

# Economic Reasons for the fall of Roman Empire

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**Abstract –** *Between the second and the third century A.D., after hundreds of years described by about constant development and after a period where a definitive point of every one of its natives was the propagation of the social and monetary conditions wherein they lived, the Roman Empire encountered a significant emergency. Proof of this emergency originates from significant monetary sign, for example, the fineness of coins and the quantity of wrecks in the Mediterranean Sea (to be translated as an agent test of the size of Mediterranean exchange). Both these viewpoints point in truth to a genuine breakdown, in concomitance, additionally, with a steady diminishing of populace, due as we would see it not exclusively to the plague and war occasions, yet additionally to the arrival of the financial framework to less coordinated creation models which were in this way less specific and profitable. In the following segments, in the wake of demonstrating that the empire's financial decay had just started in the second century A.D., we will learn about the reasons for the fall, in light of the de-specialization of the Roman monetary framework, which kept it from proceeding with its development towards innovation, driving it rather along a way of dynamic implosion.*

**Keywords:** *Economy of Roman Empire, fall of Roman Empire.*

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## INTRODUCTION

From a monetary perspective, the Roman Empire thrived when the advantages of government arrangement surpassed the expenses, and enduring interests in land and capital made total development conceivable, which happened specifically in the first and second hundreds of years. All through the third and fourth hundreds of years, be that as it may, the Roman government flopped as the expenses of government constantly surpassed the advantages. As ventures vanished or fled the empire, financial rot pursued, and the empire fallen.

The historical backdrop of the Roman Empire exhibits that an administration makes a situation helpful for development when it ensures people's privileges to property, keeps up a standard of law through fair requirement, and assets open merchandise and enterprises of significant worth (e.g., a framework that encourages exchange) that would not generally be provided.<sup>1</sup> If costs are steady and robbery, extortion, and savagery are not worries, there is a great domain for maintainable development. Governments, notwithstanding, must pick how to dispense rare assets, and this requires tradeoffs. Assets used to help military endeavors are assets that are not accessible for open works. The spending, tax, and cash arrangements of government impact the accessibility of explicit assets for p silk, marble, and immigrants private use, and they influence the

impetuses that natives who make good on regulatory obligations need to utilize assets in explicit manners. Salary used to make good on regulatory expenses removes assets from private generation, venture, or consumption. Value tops debilitate creation in the topped territories, bringing about deficiencies.

## Government and Economic Prosperity

In the best time of the Roman Empire from 27 B.C. to 180 A.D. or then again the High Empire, instances of the administration securing property, keeping up a standard of law, and giving open products are obvious. Starting with the standard of Augustus (27 B.C.– 14 A.D.) and closure with the demise of Marcus Aurelius (161 A.D.– 180 A.D.), government was generally steady. During the Pax Romana, the time of Roman harmony, the leader of the state government was the head. Property rights were characterized by lawful codes and traditions coming from the antiquated Twelve Tables. A jury framework regulated equity. By and large, burglary, misrepresentation, savagery, and gift were not enormous concerns, in this manner discharging assets for generation and consumption. Supported by the military and helped by a little gathering of congresspersons, every ruler concentrated to a great extent on running military undertakings, taking care of open funds, and overseeing remote relations. Choices on spending for open works, discovering accounts for libraries and parks, gathering taxes, taking the statistics, and government organization

were left to nearby units.<sup>3</sup> This framework took into consideration confined government to viably distinguish the changing open needs of the individuals while acclimating to various circumstances. With secure property rights for everything except oppressed people and with sound interests in open merchandise, open doors for beneficial movement existed. They were snatched, and development came about.

At the tallness of the old world's riches, around 117 A.D., the Roman economy was driven to a great extent by prominent development in agribusiness. Ranchers, olive oil makers, shepherds, and different agriculturalists collected riches by giving specific products and enterprises in the commercial center—both locally and globally. Thusly, the empire developed surpluses and exchanged some of them with different countries having non-farming products, aptitudes, and assets. For instance, Rome sent out farming products, for example, wine and oil. Simultaneously, it imported silk, marble, and foreigners.

In the Roman Empire there was uniform money that incorporated the gold aureus, silver denarius, and copper or bronze sesterces. This cash lubed the wheels of trade and made it generally simple to exchange, and contribute through a cash based economy as opposed to a cruder deal system.<sup>5</sup> Relatively low and uniform taxes additionally empowered private and open organizations in speculations between prosperous residents and nearby units of government.<sup>6</sup> Bustling urban focuses surfaced as sanitation progressed, diminishing general wellbeing concerns, and training spread. Open parks gave spots to individuals to meander and have fun, and a great arrangement of streets upgraded exchange inside and over the empire's outskirts. During this period, some huge scale organizations in assembling rose.

The tax coffers of government developed pair with the lively exchange. The High Empire was to a great extent described by a tax rate somewhere in the range of 0.01 and 0.03, which was paid by the rich. A head tax was paid by the residents, and the provincials paid a fixed tax.<sup>7</sup> Evidenced by in general business development, this tax structure allowed individuals to keep a large portion of their earned cash. Some portion of what was held secretly then helped exchange, speculation, and consumption. Also, the tax structure of this period gave motivating forces to the rich to put resources into open works like libraries, stops, and gardens. In general, the tax arrangement of this period upheld moderately energetic exchange crosswise over numerous cash based markets.

The advantages of government during Pax Romana exceeded the expenses. Negligible government mediation in private creation, speculation, and consumption existed, and by and large interests in physical and human capital happened. Moreover, quickened exchange and by and large monetary headways happened. As government turned out to be

progressively degenerate and property rights turned out to be progressively less secure during the third and fourth hundreds of years, however, the patterns were switched. Harsh heads and concentrated, military governments supplanted the restricted self-governments,<sup>8</sup> and the expenses of government before long outperformed the advantages. Government spending extended in wasteful and degenerate manners. Taxes ended up unreasonable, and the debasement of cash happened. These powers made rare assets be uneconomically designated. Simultaneously, government disappointment decreased motivations to be profitable, exchange, and contribute over the empire. At the point when these issues were consolidated, they became too huge and bountiful over the empire, in this way prompting its inevitable breakdown. The high purpose of the Roman Empire had perpetually passed.

## LITERATURE REVIEWS

The economy of the Roman Empire, and especially the purpose behind its decrease, has been at the focal point of far reaching banter. Not just the formation of the imperial framework, yet in addition or more the entirety of its decrease and fall, have been the subject of consistent discussion. The issue had just been raised by Gibbon (1776) who, perusing Aristides (1964 [c. 154]), underlined the enormity and richness of the empire in the second century, a significance that appears to make the later wantonness strange.

**Rostovcev (1926) and Walbank (1946)**, who did not consider the Roman economy primitive, posed the problem of why it was unable to continue its growth to arrive at an industrial take-off, forcing Western Europe to pass, before reaching this point, through a nearly complete destructuring of its urban, economic and cultural system.

**Ward-Perkins (2005)** has written against the prevailing opinion about the progressive economic and social decline. The scholar opposes above all the thesis which claims that the Empire underwent a transformation rather than a decline and a real fall, underlining instead that the invasions of the Germanic tribes were for the Romans a traumatic event which undermined the economic and social structures of the invaded territories.

The scholar discusses a series of events that contributed to Rome's fall, such as the decline of the Roman military machine, the civil war, and a sequence of ineffective emperors.

**Heather (2007)** reviews a great many reasons which may justify the fall of the Roman Empire, preferring, however, a non endogenous – or not totally economic – explanation: a pernicious combination of external causes (principally the pressure of the Huns, but also the military and political growth of the Germanic tribes) and internal causes. Among these

emerge usurpations, civil war and the defeat of an East-West coalition fleet sent to recapture Carthage in 468.

A more endogenous and deterministic viewpoint is on the other hand that of **Homer-Dixon (2006)**, based on the confrontation between economics and thermodynamics. For this scholar the success of the empire depended on its ability to extract energy surpluses, in the form of food, from the imperial territories and concentrate them at the centre, where they enabled the development of an extraordinary degree of organizational complexity. This complexity would not have been possible to establish and maintain without a growing flow of energy from outside the system: the reaching of an equilibrium between the flow of resources and the size of those necessary to conquer too far distant territories was therefore a turning point, from development to recession. Diocletianus sought the remedy to this recession in draconian fiscal measures, but they had the effect of further impoverishing the system. As we can see, in spite of the "thermo-dynamical" approach, this theory recalls the definition of "predatory" systems, that **Cameron (2005 [2003])** proposes for the Roman economic system and, more generally, for most of those of the ancient world.

It is in fact known that populations of some animal species, if lacking in restraints for their reproductive capacities, instead of becoming stable can grow too much, exhausting the available resources and then themselves declining. Differential equations, like those used in bio-mathematics, have been utilized to describe social phenomena, revealing important analogies (**Prigogine, 1979, pp. 54-66**).

A further explanation of the decline of the Roman Empire, and also of why its economic and social system did not take the path towards modernity, has been put forward by **Schiavone (2002 [1996])**. He states that the reason the Roman economy did not develop towards modernity must be sought in the fact that the late republican period, during the transition to the imperial regime, was dominated by the slave economy, also because there was no philosophy making productive labour worthy of consideration. Schiavone, in fact, underlines that the ultimate aim of all the commercial activity in ancient Rome was not the reinvestment in the same activity or in others similar to it, but the purchase of land in order to enter the landed aristocracy, the sole holder of political power and social prestige. Production and commercial activity, moreover, never did free itself from the dependence on political power. The Roman hegemonic class remained substantially closed, in the sense that whoever entered it embraced its ideals and way of living. While on the one hand slave labour can be just as efficient as free labour, and Schiavone furnishes historical examples to support this thesis (**Schiavone, 2002 [1996], pp. 124-127**), on the other hand slaves do not have the same consumption level as free men. The abundance of slave labour, moreover, tends to

keep down the wages of free workers too (**Cameron, 2005 [2003], p. 69**).

**Temin (2001)**, on the contrary, points out that the Roman economy can be defined as a market economy even though the central power played a pre-eminent role in it. As Hopkins (1980) notes, the State imposed taxes, moving wealth toward Rome, Italy and the zones guarded by the legions, and in order to pay taxes, the provinces exported goods to them. In this way it implemented a monetary circuit (with a metallic commodity-money) whose first impulse originated from political and military power.

## CAUSES BEHIND THE ECONOMIC FALL

During the time history specialists have attempted to clarify why the Roman Empire fell. In 1984, Alexander Demandt, a German student of history, gave a rundown of 200 and ten explanations behind Rome's decrease, including some engaging thoughts like gout, tremors, and female liberation. The general perspective on most students of history has been that Rome arrived at its pinnacle in the subsequent century, began to decrease in the third, lastly crumbled in the fifth. Students of history credit A.D. 476 with the official death of the western empire. Rome fell through a steady procedure since poor financial approaches prompted a debilitated military which permitted the brutes simple access to the empire.

In the third century, Rome's heads grasped hurtful financial approaches which prompted Rome's decrease. In the first place, the confinement of gold and silver assets prompted swelling. Money related interest made sovereigns mint coins with less gold, silver, and bronze. For instance, Emperor Claudius II spoiled the silver denarius to only one-fiftieth of its unique worth. As of now, the cost of gold is \$1,722 per ounce, yet in the event that the administration evaluated an ounce of gold for \$34, at that point expansion would be equivalent to the Roman third century. Sovereigns thought to fix swelling by giving value control laws, yet the laws were underneath balance costs, consequently harming the economy further. During the fourth century, Constantine effectively transformed the cash, yet other poor monetary approaches proceeded inside the empire.

Furthermore, over the top high society riches hurt the Roman economy. Some well off people accumulated gold bullion in view of the emotional swelling in the third century. Others, similar to Emperor Commodus, exhausted the royal coffers so the empire had minimal expenditure left. The well off high societies appreciated a blend of boundless financial and political influence, and such over the top riches prompted a neediness state in the western empire which injured its push to keep up a solid military framework.



The third issue Rome's economy confronted was tax increments. Rome obtained cash for taxation by increasing new grounds. In any case, the empire arrived at its regional points of confinement when of Emperor Trajan in the subsequent century. As Rome lost eastern terrains to intruders, the loss of that taxable pay implied tax increments for the western territories. Likewise, any loss of land because of settlers straightforwardly influenced magnificent tax incomes. Regardless of whether they were not vanquished, areas where battling happened battled to make good on government obligations. By the early fifth century, Rome had lost Britain, Spain, and parts of southern Italy. As the Roman state lost budgetary power, landowners understood their way of life was undermined by expanded taxation and property laws. A considerable lot of these landowners went to the governmental issues of Rome to secure their property. As a byproduct of tax income, Rome consented to shield the landowning class from outside foes, however tax increments proceeded for the lower classes.

Rome's poor monetary approaches caused military issues. To begin with, the diminished tax base implied no monetary help for the military. The Roman military cost 50% of the supreme costs. By the mid-fifth century the military had been drained dry by declining tax incomes so they were negligible shadows along the borderlands. Despite the fact that the eastern military had vanquished their intruders, the military had to remain in the Middle East to keep the harmony. The debilitated military in the west neglected to stop the brute gatherings as they cut out pieces of land for themselves over the empire. More troops were required for the expert armed force, however the assets couldn't be raised. The quality of the military was legitimately attached to the tax base.

A second military issue, brought about by employing low-pay troopers, brought about poor preparing and order. Rome's military had consistently been little contrasted with the empire's populace, however the preparation and control had been unmatched by all candidates. As hired soldiers and volunteers joined the positions, discipline totally changed. Prepared Roman officers presently secured themselves behind a mass of shields and let hired soldiers surge out for hand-to-hand battle. As the western armed force turned out to be more barbarized, it lost military strategies. Additionally, an enormous segment of the military changed to battalion powers who managed minor dangers to boondocks security. These fighters had numerous other neighborhood obligations and lived in a public setting with their spouses and kids. At the point when the savages started to push with power, the battalions were not sufficiently able to battle back in light of the fact that they needed labor and preparing.

Thirdly, financial issues affected delayed military directions. Officers asserted they required more opportunity to end military battles effectively, so the

Senate allowed them delayed military directions, and definitely, these directions moved troop unwaveringness to the authority. Commanders currently turned into the primary contenders for supreme power, removing their militaries from the outskirts in quest for Roman wonder.

At long last, monetary issues drove the military to utilize hired soldier officers. The Senate affirmed of hired fighters in light of the fact that the degree of the empire was taxing local officers. The bigger the empire developed, the more vigorously Rome depended on soldiers of fortune to protect its outskirts and rebel regions. These hired soldiers guaranteed no faithfulness to Rome and in this way pursued their officer since he paid them. Savage officers, known as the *foederati*, increased Roman insurance and benefits as a byproduct of securing the empire's fringes, and these *foederati* in the end made up 80% of the military. The Roman military in this way debilitated after some time, and they kept on losing regions along the borderlands which further harmed the Roman economy. This endless loop continued until the savage attacks annihilated the empire in the fifth century.

At last, Rome declined in light of the fact that poor monetary strategies prompted a debilitated military. At the point when weights developed along the outskirts, Rome did not have the assets to crush the foes of the past. No regional successes were accessible to give new riches to a perishing economy compelling Rome to at last respect the savage attacks. So as opposed to thinking about why Rome fell, maybe students of history should agree with Edward Gibbon and be shocked that Rome endured for such a long time.

## CONCLUSION

The wellsprings of financial development and disappointments are better comprehended when the Roman Empire's breakdown is contemplated with efficient thoughtfulness regarding the financial aspects of government. The advantages of government incorporate the assurance of property rights, maintaining a standard of law, giving open products, and supporting a steady arrangement of cash. Moreover, the genuine expenses of the administration go past taxes to support government spending: They incorporate government choices and arrangements that adjust motivating forces for people to take advantage of or leave behind lucky breaks to be gainful.

Exchange inside and outside of the Roman Empire thrived when people were spurred to create, contribute, and expend productively. It slowed down when governments ended up degenerate and forced substantial tax weights, accordingly expanding the expenses of working together in and with Rome. More wasteful aspects and the greater expenses of executing powered swelling. Roman dealers and

their outside accomplices thought that it was hard to prepare over the empire, and vulnerability twirled around governments, hence making long haul interests in Rome progressively dangerous. Numerous Romans at last took their capital and fled, while the individuals who couldn't escape basically stayed and revolted or stored assets.

The hour of the Roman Empire is a significant period in world history that represents manners by which governments can and do bolster monetary development, yet additionally manners by which they come up short. Understudies need to see how government disappointment, and market disappointment, can occur so as to all the more likely get ready for their fates and to comprehend recent developments. Various instances of wasteful arrangements, government intercessions, and degenerate political organizations exist in investigations of the Roman Empire. Instructors of social investigations, financial matters and government can assist understudies with understanding that individuals in government (simply like business and families) can and do settle on wasteful choices. Nonetheless, not at all like individuals running organizations and living in family units, government authorities and legislators are in situations to influence extremely huge quantities of individuals all the while.

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