The failure of ancient Greek growth: energy cost, institutions and culture

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Abstract

Driven by democratic politics, market–promoting economic institutions and an inquisitive culture, ancient Greece achieved remarkable pre–modern levels of material prosperity. Yet, this proved to be a temporary efflorescence. At the end of the fourth century BCE, the economy entered a long decline and city–states sank into political irrelevance. Drawing on theories of the Industrial Revolution, the present study offers a synthetic explanation of the failure of ancient Greece to launch sustained development. It identifies three principal causes: First, the high cost of energy from animate sources due to factor endowments. Second, institutional defects, and especially the multitude of independent small size city–states, which prevented the exploitation of economies of scale, stoked destructive intra–state political rivalry, and led to continual wars, which exhausted them financially and militarily. Third, disadvantageous cultural characteristics; they included negative attitudes towards work, wealth accumulation, and individual rights.

Key words: Ancient Greece; institutions; culture; small state; development; direct democracy; war

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