

# DECLINE

FOR EMPIRES,  
COMPLACENCY  
IS WORSE  
THAN BEING  
DECIMATED

# &

THREE REMARKABLE WORKS were published in the year 1776. The Declaration of Independence was the founding document for the United States of America, and the success of the new republic encouraged the spread of liberty throughout the world. The second was Adam Smith's *The Wealth of Nations*, the foundation of modern economic thought. Smith demonstrated that free markets offered the best chance of increasing the liberty and prosperity of the population.

# FALL



By Ralph Wanger, CFA

## The third was the first great history written in the modern era, *The Decline and Fall of the Roman Empire* by Edward Gibbon.

All Americans are expected to have read their Declaration of Independence. It is short enough to read in a couple of minutes, and its audacious challenge to English colonialism is still thrilling. The *Wealth of Nations* is one of the books that people in finance claim to have read but really didn't. *Decline and Fall* is a brilliant work but in too many volumes, and 250 years of additional research have refined scholarly knowledge about the Roman Empire. Gibbon is no longer read by the general public. That is too bad, because the English prose style of the mid-18th century was distinguished by its elegance and clarity. Joseph Addison, Jonathan Swift, and Samuel Johnson could write an entire page without using the word "like" at all!

In 1776, every educated Englishman was comfortable in Latin and Greek and knew a considerable amount about the history, society and religion of the classical world. That is no longer the case, but the Romans are still worthy of study. Gibbon could write, without fear of talking down to his readers, that "if a man were called to fix the period in the history of the world, during which the condition of the human race was most happy and prosperous, he would, without hesitation, name that which elapsed from the death of Domitian to the accession of Commodus." If you are familiar with these two emperors, I congratulate you, for I am certain that few of my readers have ever heard of them. Domitian became emperor in the year 96 and the accession of Commodus took place in the year 180. Two of the best emperors in this 84-year golden age were Titus and Marcus Aurelius. It is interesting to note that Gibbon's claim that this was the most happy and prosperous time for the world included his own world of Britain in 1776.

Today, the "idea of progress" has us all believing that some natural law

ensures that human society will continue to get more populous, better fed, better educated, better housed, more productive, and that the Pursuit of Happiness really has caught quite a sizable hunk of happiness for our enjoyment. Mr. Gibbon was still conditioned by the classical view of the human condition as cyclic. The long cycles had occasional stars such as Marcus Aurelius, but these episodes of good times were inevitably replaced by darker ages marred by tyranny, poverty, and superstition. A believer in cycles would point out that the living condition of most people living in 1776 was not particularly different than in 176. Almost everyone was still engaged in farming powered with oxen, serfs, and slaves. Food production per hectare did not improve over the ages.

Long after the fall of Rome, Latin remained an important language. Catholic worship was in Latin, and it was the universal language of scholarship until about Gibbon's time. Isaac Newton, for instance, wrote his book on gravity in Latin. Gibbon wrote *Decline and Fall* in English but wrote his levity in Latin; he included raunchy anecdotes in his book, but segregated them in footnotes using the Latin tongue.

Today, the Mass is celebrated in the local language. Scientific papers (and raunchy anecdotes) are published in English. The study of Latin, therefore, offers little practical utility to the average person. American students prefer to learn Spanish, which is easier and more useful. I thought one last bastion might be my grandchildren's school, the Latin School of Chicago. The school offers four languages: Spanish, French, Mandarin, and Latin. Latin has an 11 percent market share.<sup>1</sup> Duke Ellington wrote "Speaks Latin, my satin doll," but that was in 1953.<sup>2</sup>

<sup>1</sup> I took 3 years of high school Latin (a long time ago) and enjoyed the experience.

<sup>2</sup> The lyrics were written by Johnny Mercer. The "Latin" apparently referred to her skill in dancing the rumba.

Today most of the people I know are of the opinion, conditioned by historical novels and Hollywood films, that the Romans were cruel, tyrannical, and capricious. They were not nice to Ben-Hur or Spartacus, were fond of feeding Christians to lions, and started a foolish civil war to decide who could bed Cleopatra. They had wild parties while dressed in togas. Cecil B. DeMille and John Belushi tended toward sensationalism. The Roman Empire lasted for a long time, with warfare restricted to the frontier. The majority of people, both in Rome and in the provinces, felt that Roman peace, law and culture made the common people better off than they had been in any previous society. As Gibbon wrote, "the obedience of the Roman world was uniform, voluntary, and permanent. The vanquished nations blended into one great people, resigned the hope, nay even the wish, of resuming their independence, and scarcely considered their own existence as distinct from the existence of Rome."<sup>3</sup> If this had not been true, if the provincial peoples had been unhappy and rebellious, Rome would have needed an enormous army to keep peace in her gigantic empire. The expense of supporting an enormous army would have caused an unpopular empire to collapse rapidly. An enormous army was not needed. The Roman Empire was garrisoned by remarkably few soldiers.

The famous Roman legion was an infantry force of 5,000 to 6,000 men. The structure of the legion was well formed in the year 300 and continued with little change as the dominant military unit for a thousand years. Each legion had attached a greater number of auxiliary troops, cavalry, archers, and slingers. In 200, there were 33 legions in the empire, then near its maximum geographic size. That would have meant that there were 450,000 soldiers in the Roman army, of whom 180,000 would have been legionnaires and the rest auxiliary. Therefore, 450,000 men kept the peace in the entire Mediterranean world from London to Damascus. An infantry army can't move very fast, so if they were able to keep the peace, there could not have been many peace-keeping problems. This was in fact the case.

<sup>3</sup> Gibbon, *Decline and Fall*, chapter 38.

# DECIMATION

So, why did the Roman Empire decline and fall? "The splendid days of Augustus and Trajan were eclipsed by a cloud of ignorance; and the barbarians subverted the laws and palaces of Rome."<sup>4</sup>

First, the Empire had a remarkable run. The Roman half was in business for five centuries, and the Byzantine Greek half persisted for another millennium and was not finally overrun until 1453. The British, Spanish, and other modern European imperialists did not last nearly as long.<sup>5</sup> Yes, but Rome did fall. Gibbon, an 18th century rationalist, has some harsh judgments against the Christian religion because "the last remains of military spirit were buried in the cloister."<sup>6</sup> Eighteenth century rationalists said that sort of thing a lot. From the point of view of a contemporary CFA Charterholder, we can use the ideas of Hyman Minsky<sup>7</sup> to explain that system instability can be created by too much stability. An empire long at peace will begin to believe that there are no enemies beyond the border, so the army is a waste of resources and military readiness is unneeded. Young men were more attracted to the monastery than the legion. Works for a while. A few years later, the Visigoths and Huns show up and the empire collapses, undone by its virtues more than its faults.

The cycle of growth, success, decline,

and fall applies to companies as well. When I was younger, General Motors, Sears, and IBM dominated their industries. Today, it is Toyota, Wal-Mart, and Apple. No empire is invulnerable to the corrosive force of complacency.

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"Decimation" is a popular word today. I saw one recent example in the plan to preserve a rusty antique navy cruiser from the Spanish-American war. Yahoo News published an Associated Press report describing the ship's glorious past: "From [the armored cruiser] Olympia's bridge on May 1, 1898, during the battle of Manila Bay in the Philippines, Commodore George Dewey uttered the famous command: 'You may fire when you are ready, Gridley.' The Spanish fleet was decimated."<sup>1</sup>

The Spanish squadron, made up of seven old ships, each small, slow, and poorly manned, was up against the modern U.S. Asiatic Squadron, which consisted of four modern cruisers with 20-knot speed and eight-inch guns. All the Spanish ships were sunk with high casualties. The U.S. ships were undamaged, and only seven men wounded. The Spanish squadron was destroyed but calling it "decimated" is inaccurate. Yahoo News should not publish stories as if they were written by Yahoos.<sup>2</sup>

Decimation is a Roman word. Its meaning was specialized, precise, and horrifying. In the Roman army, the discipline of the legions was at an incredibly high

level rarely attained before or since. But once in a while, a unit behaved shamefully on the battlefield and deserved the strongest conceivable sentence. The soldiers were lined up and one-tenth of each unit was selected by lot. These wretched men were then beaten to death at the hands of the other 90 percent, a chilling and desperate scene. This punishment was savage but rare, happening, on average, once a century. It did not mean the death of 90 percent of the soldiers; it meant the death of 10 percent, which is why they called it decimation.<sup>3</sup> I find it sad that this word, so redolent of history and dread, has had its meaning carelessly turned upside down.

<sup>3</sup> In Latin, *decem* means "ten."

<sup>1</sup> Associated Press, "Olympia, 2-war naval veteran battles for survival" (6 September 2010).  
<sup>2</sup> Yahoo! News, "Yahoo! were bestial men in Jonathan Swift's novel Gulliver's Travels (1726)."

<sup>4</sup> Gibbon, *Decline and Fall*, chapter 38.

<sup>5</sup> It's true that the Chinese and Ottoman Empires did have longevity and have attracted their own bands of scholars to study their fascinating stories.

<sup>6</sup> Gibbon, chapter 38

<sup>7</sup> Unlikely to be confused with the Roman emperor Hyman Minsky.