

AN ASSESSMENT OF THE ECONOMIC POLICY OF NERO

INTRODUCTION - Nero is portrayed in history as a bumbling idiot with homicidal tendencies. This may be too simplistic a view and based on writers who were heavily influenced by the need to please the incoming administration. His handling of the economy provides an important insight into the truth behind this image.

AN ECONOMIC INCOMPETENT

HEAVY EXPENDITURE

- During the early part of the reign “finances had been handled more responsibly, although even at that stage expenditure was heavy” (Shotter,2014, p. 18).
- After the fire there was “an explosion of expense caused principally by the building activity, which included of course, Nero’s new palace the Domus Aurea” (Shotter, 2014, p. 18).
- Nero had an enormous quest for gold and money (Tacitus, 15: 45).
- This demand for money was fuelled by the increasing costs of defence and bureaucracy (Bartlett, 1994, p. 294).

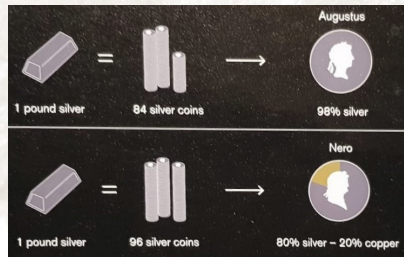


PUNITIVE TAXATION

- Nero realised the scale of the problem he was facing. Evidence can be seen in “his readiness to inflict and exact harsh taxes” (Shotter, 2014, p. 18).
- He was even prepared to take money from the mob. The Roman grain allowance, the frumentum publicum, was removed. (Shotter, 2014, p. 18).
- The attack upon the wealth of the better off accelerated. “You know what my needs are: you and I must see to it that nobody is left with anything” (Suetonius, 32: 4). The result was that Nero sometimes exacted 5/6ths of an estate on death. (Shotter, 2014, p. 18).

FAILED FISCAL POLICY

- The debasement of the coinage did not in fact achieve the intended goals.
- “The continual debasements did not improve the Empire’s fiscal position”(Bartlett,1994, p. 294). This is an early example of the fallibility of Gresham’s law. Bad money did not in practice drive out good because people hoarded high silver content coins and used the low silver content ones to pay taxes (Bartlett, 1994, p. 294).
- Another problem with the debasement was that different provinces refused to circulate the coinage (The Economy of Ancient Rome, n.d.).



CONCLUSION - Nero inherited an economy with significant structural weaknesses.

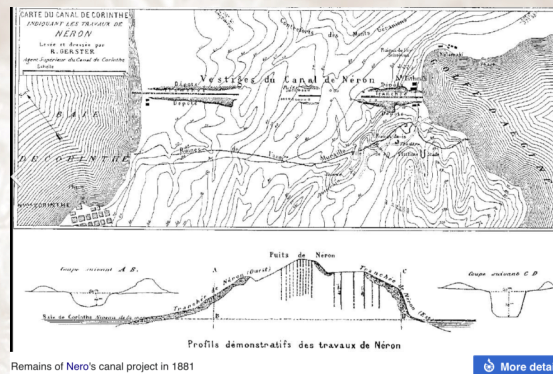
- The escalating costs of defending the empire and maintaining an ever growing bureaucracy.
- The need to carry favour with his power base; the army.
- The need to placate the mob.
- Imperial liquidity.

This situation was exacerbated by events both international and domestic, such as the Fire of AD 64, which placed even greater strain on his finances. Nero, or perhaps his team of advisors, did indeed attempt to solve this problem with ever more revolutionary economic policies. No doubt these were partly aimed at growing the economy and thus increasing government revenue. In this respect he was without question the first of Keynesian. However, this was not the New Deal of President Hoover but rather that of Hitler and the Third Reich. The goal was not the greater good of the people but rather the survival of the head of state. Like Hitler he set in motion a chain of events which would ultimately lead to the collapse of the system he was so invested in maintaining. In Nero’s case this was the eventual collapse of the Roman Empire.

AN ECONOMIC INNOVATOR

WISE EXPENDITURE

- Many of Nero’s projects can be interpreted as an “attempt to cure a severe depression” (Thornton, 1971, p. 629).
- Examples include the Canal through the isthmus at Corinth. A Suez Canal of its day removing the need to take a dangerous sea route around the Peloponnese (Shotter, 2014, p. 18).



PROGRESSIVE TAXATION

The proposal to the Senate in AD58, which would have abolished indirect taxes, was seen by Tacitus as “a most splendid boon in the human race” (Tacitus Book 13: 50). Was he therefore more of a benevolent tyrant? Cantens argued that Nero assumed the Senate would never accept such a policy (Cantens, 2018, p. 116). If that is true Nero was exhibiting considerable political skill.

INSPIRED FISCAL POLICY

- Debasement of the coinage was a genuine attempt to improve the life of his people. “Nero’s debasement of the coinage is truly an innovation” (Thornton, 1971, p. 624).
- By doing so Nero increased the money supply by 7% in terms of the aureus alone. This was an intelligent choice because the average citizen would seldom come across them and therefore the debasement would be less apparent. For example, the wages of a soldier equated to around 9 per year (Thornton, 1971, p. 624).
- The debasement of the denarius created an even larger increase in money supply (14%) but because it was combined with other metals it was a REVOLUTIONARY policy. It represented one of the first examples of a FIAT CURRENCY rather than a BONA FIDE currency. This meant that the coin was worth what the state said it was worth rather than being based on its intrinsic value (Thornton, 1971, p.625)
- The Roman money supply had previously been too rigid and would not expand with the economy leading to deflation. This would restrict growth (Thornton, 1971, p. 627).
- The danger with debasement is that it causes inflation and yet the average for Neros reign was only 2% (Thornton, 1971, p. 628).
- Debasement was started by Nero but the proof of its importance in subsequent economic policy can be seen in that the policy continued long after his death becoming a weapon of choice for successive emperors.



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