Tax Crisis in the Roman Empire

by R.L. Porter

The Romans were fortunate, in one sense, when it came to raising revenue through taxes and paying out the proceeds to meet the needs of the state: they were incapable of running a deficit. They lacked that imaginative financial creativity required to saddle future generations with debts incurred for current needs. Of course they were not complete fools and did marvelous things with government sponsored inflation. By the reign of the emperor Gallienus (AD 260-268) Roman coinage had become so debased through inflation and so intrinsically worthless that a tax crisis of the first magnitude descended upon the tottering empire. For a time the state refused to take its own money for taxes, but insisted on payment in real goods and services. Your tax bill could be ten bushels of wheat, three smoked hams, and a week's work on the highway crew for example.

Under the first emperor Augustus (31 BC-AD 14) most provincials paid a single head (poll) tax and a tax on land as their major direct taxes. Indirect taxes could also be found in convenient places (such as custom and port dues). The land tax (<u>tributum soli</u>) was mostly calculated as a fixed amount on the "assessed" value of land in most provinces, but in some provinces a tithe (<u>decuma</u>: 10%) of the crop was charged in a slightly fairer way. I suppose that the 10% system could have continued after the collapse of the currency (though it needed constant supervision by officials to make it work), but the "assessed" value system clearly could not function when money became worthless. A change was required.

The emperor Diocletian (AD 284-305) was the great repairman whose work allowed the empire to stumble on for another two centuries in the west. His reforms of the financial system were critical to the continuance of the state and were threefold:

<u>One: Currency Reform</u>

New, undebased silver and gold coins (<u>solidi</u>) were introduced to bring value back into the monetary system.

<u>Two: Governmental Reform</u>

The entire Empire was reorganized into two areas (West and East), 4 Prefectures, 12 Dioceses, and a great number of small Provinces, all with their chief officials, clerks and scribes to keep the peace and above all to keep the tax money flowing in.

<u>Three: A New Tax System</u>

Under this new tax system, land throughout the Empire was to be rated for 1) use, 2) fertility, and 3) work force. The baffling thing is that this "new" system, like the one it replaced, was <u>not</u> uniform throughout the Empire: flexibility and local usage appear to have taken priority over the convenience of a single system. The work force (<u>capitatio</u> or <u>caput</u>), i.e. how many workers were on the land, was factored into the fertility of a variably-sized land unit (<u>iugatio</u> or <u>iugum</u>) to give a tax rate for a given piece of land. The land was sometimes (but not always) rated as wheat land (with perhaps three levels of fertility or value), olive and fruit land, or pasturage. Olive land was most valuable and carried a greater tax burden than an equal area of prime grain land, with pasturage being of lowest value; <u>iuga</u> consequently varied in size according to their profitability.

In theory the taxes were still due in kind, but conversion into currency was often an option. Anomalies were sure to appear: a small farm with a large work force could be rated the same as a large one with a small work force. However, the system worked after a fashion since the government could now make up something that resembled a modern budget. If the emperor needed X number of bushels of grain in the coming year to feed his army and bureaucracy, he need now only divide this number by the <u>caput/iugum</u> units of the empire and assess each <u>iugum</u> the requisite amount. An estate owner of 10 <u>iuga</u> then multiplied the base unit by ten and paid his taxes. Failing that, he could always bribe or intimidate the tax man so that someone else would pay for him (<u>Nil Novi Sub Sole</u> - nothing new under the sun).