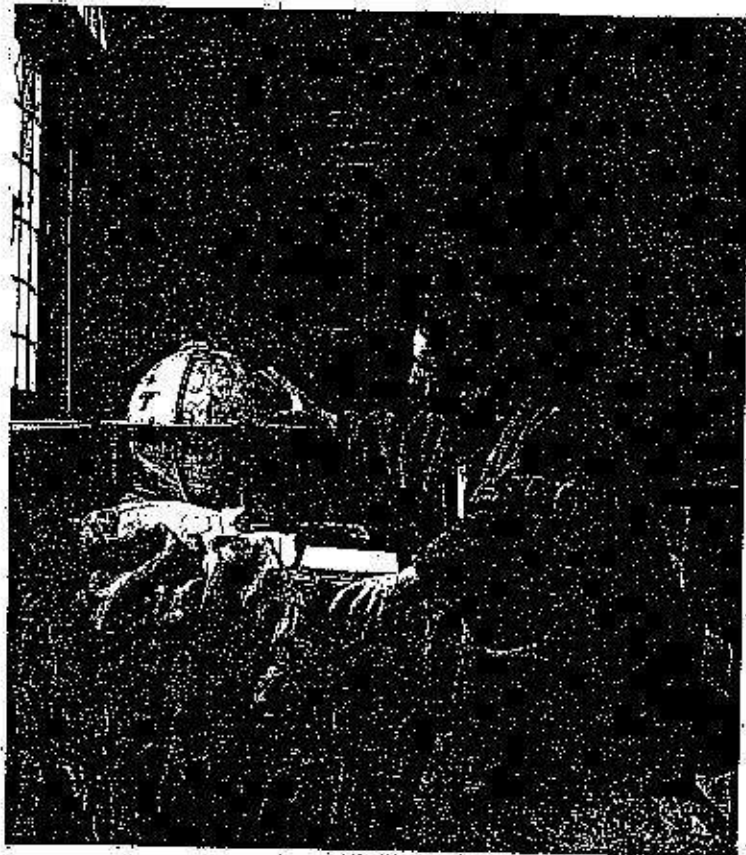
The 3rd Century Monetary Collapse

Are there lessons from the past
that equal

solutions

for the

Future?



Martin A. Armstrong
former Chairman of Princeton Economics International, Ltd.

ACKNOWLEDGEMENTS

I would like to thank the many people who have been writing from around the world. It is encouraging to know that there are so many people who are interested in uncovering the truth. I have also special thanks for so many providing valuable insight into trends around the world from China, Soviet Republics, South Africa, Brazil, Australian, and India. I believe we can survive the folly of governments even if they refuse to listen. The key is understanding the nature of events, and that allows us to correctly make the decision to be on the opposite side.

I would like to also thank all my old friend and former clients for their support and to know that they have continued to gather information that serves us all in times of crisis.

We are standing on the precipice of a new era in global-social-economics. How we enter this new age is of critical importance. Government is incapable to doing anything for any reform of its own abuse of power is not up for negotiation. We must weather the storm, and to do so we need to understand its nature. Just as the 1930s Great Depression set in motion profound changes that were even manifest in geopolitical confrontations, we have now reached such a crossroads. A debt crisis has its tentacles deeply embedded into every sector right into government. This is the distinction from a mere stock market crash that never alters the economy long-term. We are seriously still over-leveraged and some banks are still trying to be hedge funds and have to speculate to make a profit. That is a key warning sign that the worse is yet to come.

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This Report may be forwarded as you like without charge to individuals or governments around the world. It is provided as a Public Service at this time without cost because of the critical facts that we now faced economically. The contents and designs of the systems are in fact copyrighted. At a future date, a new edition of the 1985 *The Greatest Bull Market In History* will be released and a new book will soon be published on the model itself - *The Geometry of Time*. It is vital that we do not forget this is a world economy and the arrogance that any nation can dictate to the world is just insanity. Every nation effects all others no different than if one nation were to pour all its toxic waste into the ocean. Everything is interlinked and solutions are never isolated events.

How all systems can collapse overnight

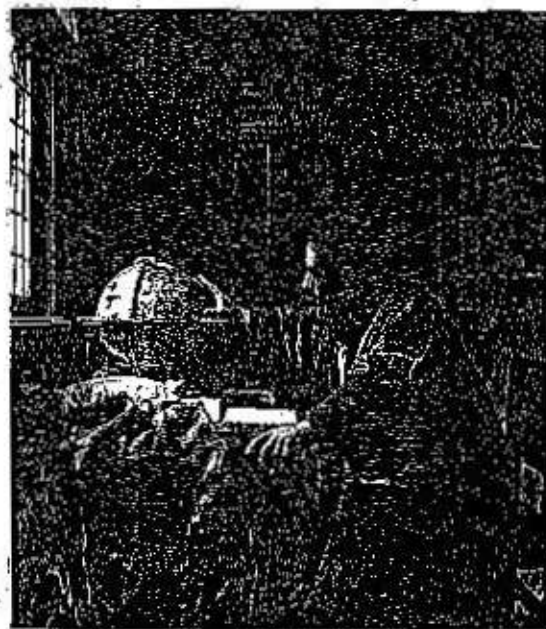
The 3rd Century Monetary Collapse

Are there lessons from the past that equal

solutions for the Future?

by: Martin A. Armstrong

Former Chairman of Princeton Economics International, Ltd.
and Foundation of the Study of Cycles



Collapse of the global economy as we once knew it can take place with such speed, it will leave the vast majority frozen like a deer in headlights. There was one recent movie built upon this realization of what I refer to as a Primary One Phase-Transition. That movie was "The Day after Tomorrow." This was based upon the scientific reality that things like the sudden and shocking advance of an ice age, happen almost instantaneously, not the slow gradual movement. For example, we all know that the north pole moves gradually on an annual basis. Geologists can show us where the north pole used to be because whenever a volcano erupts, the cooling magma becomes magnetized to where the north pole is at that moment. So we can track where it has been, but it has been the speed (timing) that we have not understood.

There are basic laws that everything in the universe is guided by and controlled. Our social economy is no different for at the foundation lies mother nature herself. If she has a bad day, we all have a very bad day. So the rise and the fall of many civilizations has been in part also do to the dramatic changes in our weather.

Our social-economic system has and will again, just collapse overnight in many cases. It is like 1989 and we woke to a student standing down a column of tanks in China. A few months later, the Berlin Wall fell and Communism came to an end.

The social-economic fabric simply implodes due to the internal weakness

inherent within the structure of the key systems. For example, the "gold standard" collapsed in 1971 because of its defect in the Bretton Woods Accord back in 1944. The dollar was fixed at \$35 to one ounce of gold. Yes the United States had 76% of the entire world gold reserves. Hence, the dollar became the reserve currency. But the internal fault within the structure was they lacked any limitation upon the creation of new dollars. Like a fool who just won the lottery and spends wildly, we can thank our politicians for the same human stupidity. Human nature is one key constant we can always count on.

What we may be facing is a Primary Two Phase Transition directly within our social-economic-political structure that has taken place previously throughout our

recorded history. One of the best such documented cases was the economic meltdown of the 3rd Century. One might ask how can this be similar to today? The answer is simple. For as much as things seem to have changed, they remain very much the same.

The political structure was not so different from the United States today. They too voted for local Senators who had abdicated their constitutional power to the executive branch, and the once vital role of a Tribune who defended the people against the corrupt politicians, was then usurped by the Emperor. The image was that the Emperor defended a free constitution that was preserved with dignity, honor, and reverence, and thus the Roman people appeared to possess the sovereign powers and authority exercised both through the senate that they elected, and the Tribune of the people in the office of the emperor. Today, we have the **Inspector General** who will issue reports against the various departments, but while his function is very loosely that of the Roman Tribune insofar as he is to monitor government, he has no power to indict, and is often ignored. Today, the new Obama Administration has created 31 new shadow posts called Czars (tsar) meaning a "caesar" with semi-dictatorial powers. This mirrors the Roman office of "Dictator" for they are not elected, nor are they subject to any oversight committee in the Senate. So you see, we too are not exactly what you call a true government where the people do honestly control the state.

The Roman Empire was structurally also divided into numerous provinces that were not so different from the states, minus the election of a governor locally. Hence, the idea that the favor of the sovereign may confer power was the rule of law, but that exists only based upon the Public Confidence of the people. All governmental power exists only so far as it does not offend the esteem of the people, for that alone confers all power upon a state - even in dictatorships. The reason for this, is that the ultimate check and balance becomes what Thomas Jefferson believed - the right of the people to break those political bonds.

Everything we have today in our core political structure, remains unchanged from the time of the 3rd Century. What we are seeing in the second-phase of this debt crisis is the spread of unsound finance is undoing the economic system of the states.

California is the 8th largest economy in the world, and it is dead broke. As this begins to spread to more states, we will see the center core come apart. Everything we have today is dependent upon one factor. **Public Confidence.** The dollar remains a medium of exchange because there is no other. Once the confidence of the people is undermined in this respect, everything implodes as we see took place during the 3rd Century where the value of currency fell so dramatically, it purchased 1/50th of what it once did, and even taxes began to be collected in kind, for the government would not accept even its own currency in payment.

The Phase Transition

Perhaps our greatest problem in making advancement in our social-political-economic development, has been the arrogance that we can control such variables, and that leads to political intervention into things they have no idea of what they are doing. It is the very nature of a **Phase Transition** that politicians have no concept what it even is no less about how to manage such a truly astonishing nature of how all systems do in fact function.

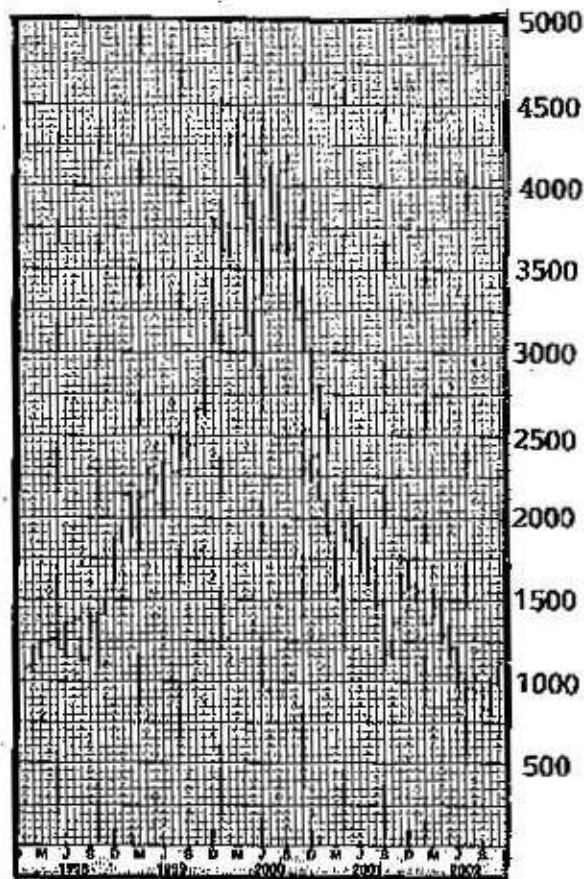
If you boil a pot of water, pay very close attention to how the water boils. It is by no means a steady linear progression. What really happens is that as the water begins to come close to the boiling point, the water will jump into a sudden burst of conduct that we call a **Phase Transition.** The water is being transformed from a liquid into a gas. When this takes place, there is a departure from the linear function of a steady rise in temperature, to a sudden burst or explosion into a new state. This change in states from liquid to gas is what can be called a **Phase Transition.**

Ironically, this is how human nature also responds. Everyone knows our politicians are corrupt as they knew in China and Russia. People tolerate being ruled and politicians mistake this as a sign or confirmation of their power. But that power exists solely at the pleasure of the people. Once a line is crossed, that is where revolution explodes appearing to rise from nowhere, that is the **Phase Transition.**

No doubt there are skeptics. That is part of the the very structural nature. There must always be two sides to every argument. There are some people who no matter what you say, they will refuse to ever listen. They are part of the cycle and help to create natural swings in politics, law, and markets.

A **Phase Transition** exists and can be measured in an empirical manner just like a pot of water. Gold had bottomed at \$100 in 1976. By December 1979, it had been a steady progression where it finally reached \$400. Yet between December and January 21st, gold erupted into a **Phase Transition** and it peaked at \$875. It more than doubled in the last few weeks what had taken 3 years to accomplish. Now look at the **NASDAQ** monthly chart for the bubble Dot.Com peak. This too was a **Phase Transition** and we can see that between 1998 the **NASDAQ** rose from 1,000 to 2,200 by the last quarter of 1999. We then see an exposition with a rise to 4,882 reaching its high on March 24th, 2000. Like gold, that exploded about 2.18 times in the last period, the **NASDAQ** similarly exploded about the same percentage gain.

We can find a **Phase Transition** for example in the Nikkei 225 for 1989, but we do not see that in the Dow in 2007. It is the debt markets. These moves are dramatic, profound, and significant. We did see this today in the debt markets concentrated within the Financial sector. How markets unfold is very critical.



The Structural Design of Cycles

It is time to peel back the next layer of this onion of **Structural Design**. Now that we understand that there are normal rallies that do not end with the explosive move, there are the bubble tops that are **Phase Transitions** that are the hallmarks of significant changes as we saw in Japan in 1989, then there is the **Waterfall Effect** where there is no rally per se, it is the rolling over of the economy in a more sudden death. I perhaps shocked many with showing that the "**Uncertainty Principle**" of Werner Heisenberg (1901-1976) also explains how the social-political-economic structure we call civilization in fact works. We can statistically predict that a certain number of individuals will be bullish or bearish at a given time. However, we cannot predict which specific individual will be bullish or bearish. This is how cycles exist, yet they are also not a predetermined manner of fate that prevents or dictates on an individual level. It is the group behavior that is statistically predictable - not the individual.

It is true that Albert Einstein said "I cannot believe that God plays dice with the universe." Nevertheless, Heisenberg's theory has not been disproven. Perhaps, we are facing such complexity that it is not truly a crap-shoot just yet, but beyond our ability to measure and calculate the events that cause a particular action be it an atom or why the Dow closes where it will tomorrow. Perhaps like the TV series Star Trek that inspired so many people to create things from MRIs to flip-cell phone designs, Heisenberg's day will yet come.

What we are dealing with here is a full blown **Structural Design** of how everything works in the world we are in and is around us both physical and a derivative of our key interactions. What makes the economic crash is a complex set of interactions. It will focus primarily upon one sector. Yet this is a symptom, not the cause. The raising of the interest rates into 1981 to fight inflation is the solution for that cycle that creates the problem for the next cycle. This is what I call the **Paradox of Solution**. It reflects the complexity of the system we live in.

A Phase Transition in markets and in the economy, are points when the status quo that traditionally exists between the two camps of beliefs that in politics might be democrat & republican and in markets bulls & bears, just shift to where there is suddenly a dramatic imbalance.

At a conference I held in Tokyo, a rich individual bribed his way in when this was a session for institutions only. He wanted to ask me a pressing question. He had purchased the Nikkei 225 on the very day of the high in December 1989. The market was down 30% and he informed me he had never purchased stock in his life. This was his first investment and he was over 65. I was curious. I had just met the man that did buy the high. I asked him what convinced him to buy? He said brokers called him every year trying to get him to invest and pointed out that the Nikkei had risen 5-7% every January for the past several years. Each time he said no, and watched the brokers being correct. He finally bought the high looking to make that 5-7% in 30 days. He invested \$50 million. That is what I am talking about. When you have sucked in every last person, you reach a critical point in entropy and the system will now collapse.

Government has launched countless and major investigations trying to find that group that sold the high and forced the collapse. They never found anyone. The very reason why is not merely is it impossible for an individual to overpower the free markets, but when everyone is now long looking for the profit, all you need do is scare the herd and they will panic like wild animals. Since the vast majority are long, you now have the vast majority trying to sell. There are no buyers, and thus it collapses, not because of short players, but because the longs are going through a Phase Transition transforming like water to gas into bears with no logic. Panic unfolds and when you outlaw shorts, it gets far worse. The only person who will buy in such a panic is a short who is taking his profit. Outlaw shorts, and you have no such buying in the middle of panics and thus the decline becomes far worse as it did in 1929. When the Senate was hauling in everyone to find out who was short, short selling just dried up. This is one of the primary reasons why the stock market decline in the United States during the 1930s was nearly 90%. They made short selling unpatriotic.

If you hold your arm straight up in the air above your head, it's no problem. Keep it there. Suddenly it becomes so heavy, it is no longer sustainable. The same is true with sleep. You cannot maintain the energy output and you will collapse if you try to stay up all the time. The economy can simply just collapse when there becomes a major imbalance.

The concept of entropy is not always the easiest to explain outside of physics class. It is formally a measure of the unavailable energy in a closed system in thermodynamics so related to the state of the system that a change in the measure varies with change in the ratio of the increment of heat taken in to the absolute temperature at which it is absorbed. Now they can't say I did not give an explanation.

It is this transfer of energy that is known as entropy that is sometimes commonly also termed - from disorder emerges order. Yes it can be visualized in many ways even outside of thermodynamics. It can be also the measure of the amount of information in a message that is based on the logarithm of the number of possible equivalent messages. It can also be the degradation of the matter and energy in the universe to an ultimate state of inert uniformity. However, it can also be more down to earth and be used to describe the steady degradation of disorganization of a political system or society as a whole.

Think of it this way. When you are born, everything comes together creating, let us say from a biased perspective, "order" being a living organism. Now let us realize that the joined matter constituting our body is also moving toward a point of maximum growth where we peak in performance, health, height, etc. From this maximum point of "order" the matter then constitutes our person, is seeking to go back to disorder, meaning death. This is how capital concentrates into a single sector and created the DOT.COM bubble top, but that energy will now turn and seek self-preservation and thus will move back to "disorder" that is the crash.

When people lose money, they turn to the politician and demand laws to prevent markets from declining. This is not "disorder" but a restoration of "order" rebooting the system and creating the stage for the next cycle.

In thermodynamics, if you take a hot stone and place it on top of a cold stone of the same material, the heat will flow to the colder object until they both will reach the same temperature. These ideas may seem strange for economics, but it in fact governs our world as well.

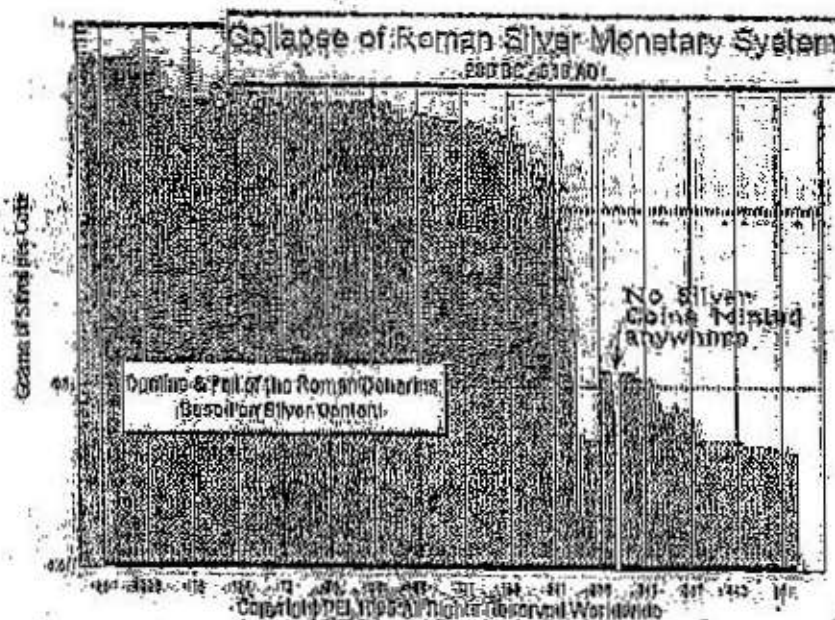
Notice that I emphasized "closed" system. This is very important. If the system is closed, then we need not deal with any other influences coming from other sources. This is how politicians try to run our economy - in the sheer and dark world of oblivion. They try to feed us a single explanation for any event and you can bet it never involves any action on their part. Thus, they perpetuate the nonsense of a "closed economy" ignoring all other external forces including those of the primary agent - themselves. The result - economic drift!

The very existence of a "contagion" disputes everything the politicians even pretend they have power over. They are no more capable of running the economy than I am trying to be a brain surgeon.

The "contagion" is a major effect that demonstrates that there are external forces and that one cannot manage the economy for it is not a closed system. It is far more complex and this is why government intervention usually creates more damage than it has ever avoided. Nothing Roosevelt did changed the course of the economy. It was what came afterwards - W A R - that pressed the real red button marked "REBOOT" that got things going again. The "New Deal" did nothing at all to reverse the economic trend. The only program that had a benefit was the WPA, not to restart the economy, but to help train farmers to become skilled labor. The Obama stimulus for infrastructure will have no effect other than push us dangerously close to the inevitable Waterfall Effect.

What I want to show you is that indeed for much things appear to progress and change, they indeed remain very much the same. What we are facing is a classic Waterfall Effect that unfolds as a Primary-Two Phase Transition. Although we are about to look at the real history of the 3rd Century AD, you can just replace the names with familiar ones of the present and see little difference.

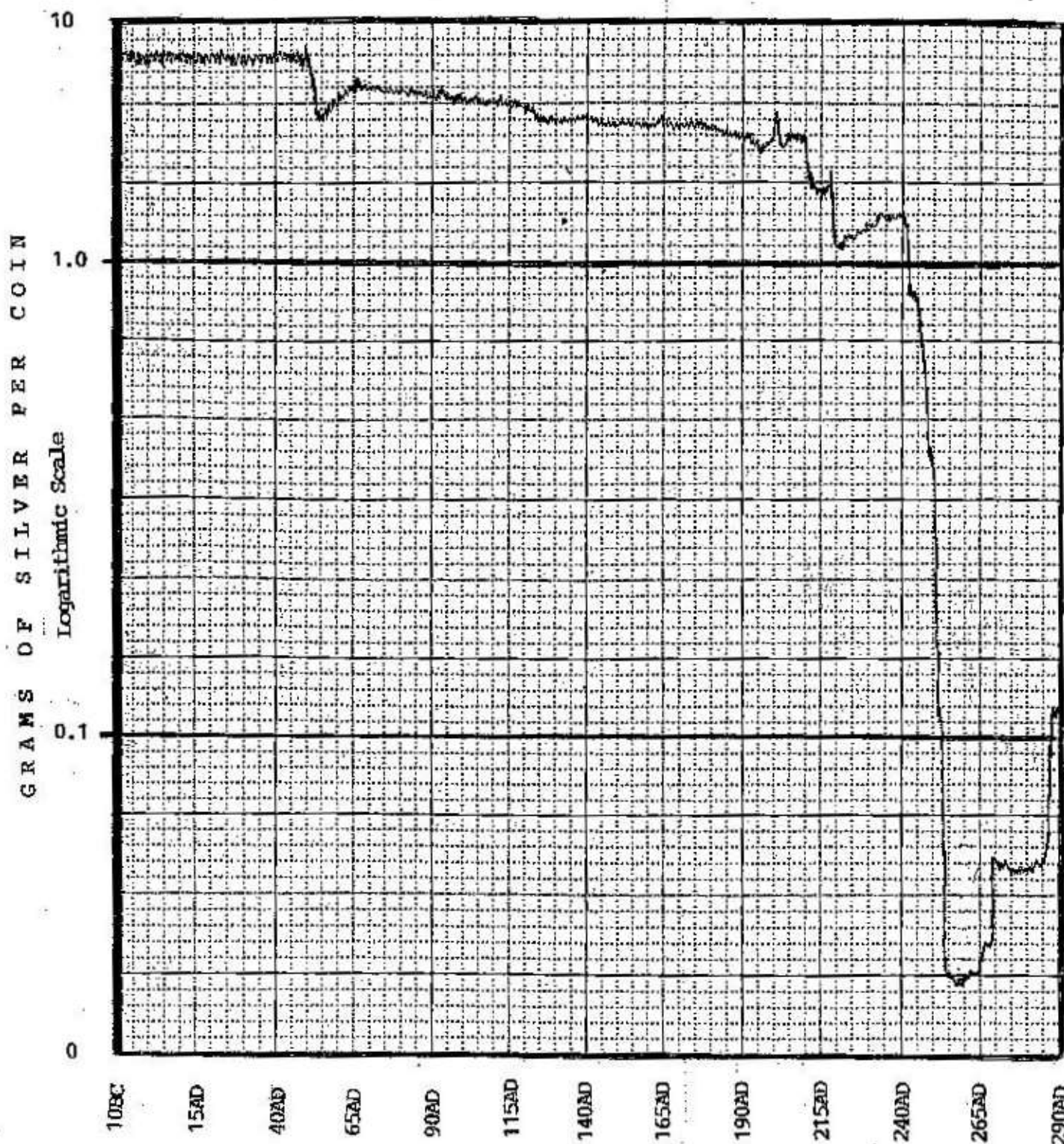
The 3rd Century WaterFALL EFFECT



Many people attempt to be analysts or economists, yet they speak without having real experience and they fail to see that they are really nothing more than a fly on the ass of a big elephant. They do not realize they are even sitting on an elephant and worse still, they do not understand what is an elephant. They will just never know unless they step back or take flight so they can gain vital perspective and at last see what the elephant even looks like. This is what we are facing. The elephant is the world economy that we cannot see if we are too close. I discovered the Waterfall Effect only by observing thousands of years of data.

The 3rd Century
Monetary Collapse of the Roman Empire
10BC - 290AD

COLLAPSE OF THE ROMAN
MONETARY SYSTEM MEASURED BY
SILVER CONTENT



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I do not mean to be arrogant. Yet the problem is not dissimilar from the clash between the established belief of the old world that the earth was both flat and that the sun revolved around us because heaven and hell were clearly fixed places above and below.

There is no question that empirical evidence of the common observation was that the earth was flat, aside from the rolling hills and mountains. This view was certainly logical because like the fly on the elephant, we were too close to observe that it was a globe.

By focusing upon only the immediate short-term data, we can come up with an array of methods to analyze what we are looking at. However, that is not at any way reflective of reality. We can come up with things like Elliot Wave, but the big question that jumps out is are we only observing the minor fluctuations within the bigger whole?

From observing the very extremely long-term data, this is where we arrive

at the big picture of the Waterfall Effect. If we focus closely upon any section, we will see the patterns and the rise and fall and minor Phase Transitions that create the bubble tops along the way. Yet stepping back, we begin to realize that this is the "noise" and is within the realm of Heisenberg's Uncertainty Principle.

The shocking thing that emerges from the long-term data, is that drastic movements that topple civilization along the way, take place in the shortest amount of time. This in the short-term world can even be explained as what we are seeing right now - the "contagion." The detailed chart I have provided of the 3rd Century Meltdown took place on a massive scale within just 13 years! That is stunning insofar as we are not looking at just short-term, but a 1,000 year history! This dispels the slow and steady linear progression, and reflects the true nature of how major events do take place just as in the movie "The Day After Tomorrow." This is important to understand, because it effects our perspective of possibilities.

So what happened in The 3rd Century?

Arrogance has often been our worst enemy. It prevents us from rising to the next level of understanding. We assume that we are so wise, that we know everything, so why bother looking at the past? After all, they were just a bunch of sword fighting spear chackers. What we miss, is that while we may have technology and can now shoot each other, the human character has not changed. What does it matter if you die by a sword or you are shot in the head. You are still dead. Human nature never changes, for that is still the unifying constant throughout all time. As I showed in previous writings, government does not believe in God and certainly nor do politicians, for by their actions, they display perpetual cupidity and cling to all power with intense avarice.

During the Imperial Age of Rome 27BC to 476AD, the first Roman Emperor who began the process of debasing the money by reducing the silver content, was Nero (54-68AD). It is remarkable, that during the Republican period between 240BC up to Nero, the quality of the Roman Silver Denarius was largely unchanged. We see debasement of currency as early as in Lydia during the invasion of Cyrus the Great during the 6th Century BC, as in other city states. However, we also

see it in the currency of Athens when it came under seize by Sparta. Thus, economic stress from war has been a primary factor that can be demonstrated empirically by the monetary history of man.

The decline of the Roman Empire was a rather steady progression of emperors, who like our politicians today, care nothing of the long-term, and focus only upon the very immediate term of reference. Politicians will not risk their election until the crisis happens.

This chart of the Monetary System of Rome cost us probably more than \$20 million to create, back when a million was worth something. I have been asked, did enough coins survive? The answer is yes! You can buy some Roman coins for as little as \$10 because they are still plentiful. Why have they survived? Everything from shipwrecks to the fact that hoards are often dug up that come from (1) individuals actually burying their money lacking banks, and (2) the treasurer would bury the payroll going into battle so the other-side would not get it if they lost. They have even found mints in the Balkins with as much as 20-30 million coins surviving.

The Roman coinage enabled us to put together the entire monetary system of the period with such accuracy, one would be amazed if you were unfamiliar with the key material. The coins are effectively dated on an annual basis depending on the titles that increment annually. In addition, the Romans used coins like newspapers. They used the reverse side of the coin to announce everything from victories, to grand opening events such as the Coliseum pictured on a coin of Titus (79-81AD).



VESPASIAN
(69-79 A.D.).

The above illustration is the reverse of a denarius issued by Vespasian (69-79AD) announcing he vanquished Judaea in 70AD. We find coins of Philip I issued in 248AD to celebrate the 1,000 year anniversary of the founding of Rome.



Here we have a denarius struck under Septimius Severus (193-211AD) showing a Roman galley with a sail and gangway to the ground with animals arriving for a great show at the Coliseum. There are quadrigae (chariots) showing there will be great races as well. The second coin shows a cap and two daggers. It was issued by Brutus announcing he killed Julius Caesar on the Ides of March (15th). Coins were the newspapers of ancient times. Thus, history is verified and recorded by the reverse side of the coinage.

I have explained in previous writings, that the major Cycle of Political Change appears to be the duration of 224 years in which there are 26 periods of 8.615 years. If we look at the start of this cycle from the assassination of Julius Caesar in 44BC, 112 years for the half cycle brings us to the end of the Julio-Claudian Era with the death of Nero in 68 AD and the start of a new civil war. This erupts with generals trying to seize power, Galba, Otho, Vitellius and the victor, Vespasian (69-79AD).

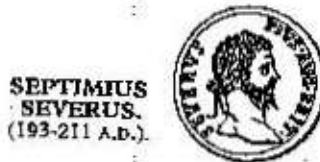
The Jews saw this as an opportunity to revolt and perhaps break away. This is why Vespasian had no choice and crushed them leading to Masada. Had he not responded, it would have been possible that a "contagion" would have developed and the provinces would revolt ending the Empire right there and then. This is the political significance for advertising on the coinage not that Judaea was conquered, but it was "vanquished" for this symbolizes punishment.

The second half of the cycle from 68 brings us to the death of Marcus Aurelius (161-180AD), where everyone has drawn the line with the beginning of the decline and fall of the Roman Empire. He is succeeded by his son, Commodus (177-192AD). It is his death that begins to show the collapse in the rule of law altogether.

The office of the Emperor was auctioned off to the highest bidder. Didius Julianus paid 25,000 sesterterii per man to the praetorian guards. Although he survived only 3 months, he minted a lot of coinage to pay his debt also showing his wife and daughter in portrait coinage. Three other contenders also minted coinage, but did not survive - Pertinax, Pescennius Niger, Clodius Albinus.



DIDIUS JULIANUS.
(193 A.D.).



SEPTIMIUS SEVERUS.
(193-211 A.D.).

The victor was Septimius Severus (193-211 AD) who restored order and rebuilt defenses. He was succeeded by his son Caracalla (198-217AD) who killed his brother, raided the tomb of Alexander the Great, and was one of the real tyrants of Rome.



CARACALLA.
(198-217 A.D.).

It is with the reign of **Caracalla** that we first see that the dramatic effects of inflation are causing changes that are in fact significant. From about 240 BC until his reign begins after his father's death in 211AD, a new denomination is introduced that becomes known as the Antoninianus that is a double denarius, but the weight is only about 1½ times a denarius. From this period forward, inflation effectively drives the denarius eventually out of circulation and is not regularly issued.

Caracalla is also responsible for his declaration of Roman citizenship to every person even in the provinces. Historians who lack the real understanding of economic events, have claimed this is the only real "good action" attributed to him, we must look deeper. Yes, he bestowed citizenship upon all free inhabitants throughout the whole empire. However, his motives were not magnanimous in the least. Only citizens were subject to inheritance taxes. So what he did was demand his pound of flesh from everyone in the Empire upon their death. Sometimes, you just have to pick up the rug, and then you see the real dirt. He was murdered by the Praetorian Prefect **Macrinus** at Edessa on March 11th, 217AD.

Macrinus (217-218AD) was saluted as emperor by the troops. But he quickly fell after just 14 months to a plot by one of the most ambitious female dominant families, who were cousins of **Caracalla**, orchestrated by **Julia Maesa** in favor of her grandson the notorious **Elagabalus** (218-222AD).



ELAGABALUS.
(218-222 A.D.).



MACRINUS.
(217-218 A.D.).

Elagabalus was born in Syria at Emesa located on the Orontes river. He was a nut-job. Issued coins showing a black stone that fell from heaven that became known as the "Stone of Emesa" that he claimed was a gift from God. He created a temple for the stone. He issued coins displaying the stone drawn by chariots.

Under **Elagabalus**, we still see the silver denarius issued 3 to 1 relative to the double denarius (antoninianus). We see a host of coinage depicting the females

who dominated his family - 5 in all. This is the emperor who performed live homosexual acts and ordered the troops to bring to the palace the men with the largest penis, if you could imagine having that job. He was murdered by the guards with his mother **Julia Soaemias**, and their bodies were dragged through the streets of Rome and thrown into the river.



SEVERUS
ALEXANDER.
(222-235 A.D.).

His cousin **Severus Alexander** (222-235 AD) was hailed as emperor by the guards, for he was a hopeful that Rome could find another **Septimius Severus**. But again, he was murdered with his mother **Julia Mamaea** who was the sister of **Elagabalus's** mother. He had ruled at least wisely and was normal rather than the tyrant as his two cousins.

The First ROMAN MARXIST



MAXIMINUS I.
(235-238 A.D.).

The rise of **Maximinus I** (235-238AD) is a story of absolute tyranny that has separated this man from just about everyone else in the annals of Roman history. He may not be as well known as **Caligula**, **Nero**, **Commodus**, and even **Caracalla**. This is the emperor that exposed both the theory of **Marxism** for what it truly is, the concentration of wealth to the state, and the reality of the tyranny of the crime of **Conspiracy** that is the cornerstone of how the United States prosecutes all federal crimes yet has been outlawed in most all other truly civilized nations.

The description I can offer here of this infamous ruler is far from the detailed real account it deserves. In brief, he himself had "conspired" to have **Severus Alexander** killed by the troops and then to have himself hailed as emperor. People judge others by themselves, and this maxim explains **Maximinus** accurately.

The *Historia Augusta* providing a vivid account of the lives of various emperors up to this period of time, has been controversial as to when it was written be it in the 3rd or 4th Century. Nevertheless, this book tells us that **Maximinus** was born in Thrace that bordered the barbarians as the edge of the empire. It was reported that **Maximinus** was himself a barbarian born of a father who was a Goth (Swede) and his mother was an Alani. Perhaps this may be true for he seems to have harboured a deep hatred of the Senate and of the rich nobles. We are told that he kept his origin concealed yet it is possible this account was made to explain his utter contempt for what appears to have been Roman civilization itself.

Having himself plotted the murder of an emperor, he distrusted virtually everyone and treated many with seething contempt. He disregarded all law and even had such contempt for Roman civilization, he ruled from the provinces declining to even travel to Rome until he decided to march up it.

Maximinus made the crime of conspiracy as it is still used in the United States today, what it is. There are thus three stages to commit a crime (1) you commit it, (2) you attempt to commit it, (3) you are alleged to think about committing a crime called a "conspiracy" that is prosecuted by claiming one person made some preparation that others knew about, but did not in fact participate. This was a favorite crime of the English kings to kill their enemies on the charge that if given the time, they would at least advance to the next stage to then attempt to commit the crime.

Combine this expansion of conspiracy with his hatred of the "rich" that included the Senate, and you have a lethal tyrant. Perhaps for the abuse of conspiracy that was carried out under **Maximinus**, it has been outlawed as a crime in Europe and most civilized nations except the United States and even England is not as abusive with it whereas in America, every Federal case is charged as a conspiracy since it does not require proof of even an attempt. Back at the turn of the century, Justice Holmes warned that if the day ever came that every case would be charged as a conspiracy, it would again be an abuse. Unfortunately, no one cares to stop the trend today.

Maximinus destabilized the entire Roman society by his use of conspiracy. Because a individual need not even attempt to commit a crime just talk about it, this turns man against his brother for suddenly now everyone becomes an agent of the state and is to report anything they hear. Society became infested with spies and informers, and those who had a grudge against anyone, could quickly claim he conspired against the state by his words. Indeed, recently, there were the young teenage arabs in New Jersey who were just given life for conspiring to be terrorists by entering Fort Dix military base to shoot soldiers. The evidence was a conspiracy and a friend was a informant, yet there was no attempt. This is how conspiracy was created under **Maximinus**.

The entire Roman world was stunned when **Maximinus** used conspiracy against a high ranking senator by the name of **Magnus**. There was no trial, no calling of the witness who was the informer who was protected by **Maximinus**, and thus there was no opportunity to present a defense. **Magnus** was found guilty, but this single man would not perhaps be remembered by history. What made this case transcend the centuries, was that **Maximinus** then pronounced 4,000 others guilty of conspiracy with him and had everyone executed with their property all confiscated. **Magnus** was of consular rank and that today would be akin to charging a vice president, and then summarily executing every person he ever had a meeting with, as well as the entire white house staff.

Maximinus rarely ever showed any lenity. If he did, it was to merely confiscate all you any your family had and order you into exile, or he granted you a swift an painless death instead of torturing you. Some of his alleged criminals he had sewed up inside the hides of a slaughtered animal and buried alive. Others were fed to animals to be eaten alive. Others he would order to be beaten to death with clubs. He trampled on every right, privilege, immunity and principle of law and justice and his conviction rate of 99% has been matched by the same abuse of conspiracy laws federally in the United States.

His contempt for the "rich" and for the Senate, reached its peak with a decree that went so far, it would have delighted Karl Marx and socialists alike. He decreed that all wealth was his (the state) and could be used as his treasury saw fit.

Maximinus hated the "rich" and clearly believed that their wealth belonged to the state. He showed even his contempt for the gods by ordering that all temples were to be stripped of their wealth. Countless had died in defense of their religious beliefs. This act was no different than Henry VIII, Napoleon, and Constantine, but at least they pretended they were reforming religion, in an effort to hide their thirst for money.

He ordered all gold statues of gods and former emperors to be melted down and everything was to be turned into coin to feed maintaining power. There were numerous massacres and persecutions, and the soldiers perhaps were on board because they convinced themselves that (1) they were just obeying orders, and (2) shared in the booty seized.

Indeed, *Historia Augusta* tells us that he "condemned all who ever came to trial" and "reduced the richest men to utter poverty." You can now understand the only rival of any position emerged as the Senate. They were living in fear, and had no choice when the city was overrun with spies and informers that reduced Rome to a state not dissimilar to that of the former East Germany.

The Senate held a meeting and declared Maximinus a public enemy as the consul thus reminded "*quam hostem necum ante dixistis*" and ordered the arrest and execution of all informers and spies within Rome. Everyone who had given witness against another to the benefit of Maximinus were executed. They then elected two renown men to share the office of Emperor, Gordian I and his son Gordian II, for now Maximinus was going to march upon Rome itself for executing his informers and resisting his laws.



GORDIAN I,
AFRICANUS.
238 A.D.



GORDIAN II,
AFRICANUS.
238 A.D.

The Senate had petitioned Gordian to accept the office of emperor and to defend the Senate. He appointed his son Gordian II with him, but the governor of Mauretania (North Africa) marched against them killing them on July 3rd, 238 AD, with a short reign

of only 36 days. During this very short reign, there were ample coins minted, but again we only find the denarius. We can see that the political fabric is starting to just come apart at the seams.

This was becoming a conflict between the very idea of civilization and a tyrant of such unbelievable contempt for everything that had ever symbolized progress. His intent to just seize all wealth and eliminate the so called "rich" has been mimicked throughout the many centuries that have passed. This was the true dream of Karl Marx and was in fact instituted by Vladimir Lenin (1870-1924) in the Russian Revolution and Mao Tse-tung (1893-1976) in China. This hatred of the "rich" has led to the deaths of countless millions and will no doubt continue to do so in the future. For as much as everything appears to progress and change, the core human characteristics remain unchanged. We can only imagine had Karl Marx been handed the same power as Maximinus, I doubt that the end result would have been any different.

When the Senate heard of the deaths of the two Gordian emperors, they panicked for now they knew that Maximinus was marching upon Rome and not a senator would be left alive. They rushed and now appointed two new candidates and one was to defend Rome and the people in battle, while the other was to administer the executive function of the state.



BALBINUS.
238 A.D.



PUPIENUS.
238 A.D.

The Senate hastily appointed Balbinus and Pupienus as joint emperors. Both men were elderly, and thus they adopted the son of Gordian II, who was too young to rule just yet, but history would know him as Gordian III.

The confiscation of wealth by Maximinus led to a collapse in economic activity. He had failed to realize that the "rich" created the jobs and provided the progress just as Adam Smith (1723-1790) would explain in his *Wealth of Nations* published in 1776. The economy was starting to implode and inflation began to soar also due to black markets.

Pupienus had the military experience so he moved to prepare for battle at the northern city in Italy of Ravenna. However, the first city reached by Maximinus was that of Aquileia, a well fortified city, but it lacked a huge professional army. It is reported that the women of Aquileia cut off their hair to create bow-strings to defend the city.

The surrounding land had been scorched to rob Maximinus of supplies. The city could withstand the siege for they even had fresh water inside the walls. Maximinus attacked most likely assuming superiority. But he was to be surprised by the common citizen valor.

In Rome itself, it was a different view altogether. The city turned to panic both involving the citizens as well as the troops stationed there. Balbinus was confronted with a wholesale riot that left the city in ruin. Historia Augusta informs us that the emperor Balbinus had issued "a thousand edicts" commanding that order be restored, but no one listened. The populace stormed the palace guards (Praetorian Camp) and because of the policies of Maximinus confiscating wealth, there was widespread looting and murder. Many "rich" who were hiding wealth, lost both their lives and whatever last remaining hidden wealth.

To the shock of many, Maximinus was defeated by the citizens of Aquileia alone. Pupienus had not even arrived. After all, Pupienus lived in fear of Maximinus and referred to him as a "Cyclopes" (Cyclops). Insofar as stature, ruthlessness, and the sheer terror he instilled in those he faced.

The Senate had sent couriers to all the provinces announcing not only their judgment that he was a public enemy, but that any person giving him aid would be regarded as part of his conspiracy against the people of Rome. Perhaps this had effect. For upon the military defeat before the walls of Aquileia manned by the citizenry, the dishonor was devastating to a professional army. Thus, his own men entered his tent, murdered him, and sent his head to Rome to demonstrate their new loyalty.

The riots in Rome ceased. Order was now returning. Balbinus, however, had now even

held an extraordinary thanks to the gods. He ordered a rare event known as a **hecatomb** where 100 altars are constructed in one place, and on each a pig, sheep, and a lion were to be sacrificed along with an eagle and various other types of animals. This thanksgiving was a very rare event indeed.

Nevertheless, Balbinus resented the fact that Pupienus returned with his army intact and never saw battle, when he had to deal with a major civil unrest and the near collapse of Rome itself. This created stress between the two emperors, with a visible separation. However, this was minor in comparison to the true nature of the events. The Senate had now elected the emperors, not the military. And their speech of deliverance had fueled the deeply felt loss of power among the soldiers. The Senate speech recorded by the *Historia Augusta* illustrated the power struggle that was brewing.

"So fare emperors wisely chosen,
so perish emperors chosen by fools."

Those words may not have been intended to insult the soldiers, but they most certainly had that effect. As soon as the opportunity presented itself, a band of soldiers took the palace and stripped the emperors of their fine garments and dragged them through the city to torture them and kill them in the style of no doubt Maximinus. However, they knew the German guard was coming and so they murdered them with no prolonged torture.



GORDIAN III.
(238-244 A.D.).

The young Gordian III was hailed as the new emperor and he was taken to the Senate. A few soldiers now stormed the Senate and were struck down for all senators were now armed. It appeared a new civil war would break out over who had the right to announce an emperor. Once the soldiers learned that Gordian III would rule alone, they backed down.

It is true that Gordian III was very young and the contemporary historians said he was either 13 or 16 when he took the throne. He took a wife, the daughter of a very respect erudite man, Timesitheus. He gave good counsel and *Historia Augusta* records even letters between the two.

"To my imperial son and Augustus, from Timesitheus, his prefect and father-in-law. One serious scandal of our age we have escaped; the scandal, I mean, that eunuchs and those who pretend to be your friends (though really they are your worst enemies) arrange all things for money. ..."

Gordian III seems to have shown great promise, and we capture a glimpse into his soul through his response.

"From the Emperor Gordian Augustus to Timesitheus, his father-in-law and prefect. Were it not that the mighty gods watch over the Roman Empire, even now we should be sold by bought eunuchs as though under the hammer. ... but now, the gods be thanked, I have learned from suggestions by you who are incorruptible, what I could not know by myself. ... I should like you to hear a true thing: wretched is an emperor before whom men do not speak out the truth, for since he himself cannot walk out among the people he can only hear things, and then believe either what he has heard or what the majority have corroborated."

Gordian III's reign is said to have been doomed for there was a great omen. "[T]here occurred an eclipse of the sun, so black that men thought it was night and business could not be transacted without the aid of lanterns." *Historia Augusta*.

Another natural event is recorded. It is reported that there was a period with a major earthquake "so severe that the whole cities with all their inhabitants disappeared in the opening of the ground. Vast sacrifices were offered through the entire city and the entire world because of this." *Historia Augusta*. The interesting aspect of this is that the great monetary crisis

of the 3rd Century, was also caused by a significant famine. Just as weather had prolonged the Great Depression of the 1930s with a 7 year drought, we also find that the natural events taking place clearly also had a contributing effect to history.

There was a major revolt that erupted in North Africa in 240AD. However, this was promptly suppressed. In 242AD, Gordian III was convinced that it was time to launch a campaign against the Persians with promise of gold. He went with the army, and that proved to be his undoing.



PHILIP I.
(244-249 A.D.).



The office of Praetorian prefect who was charged with protecting the emperor, had conspired to have him murdered, and to then seize the throne for himself. This new and determined contender is known to history as Philip I ("The Arab") (244-249AD). He was born also on the fringe of the Empire in Arabia, who was claimed to have been the son of a bandit chief. He rose through the ranks but became the Praetorian prefect only in the midst of the Persian campaign.

Philip I is attributed with ignominious peace with the Persians so he could go back to Rome in style. It was during his short reign that we find special coinage he ordered to be issued to celebrate the 1,000th year of the founding of Rome, in 248 AD.

A rebellion broke-out in 249AD led by Trajan Decius and Philip departed to meet this new challenger. He was either defeated in battle, or was most likely murdered by his own guards, for upon his death, they immediately executed his son Philip II.



PHILIP II.
(244-249 A.D.).

TRAJAN DECIUS.
(249-251 A.D.).



Trajan Decius (249-251AD) was born in Lower Pannonia (Balkins). He was a general under Philip I holding the legions on the Danube river. A rebellion broke out among the troops in Moesia, and Philip dispatched Decius to deal with the problem. It was said that the rebels forced Decius to now declare himself emperor under pain of death and to march upon Italy.

There is little doubt that the events of so many emperors being killed by their own troops and in rather short order, had a devastating impact upon both society and those who reached for such power. It had destroyed the bond between the people and the emperor and the Senate was reduced to an irrelevant body, powerless but to just accept the next contender in line.

This rebellion of 249 was indeed one of the soldiers. They selected at first Marinus as the new object of power. What Philip feared most, that by his own manner and example, he encouraged others to try for that brass ring of power.

The Empire was starting to come apart and Decius was a man of great respect. He perhaps stepped forward to crush this new rebellion, not for the sake of Philip, but for the chance to save the nation. When Decius marched against Marinus, he was quickly murdered by his own troops.

Economically, the Empire was starting to implode. There had been little recovery after the wholesale confiscation of wealth under Maximinus, for this had been a blow to the productive capacity and capital formation of the Roman economy.

The coinage of Rome began to start to reflect the significant rise in inflation. Not merely had the denarius been replaced by the antoninianus under Philip that was distinguished by a radiate crown like the statue of Liberty reflecting sun rays, but the size and weight began to decline. What silver once represented a denarius, was now a double denarius.

What was unfolding was a double-edge sword, a deflation caused by the destruction of the capital formation creating a full debt crisis, but at the same time, a rise in the "cost" of doing business that is reflected in the inflation of prices. As the capital formation implodes, capital becomes scarce, but a rise the value of tangible assets unfolds.

It is the reign of Decius that we now start to see why the rebellion was unfolding and the troops were starting to control the events rather than the raw power of just a usurper seeking glory. The coinage reflects a ratio of greater than 10:1 production of the double denarius relative to the denarius. However, this inflation in prices, depreciation of purchasing power of currency, now is reflected in the bronze currency. Now we see appearing a double sestertius, that is less in size and weight of the same denomination that was promised in payment back in 193 by Didius Julianus - 25,000 sestertii per man to make him emperor. In less than one generation (60 years), inflation just by the weight of the coinage, was at least 200%.

These internal disputes had weakened the empire in addition to the economic decline. It was in 250AD that Decius faced the start of an invasion of the Goths who would be very persistent and eventually would sack Rome itself, and would overrun Gaul, Spain, and Italy. Perhaps this is why one will still encounter blond-blue-eyed Northern Italians. The Goths were Scandinavians.

In 250AD, the Goths had invaded the area known as Illyria (the Balkins). Decius moved against them, and at first appeared to have won an amazing victory. The Goths would have been eager just to retreat, but Decius took the position that he had to annihilate them to send a message to prevent more invasions. When it appeared the Goths were about to be destroyed and retreated, the Romans advanced but became trapped in bogs. Decius himself was killed.

TREBONIANUS
GALLUS
(251-254 A.D.).



A loyal general was selected by the army and ratified by the Senate. Tebonianus Gallus (251-254AD). His first act was to enter a new

peace treaty with the Goths, but the terms were so shameful, it encouraged others to now invade. It became like the movie of Peter Sellers - **The Mouse that Roared**, for here was a bankrupt little state that would declare war on the United States for the sole purpose of getting aid, such as the Marshall Plan in World War II and Iraq today.

HOSTILIAN.
(A.D. 251).



Gallus did the honorable thing and had appointed Decius' one surviving son a co-emperor, Hostilian (251AD). But he did not survive, for he died of plague that began to emerge in the Empire. He also made his own son Volusian (252-54AD) another co-emperor.

Decius reflected upon the Empire and realized that the very moral fabric of society. He realized that corruption was every place and restoring the empire would not be possible without restoring ethics. The old position of "censor" was in the days of Augustus the person who would make sure that society would be honorable. This is the period when Ovid was sent into his exile for advocating pleasure that created a '60s age of free love. So pervasive was this view, that the Emperor Augustus had his own daughter sent into exile for her sexual exploits.

Decius appointed a man who would yet become a future emperor himself, Valerian to restore ethics to the Roman Society. He became the new Czar of Rome determined to banish corruption.

Gallus' ignominious peace treaty did encourage future invasions and hastened the collapse of the 3rd Century. He thus allowed the Goths to retain the fruits of their conquest, an immense booty, and he allowed them to take their Roman prisoners as slaves. He supplied the Goths with every conveniency they demanded, praying for their quick departure. He then agreed to pay them an annual sum of gold not to ever again invade. Instead of buying the peace, it signalled to every other tribe to invade to gain regular tribute. Gallus exposed both the weakness and wealth of Rome.

What inspired these barbarians yet made them so fearless, was their religious belief. They believed in **reincarnation** so to die in battle was a insurance policy to come right back. They believed in the **god of war**, the **god of thunder**, and the **goddess of generation**. They believed in a cycle of nine that indeed required great festivals. Much of their true mystery is in the **Edda** and the image of **Odin** killed himself by inflicting 9 wounds so he would avoid the degeneration of old age.

AEMILIAN.
(253-254 A.D.).



The ignominious treaty of Gallus was his undoing. For he did not realize that buying off one tribe, not only encouraged all others, but it was a sign of great weakness. New tribes invaded the Illyria (Balkins), Aemilian was the governor of Pannonia and Moesia. As that region came under invasion again, he rallied the troops and beat back the hords. The men hailed him as emperor and then set out to march upon Rome to get rid of Gallus. In what had become common practice, as Gallus now marched to face this rebel Aemilian, he was murdered by his own troops along with his son Volusion, and of course the Senate recognized Aemilian (253-254AD) as emperor.

Gallus had summoned Valerian who was the honored censor to bring to his defense the legions of Gaul and Germany to defend against Aemilian. He arrived too late. As the troops of Aemilian were camped on the plains of the Spoleto, they were now impressed by the censor Valerian, and again showing their detachment from emperors, murdered Aemilian in August 253AD.

URANIUS
ANTONINUS.



The coinage also preserves yet another claimant to the throne in 253AD rising in the East. He is known from his coinage as Uranian Antoninus who issued coins from the Syrian mint. But he too appears to have been simply murdered by his own troops after issuing gold coins and **Billon Tetradrachms**, meaning vastly debased silver content about 20-30%.

The FINAL CAPITULATION

Perhaps because of the ignominious peace treaty of Gallus that is akin to the American policy of just handing out vast sums of foreign aid to try to buy loyalty, the gold coinage of Rome had been largely free from debasement. Nevertheless, it is during his reign (251-254AD) that we begin to see a new denomination appear, **Double Aureus** that is distinguished by picturing the emperor with the radiate crown, the same spikes of rays of sun light around the head like the Statue of Liberty. We also see the emergence of a gold half aureus known as a **quinarius**. We find no silver denarius whatsoever, only the **Double Denarius** known as the **Antoninianus**.

VALERIAN.
(254-260 A.D.).



Valerian (254-260AD) presides over the beginning of the complete collapse of the Roman monetary system. Upon the murder of **Aemilian**, he himself is hailed emperor by the army and he raises his son **Gallienus** (254-268AD) who reigns with his father for almost 6 years.

Rome became now preoccupied with the constant threats of barbarian invasions to get bought off like the **Goths**. **Valerian** was about 60 years old when he assumed the purple (office of emperor). Being the **censor** in the mind of the people, he came to that office with the image of dignity and true incorruptibility. Perhaps in a last epic of hope triumphing over reality, **Valerian** had perhaps the highest poll ratings if there were such a thing that proved to be the prelude to disaster.

Rome was now being attacked on nearly every front by the **Alemanni**, the **Franks**, the **Goths** again, and the **Persians**. The **Franks** penetrated right through Spain, seized the ships, and sailed to invade North Africa. The **Alemanni** ("all men") advanced into Italy and **Gallienus** was fighting on the Rhine and his father traveled to the East to confront the **Persians**. The Senate finally awoke and raised an army that outnumbered the **Alemanni** who were Germans, and they retreated upon such a sight.

The mistake of **Gallus** and his simple ignominious peace treaty virtually destroyed Rome. The Marxist ideas of **Maximinus** to seize all wealth and ruin the rich, had so significantly undermined the capital formation, that the **Waterfall Effect** was taking hold.

The coinage of Rome began to be debased significantly with less and less silver per coin to increase the quantity of money to pay for everything on every front. As massive barbarian invasions on all fronts were taking place, this destroyed the tax revenues from the provinces. It was as if the states all went bust in the United States. There was no ability to print paper money, so they reduced the precious metal content to increase the sheer number of coins minted.

Shapur I (241-272AD)



The worst that could happen, did happen. **Valerian** was defeated by the **Persians**. He was captured alive. The Persian king had even changed the title on his coins from King of Persian kings, to king of all kings. The cold war that had raged for centuries between this eastern Parthian Empire and Rome was far from over, but at that time, **Valerian** was kept alive, made to wear the purple, and bend over to be used as a foot-stool.

The Romans were reminded of the plight of **Valerian**, but could do nothing. His own son, seemed relieved to rule alone free from his father's demands of ethics as a **censor**. He is said to have commented: "I knew that my father was a mortal, and since he has acted as it becomes a brave man, I am satisfied." Upon his death, **Valerian** was then stuffed and displayed as a trophy.

This was the last straw. The Roman monetary system simply imploded and as fate would have it, the worst indifferent emperor **Gallienus**, was at the helm.



GALLIENUS.
(253-268 A.D.).

History is vital to our survival since it contains empirical evidence of mankind's triumphs, follies, and utter mistakes that should never be repeated. What led to this period should never be forgotten.

As the provinces were overrun, taxes collapsed. There were no less than some 19 pretenders to the throne, but the economy was so bad, they could no longer raise the money to wage war. The coinage imploded and we see emerge more-or-less what we went through in 1965 when we removed silver from the coinage. We tried to pretend the dime and the quarter were still a silver-like color and invented a coin with a copper center and a nickel shell.

The coinage of this period fell in silver content with incredible speed. To pretend the coins were silver, they created a silver wash or plating, that quickly wore off leaving bronze coins pretending to now be silver. We see the same pattern of debasement taking place in the 1960s as took place during the 3rd Century. In fact, by the reign of Aurelian (270-275AD), the silver wash becomes standard and we find the mark "XXI" symbolizing that the coins do contain some silver mixed with copper at 20 parts

parts copper to 1 part silver. In effect, even the bronze coinage is reduced greatly and starts to disappear from circulation as did the old silver coinage.

Gallienus furthered the destruction of the Roman people by his cruel policies. In Illyricum, a rebellion arose under the leadership of Ingenuus. He ordered not only the punishment of the troops that took up arms against him, but he ordered the death of all males with the exception of children and old men. Some usurpers were forced into treaties themselves with the barbarian hordes, purchasing peace at vast expense of tribute.

This period was unsettled by numerous earthquakes, premature darkness, meteors, yet the worse was famine. Like the 1930s, here too there were wholesale crop failures and a large scale famine, that was nonetheless caused here by both natural events and constant war. It was reported that 5,000 persons were dying every day in Rome itself. It was said that many towns became depopulated entirely.

We do have surviving records from the city of Alexandria in Egypt that recorded the birth and death for citizens for receipt of corn (welfare). It recorded that between the ages of 40 and 70, about 50% had died from this pestilence of plague and famine.

Money became both debased removing all silver and then it dropped in size and in weight. As illustrated below, the standard *antoninianus* declined in size and weight by nearly 2/3rds between 249 and 270AD. It got so bad, money could buy almost nothing and the state resorted to collecting taxes in kind taking livestock to feed the army. Money was worth 1/50th of what it was in 249.



Trajan Decius (249-251AD) Aurelian (253-54AD) Gallienus (253-268AD) Quintillus (270 AD)

Lessons of the Past = Solutions for Future

Lessons of the past do in fact provide the solutions for the future. We can see that the confiscation of wealth destroyed the capital formation under Maximinus and that set in motion the destruction of Rome itself. The internal corruption of the Rule of Law ended investment and economic expansion. Just as we now see a 99% conviction rate in federal courts of the United States because judges will only rule in favor of the state and the Supreme Court claims it has discretion to even listen to a citizen, we have matched what Historia Augusta had to say about the worst tyrant in the history of Rome, Maximinus "condemned all whoever came to trial" and now we are also attacking the "rich" with the intent that they will "reduce[] the richest men to utter poverty." And as for our squandering of wealth in obscure overseas ventures that do nothing for the domestic enlightenment of society, the words of Cicero come to mind when he stood before the Senate of Rome more than 200 years previously warning that the destruction of Rome would come:

The budget should be balanced, the Treasury
should be refilled, public debt should be reduced,
the arrogance of officialdom should be tempered and controlled,
and the assistance to foreign lands should be curtailed
lest Rome become bankrupt.

People must again learn to work, instead of living on public assistance.

Cicero, ca 55BC

The Marxist-socialist-progressives will scream at this and call it only pure discredited Republicanism. What they are really doing is attacking the messenger and not addressing the subject-matter. It would be nice to show just one empirical example from history where their ideas were ever successful and did not destroy society. I have looked for just one plain example, and can find nothing.

A lawyer filed a lawsuit against the appellate judges of the Second Circuit in the Supreme Court. He showed empirical evidence that the federal judges today start with the result, and then play with the law to reach that point. That is what Judge Sotomayor said that appellate judges make "policy" and she tried to claim she meant the policy of precedent. Judges no more judge independently and pronounce the law than a prosecutor. It is all one giant joke to further government power. This is the same way politicians act. They do not listen anymore than federal judges. They presume a position, and then attack the messenger.

I have objectively tried to find some evidence of Marxism actually working over the complete set of 6,000 years of history. I can find nothing that ever worked and in all cases, it ended in sheer disaster. I invite anyone to cite such an instance if they can. China and Russia both collapsed because the "free markets" prevailed meaning that the attempt to control the economy led to its economic starvation of innovation that creates the future.

The lethal combination of the state always trying to spend more than it has that began with the debasement of the silver coins of Nero, set in motion a perpetual scheme to print money creating inflation, propelled by Maximinus' confiscation of wealth and the abuse of conspiracy destroyed the core capital formation by divesting the "rich" of capital that prevented economic innovation and set in motion the economic implosion and hoarding of capital, which was sealed by the squandering of the national wealth by the payments to foreign lands under the theory it would buy political stability. As Lady Margaret Thatcher said: Socialism works until you run out of other people's money.

MACRIANUS II.
(260-261 A.D.).



QUIETUS.
(260-261 A.D.).



REGALIANUS.
(? 260-261).



Can economic stress bring about the separation of a nation along the same lines that it had been formed? The answer is a definitive YES! This means we are starting to see movements form to secede in the old south. This is entirely normal and will in fact always follow that pattern.

When Russia fell apart, we saw the soviet states immediately move for their independence. The Soviet Union was exposed to have been a group of states held bound to each other by force. Yet we can say the same about the United States following the Civil War. The South felt very much that they were compelled to be American under the force of arms.

POSTUMUS.
(259-267 A.D.).



If we look throughout history, we see the same identical patterns. The Jewish revolt under Vespasian where the Temple was again destroyed as was the last stand at Masada, took place upon Nero's death and the uncertainty who would rule if anyone. Judaea had been a Roman state by force. And here just above, is a coin of Postumus (259-267AD). With the economic implosion, what we find is not a usurper with designs to displacing Gallienus as emperor of all of Rome, but to allow France to break away for the first time since it was conquered by Julius Caesar, nearly 320 years before. Essentially, it took about $\pi \times 100$ years 314 years.

Postumus had been a loyal and very distinguished soldier who was at the time

the Governor of Gaul (France) under the Emperor Valerian. Civil unrest broke out in Gaul. The threat of barbarians and the collapse on the monetary system as well as disease and famine, all combined together to effectively say enough was enough.

The citizens of Gaul supported Postumus who certainly from an economic viewpoint, had little choice. While some have argued he usurped power as just another pretender, those words lack substance. Postumus showed no such ambition to displace the emperor, but to assert independence to defend his province against all, barbarian and Roman alike.

What we have here is that this region seceded from the Roman Empire and thus we have not just France, but Britain as well forming a new separate nation. It is indeed a fact a testament to the economic stress of the times that is reflected in the duration of this separate independence movement - 259 to 273AD (14 years).

LAELIANUS
(c. 267 A.D.).



Eventually, Postumus himself had to face internal usurpers. In 267AD, we find a usurper within this new French/British state, Laelianus (267AD) defeated Postumus but he himself was in fact murdered by his own troops when the co-emperor was preparing to move against him.

VICTORINUS.
(c. 265-270 A.D.).



Postumus had raised Victorinus to be his co-emperor. With the murder of the new pretender Laelianus in 267AD, Victorinus (265-270AD) ruled this new state alone.

MARIUS.
(268 A.D.).



We find that this military usurpation of power was also present still in this new state. In 268AD, Marius moved to seize his power. His coins are rare, but many argue his reign lasted less than 1 week.

TETRICUS I
(c. 270-273 A.D.).



The soldiers assumed it was now their right to murder an emperor whenever they disagreed. It is clear that the coinage of this new state was much more stable than that of Rome. Nevertheless, for whatever reason, Victorinus was murdered by his own guard. It was his mother, Victoria, who convinced the then Governor of Gaul to step up, and she declared him emperor. This new emperor of Gaul was Tetricus I (270-73AD).

TETRICUS II.
(c. 270-273 A.D.).



He appointed his son as Caesar, and thus heir to the new throne of Gaul. Yet Tetricus II never made it to the point of being raised to a co-emperor status of Augustus.

**CLAUDIUS II
GOTHICUS.**
(268-270 A.D.).



Back in the Roman Empire, Gallienus was assassinated and one of the leaders of the plot then became emperor in 268, Claudius II Gothicus (168-270AD). He was successful in defeating an immense Gothic army that invaded Greece, for which he was given the title "Gothicus" yet he died of the plague at Sirmium in 270AD.

QUINTILLUS.
(270 A.D.).



The legions at Aquileia declared as emperor Quintillus (270AD) who was the brother of Claudius. However, the legions at Sirmium declared Aurelian as emperor and since the later had the larger force and the better reputation, Quintillus was abandoned by his troops and he committed suicide.

AURELIAN.
(270-275 A.D.).



Aurelian (270-275AD) was declared to be emperor at Sirmium by the troops upon the death of Claudius from the plague. Indeed, evidence of the great economic stress of the period is reflected both in the coinage reform of Aurelian as well as his efforts to fortify against the barbarian invasions.



Aurelian Wall, near the Porta San Paolo, Rome

Aurelian constructed a wall around the City of Rome itself that had 16 gates, 12.5 miles (20 km) in length, was 13 ft thick (4m) and stood 24 feet high (7.2m). They were later raised to 35 feet during the reign of Honorius (393-423AD) and reinforced with towers as shown above, 380 in total that had stood 100 feet high (30m). Much of this wall still stands today as a direct empirical evidence to the uncertainty of the era.

Aurelian was kind of the Ronald Reagan insofar as he sought to reclaim the dignity of the Empire. He faced the Goths (Scandinavians) who in later centuries would be the Vikings, the Vandals of North Africa that resided in the general area of the old Carthage with the resentment of the Punic Wars, and the Alemanni (Germanic cousins of Goths). However, the Reaganism is perhaps reflected in his determination to retake the new Gaul Empire.

With Aurelian determined to now retake Gaul, it became clear that his restored army, economy, and suppression of the barbarian hoards, Tetricus I seems to have had no stomach for a war. Instead, they negotiated his abdication with Aurelian, who agreed to allow Tetricus and his son retire in Rome and was honored by Aurelian and his successors.



Zenobia



VABALATHUS.

In the East, women were often leaders as also existed in Britain. One of the most formidable usurpers was in fact a woman Zenobia. She issued coins in the Eastern style of a debased Billion Tetradrachm. Yet because of the Roman system, she did not claim for herself Empress, but she did for her son Vabalathus. So we see coinage that was of Eastern denomination still following the Greek system of a drachm with Zenobia portrayed, but a bronze antoninianus of her son with full Roman titles. She even issued coinage showing Aurelian and Vabalathus not as rivals, but as co-emperors.

Zenobia was queen of Palmyra in Syria from about 267 to 272. She was carving out a Eastern empire and had conquered several Roman provinces. She styled herself after the famous Cleopatra VII of Marc Anthony and Caesar fame. In 269AD, Zenobia seized Egypt and took most of Asia Minor. The war against her was nevertheless unpopular and the rumors pictured Aurelian was more in fact offended by her gender. She was indeed captured and defeated. Indeed, Aurelian had written in a letter that "The Roman People speak with contempt of the war which I am waging against a woman." Zenobia tried to show her courage. When Aurelian faced her, he asked how dare she take up arms against the emperors of Rome! He replied"

"Because I disdained to consider as Roman emperors and Aureolus or a Gallienus. You alone I acknowledge as my conqueror and my sovereign."

She was allowed to retire and given an estate in Tivoli located in Italy. This illustrates that wholesale collapse of the Roman Empire that touched every corner of the state.

One of the tactics of war has always been the use of counterfeit money in hopes of undermining your rival's economy. The British counterfeited American paper money during the Revolution. We find the same was done both in World War I and World War II.

While we may be arrogant and assume that history is just dead people, we find that for whatever we may believe is new, chances are you can find it has been done before.

It appears that there was a massive effort during the reign of Gallienus to counterfeit the coinage. The quality of the real coins of Rome had fallen so much, that they did in fact often appear to be imitations themselves. Once the coinage was debased so there was no real silver content, then the coins became worthless in many respects. Consequently, what we see during this period is massive amounts of barbaric counterfeits. They are often found in Gaul and Britain and that tends to suggest that once Gaul seceded from Rome, one could not be criminally punished for counterfeiting coins of a rival empire. Thus, it appears, this was the source of extensive counterfeits.

AURELIAN REFORM

To end the counterfeiting that no doubt had some effect upon the total implosion of the Roman monetary system, Aurelian not only restored the weight of the antoninianus in bronze at least and improved the silver-wash coating, he then formally establish over 20 mints and created a mint-mark as is still used today "D" for Denver and "S" for San Francisco in American modern coinage. This new system allowed an inferior coin to be identified as to its origin.

After Aurelian discovered corruption in his own staff, before he acted, a secretary forged a list of people to be executed and convinced them they should act first. Hence, Aurelian, known for his anti-corruption view, was murdered. This shock is the only time the legions asked the Senate to elect an emperor pledging their support. We thus have a pause known as the Interregnum where the senate had issued a reformed sestertius (18gm) and a dupondius with the portrait of the Genius of the Roman People pending an election process.

TACITUS.
(275-276 A.D.).



The Senate elected an elderly man who claimed he was a decendent from the famous historian by the same name. Tacitus (275-276AD) joined the army in Thrace (Northern Greece) to fight once again against the very persistent Goths. He died perhaps of plague in April 276AD.

FLORIANUS.
(276 A.D.).



Tacitus' half-brother Florianus (276AD) assumed the throne, whereas his rule was at least tolerated by the Senate. However, it was the Syrian legions who disagreed and had named their commander. In the ensuing new conflict, Florianus perished after a rule of just two months.

PROBUS.
(276-282 A.D.).



The surviving new victorious emperor became known to history as Probus (276-82AD). He served under Valerian and Tacitus with honor. His reign became notable not merely for his military success, but for his reforms and improvements following the model of the respected Aurelian. The soldiers, however, he put to work building civil projects. They resented this duty and a band murdered him at Sirmium, in Syra.

There were still many usurpers, many of whom lacked the resources to even mint coins and whose names remain whispers on the winds of history. A general who feared accounting for his failure to defend in Germany, tried to seize the throne. His coinage is very rare preserving his name as Bonosus. We have another contender rising in Alexandria by the name of Saturninus, who is known to history by two gold coins that have survived. These coins are the ultimate rarity of all time. There are no doubt others who have not had the fortune to be remembered by their coins in this crazy period.



CARUS.
(282-283 A.D.).



NUMERIAN.
(283-84 A.D.).

Upon the death of Probus, the Praetorian Prefect, kind of the head of the secret service, was hailed emperor - Carus (282-283AD). He also named his two sons as Caesar. He took one son with him, Numerian (283-284AD), to invade Persia. He succeeded in driving them back, and just outside their capital by the name of Ctesiphon, he was killed by being struck by lightning. Numerian was hailed as emperor, but never made it back being then killed by his own men, or of plague.



CARINUS.
(283-285 A.D.).



Carinus (283-285AD) was the eldest son of Carus who was left in charge of the West while his father and brother entered Persia. Upon the death of Numerian, the chief officer of the Imperial Household, proclaimed himself emperor, and marched upon Rome. Carinus was victorious, but he was murdered by one of his own officers.



DIOCLETIAN.
(284-304 A.D.).

This brings us to the last emperor of the 3rd Century who indeed brought significant reform on a wide-spread scale. He completely altered the money supply & reintroduced silver.

JULIAN.
(284-85 A.D.). *



Carinus had been formidable in the art of war. He had defeated not merely Diocletian, but another General who had marched against him from Panonia. All of his coins were struck by a single mint at Siscia. He marched upon Carinus in 285 after being hailed emperor by the legions in the Balkins in 284. He has thus been known to history as Julian of Panmonia (284-285AD) located in the Balkins. This in fact illustrated there remained discontent.

Diocletian was more of a statesman than a general. This accounts for his complete overhaul of the economy as well as the political structure. What he saw in his mind was a new form of government whereas the emperor had become the executive branch like a president. The senate was incapable of truly governing the state no less the empire. He created what is known as the tetrarchy whereby the rule of the empire was divided in half, and then two caesars (Vice Presidents) were appointed under two augusti. Amazingly, he also established that the top two would retire, and did, with the two then caesars rising to the highest posts. He tried to create a system that would in fact provide stability.

The complete collapse of the Roman world was so profound; that this was the primary cause for the rise of Christianity in Europe. In North Africa to Persia, the idea of one creating god existed. The Greeks and Romans did not have a concept of god creating man. It was not even any peganism as commonly perceived. The gods of Rome and Greece were more mischievous beings who played with humans. It was a different concept. So when the world was collapsing, they prayed, but there was no response. Christianity became a whole new idea. Consequently, there was the position that either (1) there were no such gods, or (2) they were mad because of these new Christians. Thus, it is now that we begin to see the worst Christian persecutions in history. They are prosecuted because the gods are mad at how many people are no longer worshipping the Roman gods.

Diocletian created a monetary reform that was far-reaching, and even reintroduced silver that was respectable. This new silver denarius was known as the argenteus meaning silver. The sesterius disappears and we now have a new coin, the follis that begins in size of about 27mm in diameter struck in bronze and silver-washed. The antoninianus is still minted in bronze. The gold is a good quality and weight.



MAXIMIANUS I.
Herculius.
(284-305 and
306-308 A.D.).



CONSTANTIUS I,
Chlorus.
(Caesar 293-305,
Augustus 305-306 A.D.).



GALERIUS
MAXIMIANUS.
(Caesar 293-305,
Augustus 305-311 A.D.).

The tetrarchy thus did not last very long. Diocletian and Maximianus I do in fact retire in 305AD, while the later returns in 306-308. It is here we find Constantius I, Chlorus, who is the father of Constantine the Great, who will eventually march on this tetrarchy under the Christian signs and whose view is there ought to be 1 emperor as there is 1 God.



CARAUSIUS.
(287-293 A.D.).



ALLECTUS.
(293-296 A.D.).

There is one more rebellion in Britain and it tried to secede under Carausius (287-293AD). But he is murdered by his chief minister Allectus (293-296AD) who was about to loot London when Constantius arrives. Thus, Constantius dies at York. His son becomes his political heir.

CONSTANTINE I,
the Great
(Caesar 306-308,
Augustus 308-337).



Constantine The Great thus completes the monetary reforms. He reconstructed the system issuing a gold solidus 1/72 lb that was a reduction from the 1/60 lb previous. He introduced a silver siliqua = 1/24th a solidus, and as inflation was still quite persistent due to a lack of confidence, he issued the miliarense (double siliqua). The bronze coinage resembled nothing ever issued. They may be the folles, but are declining from 30 to 23mm in diameter.

CONCLUSIONS

When we look at history, we must pierce the veil and look not just the literal facts. We must look at the patterns and the human folly that truly dictates the trend. What we can draw from this monumental debt crisis of the 3rd Century is (1) the arrogance of the "officialdom" of which Cicero spoke back in 55BC. This arrogance presumed power by the sheer possession of an office. All governmental power exists only so far as it does not offend the esteem of the people, for that alone confers all power upon a state - even in dictatorships. In other words, people will submit to authority only so long. Revolution is always an option when as Thomas Jefferson "in the Course of human events, it becomes necessary for one people to dissolve the political bands which have connected them" that this is an inalienable right in and of itself. Politicians believe they can do as they like and the people have no choice to obey. That is fiction and the dreams of tyrants.

(2) that Marxism that is not for the benefit of the people, only to place all rights, privileges, and dignities into the hand of politicians, is the most destructive of all assumptions of power, for it prohibits the very nature of mankind and stifles any possible economic innovation when the capital is concentrated into the hands of only the government, for that destroys all liberty and freedom creating a system of political decisions to create innovation that becomes impossible when the self-interest is fixed only upon maintaining immediate power.

(3) that the squandering of domestic wealth on paying subsidies, tribute, aid, or whatever other label that may be attached, to paying states for their loyalty and support, destroys the economic capital formation, reduces the national wealth, and buys no such loyalty for money can. neither buy love nor friendship, only a pretense of a relationship that quickly turns to hate once the silver cords of capital are severed.

(4) where the provinces paid taxes to the core, and they were unable to do so, then the core economy imploded unable to meet its expenses. Today, the debt is so widespread that the provinces are in danger of collapsing (states) demanding aid from the core that itself is unable to finance.

(5) that once public confidence is destroyed, respect for the government indeed collapses, hoarding of wealth takes place, refusal to accept the currency on faith, and eventually the government will be backed into a corner so desperate for cash, it will turn against its own people, render them criminals to justify the confiscation, but even this will not sustain the system.

We can see that the collapse of Roman monetary system took place between 252 and 268. The speed with which it took place was truly amazing. The threat we face is that the entire system must be looked at as a whole. Seeing California broke is the tip of the iceberg. As this contagion spreads from one state to the next because we have perhaps \$50-\$100 trillion of unfunded promises not just federally with social security, but in pensions to government workers. All of this has been based upon the presumption that

someone will be there to buy the debt. What happens when that day does not come? How can we live indefinitely on a credit card with no hope of long-term solutions for the politicians only care about their immediate personal ability to hold office. The future is someone else's problem.

This is why we will see a rally in gold and stocks, but the stocks must wait for the 31 month low from the 2007 high before we will see a rally in tangible assets to offset the risk of government debt.