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ATHENS INSTITUTE FOR EDUCATION AND RESEARCH

A World Association of Academics and Researchers

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ATINER is an Athens-based World Association of Academics and Researchers based in Athens. ATINER is an independent and non-profit **Association** with a **Mission** to become a forum where Academics and Researchers from all over the world can meet in Athens, exchange ideas on their research and discuss future developments in their disciplines, **as well as engage with professionals from other fields**. Athens was chosen because of its long history of academic gatherings, which go back thousands of years to *Plato's Academy* and *Aristotle's Lyceum*. Both these historic places are within walking distance from ATINER's downtown offices. Since antiquity, Athens was an open city. In the words of Pericles, ***Athens "...is open to the world, we never expel a foreigner from learning or seeing"***. ("Pericles' Funeral Oration", in Thucydides, *The History of the Peloponnesian War*). It is ATINER's **mission** to revive the glory of Ancient Athens by inviting the World Academic Community to the city, to learn from each other in an environment of freedom and respect for other people's opinions and beliefs. After all, the free expression of one's opinion formed the basis for the development of democracy, and Athens was its cradle. As it turned out, the Golden Age of Athens was in fact, the Golden Age of the Western Civilization. *Education* and *(Re)searching* for the 'truth' are the pillars of any free (democratic) society. This is the reason why *Education* and *Research* are the two core words in ATINER's name.

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The current issue is the third of the sixth volume of the *Athens Journal of Mediterranean Studies (AJMS)*, published by the [Athens Institute for Education and Research](#).

Gregory T. Papanikos
President

ATINER



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14th Annual International Conference on Mediterranean Studies

29-31 March & 1 April 2021, Athens, Greece

The [Center for European & Mediterranean Affairs](https://www.atiner.gr/) organizes the 14th Annual International Conference on Mediterranean Studies, 29-31 March & 1 April 2021, Athens, Greece sponsored by the [Athens Journal of Mediterranean Studies](https://www.atiner.gr/). The aim of the conference is to bring together academics and researchers from all areas of Mediterranean Studies, such as history, arts, archaeology, philosophy, culture, sociology, politics, international relations, economics, business, sports, environment and ecology, etc. You may participate as stream leader, presenter of one paper, chair a session or observer. Please submit a proposal using the form available (<https://www.atiner.gr/2021/FORM-MDT.doc>).

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- Abstract Submission: **31 August 2020**
- Acceptance of Abstract: 4 Weeks after Submission

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The [Politics & International Affairs Unit](#) of the ATINER will hold its **19th Annual International Conference on Politics, 14-17 June 2021, Athens, Greece** sponsored by the [Athens Journal of Social Sciences](#). The aim of the conference is to bring together academics, researchers and professionals in private and public organizations and governments of Politics and International Affairs and other related disciplines. You may participate as stream leader, presenter of one paper, chair of a session or observer. Please submit a proposal using the form available (<https://www.atiner.gr/2021/FORM-POL.doc>).

Important Dates

- Abstract Submission: **16 November 2020**
- Acceptance of Abstract: 4 Weeks after Submission
- Submission of Paper: **17 May 2021**

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- **Dr. Yannis Stivachtis**, Director, [Center for European & Mediterranean Affairs](#) and Associate Professor, Jean Monnet Chair & Director of International Studies Program, Virginia Tech – Virginia Polytechnic Institute & State University, USA.

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More information can be found here: <https://www.atiner.gr/social-program>

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The Mediterranean Model in European Economic Thought

By Catia Eliana Gentilucci*

The Mediterranean Economic Model (MEM) is understood as being a system of thought involving Greece, Italy and Spain which places man at the centre of economic relations, unlike other economic models which are based on the individualistic approach and see man as a rational, passive product determined by economic processes. MEM is part of the more general European Social Model, in which three distinct approaches to capitalism based on different religious and historical backgrounds can be observed: the social market economy, inspired by Lutheranism; the Mediterranean Economic Model, inspired by Catholicism, has its roots in Aristotelian thought and, through the contribution of Thomas Aquinas, reaches Spain; and a more traditional approach, the Anglo-Saxon (neoclassical mainstream), is inspired by Calvinism and Lutheranism. This paper maintains that, due to their different cultural approaches to welfare, MEM countries are struggling with economic growth. In reality, the evident difference between Mediterranean and continental Europe regarding the management of public spending ought to make us reflect on the fact that historical processes should never be underestimated.

Keywords: *European Social Model, Lutheran and Catholic Capitalism, Welfare Society.*

Introduction

The Mediterranean Economic Model is understood as being a system of thought involving Greece, Italy and Spain which places man at the centre of economic relations, thus transcending the individualistic economic approach.

The philosophy of MEM reverses the relationship between the individual and the market: man is not seen as being at the mercy of market rules; on the contrary, man is an active subject towards whom the market has obligations such as guaranteeing employment opportunities for everyone according to their abilities and aptitudes as well as an adequate level of social well-being (education, health and safety), all the while respecting the underlying principles of fundamental human rights.

In this view, it is not the individual who suffers the consequences of free market actions, but the system of economic relations which should focus on obtaining results which are effective and efficient for the general well-being of the community.

MEM governments have in common the fact that their economic policies aim to maintain adequate levels of growth at the same time as decent working

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conditions and welfare opportunities.

MEM is part of the more general European Social Model in which three distinct approaches to capitalism based on different backgrounds can be observed (Gosta Esping 1990).

Though aware of the fact that these approaches are influenced by the culture, history and traditions belonging to each country, in this work our focus will be mainly on the religious aspect as we believe this is particularly relevant in forming the civic conscience that characterises individual civilisations.

Thus, in this paper we maintain that: the social market economy, inspired by Lutheranism, favours the adoption of a restrictive economic policy and a government that, due to its focus on monetary stability, endorses the free market; the Mediterranean Economic Model, inspired by Catholicism, has its roots in Aristotelian thought and, through the contribution of Thomas Aquinas, reaches Spain. Far more attentive to social well-being and the conditions of workers, this approach proposes a return to Keynesian policies in order to support demand; finally, a more traditional approach is the Anglo-Saxon (neoclassical mainstream), inspired by Calvinism and Lutheranism. Here, it is the duty of the market to recognise when the system is in balance, resorting to demand and supply side economics to tackle unequal distribution (keeping the Phillips Curve in mind).

In order to achieve economic growth, these models employ widely different instruments and prioritise different economic policies. Unsurprisingly, they are based on value systems that developed from diverse socio-cultural traditions (Fortis and Quadrio Curzio 2007).

In particular, MEM draws inspiration from the Keynesian model of welfare society; the SME sees the welfare state as protective of a monetarist free market; the Anglo-Saxon model is slightly more flexible in choosing appropriate policies.

This paper maintains that, due to their different cultural approaches to welfare, MEM countries are struggling with economic growth, bound by restrictive policies imposed by the current European mainstream which can be seen in the restrictive ESM monetary policies responsible for shaping European economic thought.

Europe, between History and Religion

In the Europe of today, it is possible to detect two distinct models of Capitalism: one, based on Lutheran values, is rational and pursues the efficiency of economic aims. Here, the only institution able to guarantee the existence of a free market is the state; the second, inspired by Franciscan-Catholic values, prioritizes social interests and aims for economic efficacy. In this model, civil society is conceived as an organisation acting between market and State to benefit the common good.

On the contrary, in the British tradition the emphasis was on hard work, rather than enjoying the fruits of one's labours. In fact, hard labour was not just seen as a positive undertaking but was actually included in the system as a good, while Catholicism and the countries it influenced took a more lenient view of

consumerism, recognised as being one of the forces which improve the production process.

In this sense, Latouche's essay, *Minerva's Challenge* (2000, 62), separates the 'reasonable' from the 'rational'. The reasonable is seen as the wisdom of economic behaviour based on the efficacy of the desired result, that is to say on its economic and social impact (the number of individuals who ultimately benefit from results). The rational, instead, represents the a-valorial economic logic of the efficiency of economic results (with no reference to ethical values) (Gentilucci 2018).

The concept of 'reasonable' is based on the Aristotelian tradition in which systematic observation was directed to investigating the world and ultimately spawned a theory of reasoning which is known to us as *natural law*.

The Historical Roots of the Mediterranean Economic Model

This model can be observed in the countries of Southern Europe (Italy, Portugal, Greece and Spain) and is set apart by a view of capitalism inspired by a philosophical paradigm based on the reflections of Aristotle (Greece), Thomas Aquinas and St. Francis of Assisi (Italy) and the School of Salamanca (Spain)¹.

Mediterranean Europe is at the crossroads of humanism and Christianity, between Catholicism and Islam. The European experience is characterised by the growth of religious sentiment as a part of symbolic orientation in the quest to reclaim a personal sense of identity. The crisis of faith of the last twenty years has fundamentally altered our relationship with the divine, shifting the search for social identity from a life lived in accordance with religious beliefs towards a search for new forms of spirituality which are heavy with political implications.

The evocative, emulative nature of transcendental individual experience has become a search for increasingly secular socio-cultural values which are capable of bringing meaning to the choices of daily life. The Catholic church has become more secular, the bastion of the democratisation of society.

Though Spain is not a stranger to this trend, in Italy it goes hand in hand with the emergence of political parties, associations and movements which are inspired by Catholic principles. A separate discussion is reserved for Greece, as the profound common sentiment of national identity and faith to a political power in orthodox religion does not translate into identifying with a political party, as is commonly found in Italy (Vryonis 1978)².

The philosophical matrix of MEM derives from Thomistic personalism, a stance that emphasizes the importance of good over fairness. This concept had already been taught by Aristotle, who spoke of the 'common good' which is achieved by putting aside personal interests. In his words, if each man were to

¹Rothbard (1995).

²To this day, Greece is one of the European countries where membership in the orthodox Christian faith is most deeply felt, as explained in a 2017 Pew Research Institute report. Under art.3 the Greek Constitution defines orthodox Christianity as "the prevailing religion in Greece"; furthermore, the second section of this norm defines the relationship between Church and State. A relationship which is nonetheless characterised by mutual respect and independence.

follow his own individual will, the government of the lives of men would be destroyed.

Instead, the theoretical approach to MEM economies can be summed up in the Civil Economy approach.

After all, during the age of Scholasticism, economics (considered as a science) was one of the subjects which were studied by the pagan philosophers and moralists such as Aristotle in Greece, who discussed the role of economics in four of his works: *The Topics*, *Rhetoric*, *Nicomachean Ethics* and *Politics*.

In the course of the XIII century, medieval Christian philosophy (Thomist scholasticism) achieved its highest expression through the meeting of Christian belief and Greek philosophy. Thomas Aquinas had the amazing ability of placing principles acquired from the study of Aristotle and the principles of Christianity within a framework that was both theological and philosophical, and this was to become the basis for Mediterranean Thomistic economic theory (Woods 2005).

In his *Nicomachean Ethics*, Aristotle anticipates Bentham's more modern form of utilitarianism by affirming that for mankind the real good is happiness, understood as being "*what we count as self-sufficient is what renders life in need of nothing*". Again, in Aristotle's view, happiness consists in the "*activity of the soul in accord with virtue, and indeed with the best and most complete virtue, if there are more virtues than one*". The virtues, according to Aristotle, are: courage, temperance, magnanimity, liberality, magnificence, and first and foremost, justice, which contains all other virtues, the most virtuous of which he considers distributive justice, which recalls the spirit of the Law (Kauder 1953).

In his *Nicomachean Ethics*, Aristotle evaluates the value of goods according to their exchange and its measure. The search for a common standard of measurement becomes part of the wider problem concerning justice and equality among men in society. In his words, "*without exchange there would be no society, and without equality no exchange, and without commensurability no equality*"³.

However, one does not always obtain commutative justice and an equivalence of exchange from this transaction, because the art of producing wealth for its own sake (in today's parlance, speculation) means the market is socially unjust and does not make men happy (instead, *Eudaimonia*, translated as happiness, is understood as being the highest human good⁴).

In this logic, happiness possesses a relational quality which involves man and his fellows in the context of a society. It is the essential purpose of human relationships.

These passages hold a criticism which Catholic economics still makes against capitalism (Liguori 1907 and Segre 2006): this system contains neither distributive nor commutative justice, instead displaying a speculative, individualistic approach aimed not at the common good, but at profit in itself⁵.

³Nicomachean Ethics, 5, 1133/b/18-20.

⁴ID., Nic. Ethics, VI, 1139/b/3

⁵According to this approach, he who produces goods for the purpose of accumulating wealth does so in order to hoard it or to spend it on material pleasures, neither of which lead to happiness: hoarding wealth implies never having enough of it; spending it on material pleasures, which are never-ending, implies there will never be enough money to satisfy one's desire for them. This

As is well-known, in Franciscan (economic) thinking first, and then in Thomas Aquinas, the main theme is the existence of human indigence and poverty (material and spiritual) as proof of social injustice and the unequal distribution of the common good, and these concepts actually hail from Aristotelian philosophy.

Approaching Aristotle through Faith, we discover that Christianity aims to give men a new vision of collective life: true wealth comes from being generous to others. Therefore, wealth is no longer an exclusively material concept but, as it is dependent on spirituality and the sharing of the common good, is also and most importantly immaterial (Quaglioni, Todeschini and Varanini 2005).

Unlike Lutheranism, Catholicism preaches that man can achieve redemption from original sin by dedicating himself to work and good causes (as observed in the philosophy of the Franciscans). Therefore, man is a positive resource of Creation who must adopt benevolent, charitable behaviours in order to be forgiven and reach the Kingdom of Heaven.

During the XV century, thanks to the effort of Thomas Aquinas, Aristotelian thought will also influence the Spanish School of Salamanca (Zanotto 2005), whose theologians stand out for their attempt to harmonise faith with reason (as taught by Aristotle) and social reality by suggesting that governments adhere to rigorous ethical standards⁶.

The members of the School of Salamanca, active in XVI century Spain, were part of the revival of scholasticism, though they brought to it considerable input from the works of Aristotle and Thomas Aquinas.

It is not possible to think of the Salamanca authors as economists; they are, first and foremost, moralists who tackle problems of an economic nature in the light of their moral beliefs. In their comprehensive system of thought, the economy and its challenges was simply a part of human conscience, and as such was included in their ethical reasoning (Font de Villanueva 2010).

The founder of the School is considered to be Francisco de Vitoria O.P. (circa 1483 – 1546), who conducted important intellectual and pedagogical work, first at the Sorbonne and, from 1522 to 1546, at the University of Salamanca. A return to the source of Christian belief (the Holy Scriptures) constituted an initial acceptance of the new cultural form which was taking shape in Mediterranean Europe and the problems of mankind (religious, ethical and political) that had arisen after the discovery of new worlds in the West and the East. The sacrosanct dignity accorded to each person and the universal reach of international law (*ius gentium*) are included in theology and bathed in the light of Christian revelation.

The main theme tackled by the Salamanca scholars is the discussion of ethical and normative dimensions in socio-economic structures (Melè 1999 and Elegido 2009). In his *History of Economic Analysis* (1954), J. A. Schumpeter asserts that Italian and Spanish Franciscan scholastics were responsible for theorizing the role of the social entrepreneur in the free market.

creates a situation in which the production of goods does not lead to happiness (oriented towards equilibrium).

⁶An in-depth study of the School of Salamanca is attributed to M.G. Hutchinson, who studied under F.A. Hayek. This study traces the origins of free-market economy to Spanish Catholic Scholastic thought.

Without a doubt, the influence of the School of Salamanca can be felt in other countries, too, owing to the fact that several of its members taught in universities outside Spain. It is positioned in the wider context of the Spanish Golden Age (Siglo de Oro).

Further reflection on common aspects in Greek, Italian Catholic and the School of Salamanca which have shaped economic Mediterranean thinking are: distributive justice, the legitimacy of profit (usury), happiness and the common good.

These themes are central to MEM and the civil economy system it represents⁷.

Civil economy emerges during Italian Humanism within the discussion surrounding “Aristotelian reciprocity”. In the 18th century, through the Neapolitan (Genovesi, Galiani and Dragonetti) and Milanese schools (Verri, Beccaria, Romagnosi and Gioja), it becomes a subject of study in universities, focusing on the concepts of “public happiness” and “distributive justice”. Concepts which call for a vision of the economy that is collective, not individualistic, as well as a State which looks kindly on those who do not benefit from market results (Zamagni 2012).

Stefano Zamagni (1996) defines civil economy as the sum of activities in which neither formal coercion (the State), nor profit (the market) constitute the main principles of economic relations. In civil economy, economic legitimacy derives from reciprocity⁸.

The guiding principles of civil economy have been taken from Franciscan Catholicism, where man is *homo reciprocans*, interacting with his neighbour who is formed in the image of God. Concerning oneself with the needs of one’s neighbour and cooperating to achieve the common good means working on the behalf of God and the greater good of the universe. Similarly, the state and the institutions of civil society must collaborate to achieve a conditions of subsidiarity in order to encourage the collective good through decisions which promote a welfare society.

Notwithstanding the historical and cultural importance of the principles of civil economy, from the time of Saint Francis to the present day, the influence of XIX century Positivism has helped assure its path has been discontinuous (Zanotto 2005 and Gentilucci 2017a).

However, Scholastic thought had already come under threat in the 16th century during Luther's Protestant Reformation and the emergence of commercial capitalism (Mercantilism). This push towards the classical individualist tradition was responsible for a cultural renewal in Europe. The Italian humanists, however, did not accept this in its entirety because they were open to the spirit of the

⁷For a more in-depth study of Civil economics see: Gentilucci 2017b.

⁸Understood as a behavioural norm (both co-operational and relational) that takes into account social, educational and human motivations that encourage economic stakeholders to enter into relationships. Reciprocity exceeds family ties, economic relations and fraternal ties: it is a responsibility towards others which stems from our shared place of origin in Creation. One consequence of reciprocal behaviour is an attention to market results that are geared towards social equity, one of the founding values of civil economics (Bazzichi 2003 and 2008). Currently the main supporters of civil economics in Italy are Stefano Zamagni and Luigino Bruni.

Renaissance, against an oligarchic Europe that had a passive, sombre idea of the economy (Rothbard 1995, 194-6).

It is, however, clear that a duality in economic thought could already be observed in XVI century Europe: on the one hand, the Mediterranean countries, influenced by Aristotelian ethical principles and the notion of distributive justice, and reciprocity and solidarity of the Catholic tradition; on the other hand, the Northern countries, marked by oligarchy and Lutheran obscurantism.

Two views of the world which, as we will see, have dictated two ways of interpreting economic relations and their purpose up to this very day.

A structural duality between Mediterranean and Continental Europe can also be observed in the economic history of the late 1800s due to the industrialisation of the latter in relation to the former.

This situation has evident sociological and cultural implications. First of all, southern Europe reached high employment in the service sector well before the high levels of industrial occupation typical of continental Europe and especially Germany (Wolleb 1993).

Thus, the common element linking Greece, Italy and Spain is a rapid growth due to the transition from an agrarian society to a tertiary (or service) economy, ensuring the pervasive presence of the State in the market. This has created at least three ways in which they differed from continental countries.

The first being that the prominent presence of the State in the market has formed a patronage-oriented society that veers towards common values that have an affinity with a particular social status. Lockwood (1992) claims that one consequence of this status-based society is the development of high levels of harmonious integration and conflict-free interactions between social groups (in contrast with the situation in so-called industrialized countries, which prioritise individualistic behaviour aimed at higher personal gain).

Second, the market influence of the State through social policies has slowed the influence of Neoclassical efficiency.

And finally, the presence of a structured agrarian society with its shared values, handed down in traditions and family ties, has incentivised the birth of a culture oriented towards collaboration, cooperation and solidarity. These values are less present in continental Europe, where society was mainly industrial in nature⁹.

In Mediterranean countries, the advent of democracy in the 1960s coincided with the birth of social democracy, favouring the development of a society that was diverse, more exposed to economic trends, and less geared towards production.

⁹Not forgetting the role played by the Catholic Church in the twentieth century with the publication of its social encyclicals. These documents praised the social and economic value of the family and ethics in social development. In 1891, the first Social Encyclical, *Rerum Novarum*, paved the way for a 10-yearly production which has continued until the most recent, *Laudato Si* (2015) by Pope Francis, particularly attentive to the environmental challenges we are facing. Ethical and moral values in these letters are found in the Compendium of the Social Doctrine of the Church, published by the Pontifical Council for Justice and Peace (2004), which is deeply attentive to safeguarding employment, welfare within the social sector and the development of human resources (Gentilucci 2016).

In turn, the fragile social structure increased the need to treat the welfare society as if it were a common good. In this sense, uniting the European market seems far more difficult for southern than continental European countries, whose representatives have taken on the role of regulators and guardians of the markets and industrial production.

In this regard, Latouche (2000) also recognises a Mediterranean tendency to take into account the complexity of socio-economic relations, the diversity of production and ethical and social values. In particular public expenditure in MEMs is based on a low level of social assistance, free higher education, strong labour protection and welfare programs in areas such as the development of human resources.

Shifting the focus from state to market, the adoption of restrictive EU policy has obliged southern European countries to make cuts to social spending, forcing the private sector to intervene in an effort to fill the gap left by the state through the efforts of third-sector organisations (Offe 1984).

In the literature it is a well-known fact that in Mediterranean countries the non-profit sector is increasing its involvement with the profit system, in accordance with the needs of environmental and social sustainability, human rights and employment (Schneider, Schneider and Hansen 1972).

Another factor that impacted Mediterranean cultures and economies in the Twentieth century was the emigration of the workforce (skilled and unskilled workers) who left southern Europe for continental capitalist countries. Migration (emigration up to the 1960s, immigration until the 1980s) has served as instrument of social mobilisation, most of all due to the fact that income has caused a change in lifestyles, with a marked shift from an agrarian to a consumer society.

Once again, in the mid Nineties, wealth and well-being improved, but this was not accompanied by a process of capitalistic industrialisation. Instead, local traditions were invigorated, reciprocity between social groups was maintained, the political and social status was confirmed¹⁰.

A social, democratic citizenry has established itself in Mediterranean Europe, with a majority of the middle-class (artisans and state workers) and poor classes (agricultural sector) exhibiting a high degree of heterogeneity which is not found in the rest of Europe.

The welfare state is, therefore, more aid-oriented, as it is inspired by social solidarity, the redistribution of wealth and the need to support demand in order to uphold security and protect social democracy.

These characteristics clash with the principles imposed by continental monetarism (inspired by meritocracy). In substance, the hardships brought by the process of uniting the European market become even more serious in the southern European context as they express the values of an economy which (in the absence of a technocratic state, a strong industry and privatization) can only grow if demand is maintained (Sapelli 1996, p. 34-36).

¹⁰Sapelli (1996, p. 30-33) highlights the fact that the process of modernization and economic integration for Greece, Spain, and Italy in an international context happened at different times but nonetheless had a common element: the fact that all these countries had experience emigration meant they were open to social integration.

Currently, MEM can be explained as a civil approach to economics which unites the Mediterranean countries and endorses an idea of the market as “anthropic and altruistic” (in the sense of a market that concerns man) in which the state, having recognised its central role in economic growth, leaves space for civil society (the third sector). Achieving a degree of welfare that is efficient for the requirements of society is a prerogative for the state.

According to Zamagni (1997), civil economy is understood as being: “*all those processes/activities for which neither formal coercion [public economy] nor the push for profit [private economy] are guiding principles [as this is given by] the principle of reciprocity*”.

There is a red line running from Mediterranean economic culture to the values of social cohesion.

Mainly in Italy, this deterioration has taken the form of family lobbies (clientelism) (Pridham 1984) and left no room for meritocracy¹¹ and created a weak, inadequate managing class of policy makers, though it has also created a substrate of shared public spirit and social relations which, today, is presenting itself as an opportunity to recover from the crisis.

The Historical Roots of European Social Market Economy

The origins of Social market economy can be found in Ordoliberalism (the Freiburg School), a liberal socioeconomic model that originated in 1930s Germany in response to the deep economic and political crisis the country was undergoing.

Furthermore, the roots of Ordoliberalism¹² can be traced to the Lutheran reform (the Reformation), a process in which two distinct cultures clashed: the Latin (culture), ancient in origin but subsequently refined by the Renaissance and the Catholic age (Scotti 1839); and the Germanic, coarser and cruel (Fanfani 1961, 508).

The Lutheran dynasty reached its highest form of expression with the May Laws (1873), which removed almost any form of power from the bishops (Valente 2004, 179). XIII century German culture possessed these characteristics because it had not experienced religious dominance (Weber 1965 (2002), 88). Even during the Kulturkampf struggle under the guidance of Bismarck, feelings of hostility towards the Church had not disappeared.

Lutheran capitalism derives from Martin Luther’s vision of the human condition, in which man, guilty of original sin, can only find salvation by living a

¹¹Meritocracy gives value to excellence irrespective of provenance, where by “provenance” we mean ethnicity, political party, gender; in Italy, though, it mainly indicates the family of origin (Abravanel 2008).

¹²We have to thank A. Muller-Armack for coining the phrase Social Market Economy (Soziale Marktwirtschaft). With this formula, he intended to link, on the basis of the economics of competition, free initiative to social progress through the activities of market economy (Forte - Felice 2010). Muller-Armack is a member of the Freiburg School (1940), which supports a socio-economic model that is a third way between liberalism and collectivism, maintaining that free competition must be regulated within an institutional framework.

life of conscious repentance, at the end of which only God can grant him eternal salvation.

This pessimistic view influences human life with an eternal inner struggle: seesawing between individualism and selfishness in the hope of being forgiven at the moment of passage from earthly life. Subsequently, all contacts with other men are influenced by the fact that each one of us will focus solely on our own goals in order to obtain the best results, proving to God that we are better than the others. Luther recognised that in this world, the State must wield significant power in order to stop the freedoms of individual conscience from rendering any form of coexistence possible.

In an economic sense, this view of God exalts individualism and competition between men; it is but a short step from the religious to the social sphere. Individualism and the search for efficiency in results is also promoted (Felice 2013). Socially speaking, any action based on value judgements (such as justice and fairness) is not taken into consideration: in front of God, no man can judge whether a thing is good or bad.

We can observe a clear connection with the concept of happiness that characterises the Mediterranean view of economics. From the Lutheran perspective, man aimed not for contentment inspired by Nicomachean virtues but a Benthamian utilitarianism in which man aims to reach a state of happiness that is rational, devoid of pain, unease and dissatisfaction (absence of utility) and in which he seeks nothing less than the highest utility for himself. It goes without saying that man acts without involving his inner spirit, in a mechanistic line of reasoning that weighs up costs and benefits.

According to the outdated Weberian history of economic thought, capitalism emerged from the protestant, Lutheran tradition, while it is established that, thanks to the Aristotelian concept of liberal virtues and the notion of commerce as *cum-petere* (from the Latin: asking together in the market), the origin of capitalism can actually be found in Catholicism (Stark 2019).

German Ordoliberalism is a complex economic and institutional system of thought of Franciscan Lutheran inspiration which should be considered together with the bulk of the policies inspired by the members of the Freiburg School, active between the 1940s and 50s.

Its members belong to that generation of Germans who lived through the violent breakdown of their world and, more generally speaking, the death of Old Europe.

They can easily be included among those thinkers for whom the “crisis” of their era was a heavy burden to bear. For this reason, they felt a need to understand the political and economic processes that were responsible for changing the face of Europe (and the entire world) after the Great War. The economists of this particular School envisaged an economic rationale able to cancel, or at the very least to neutralise, the irrational part of capitalism through an established legal order known to us as Ordoliberalism.

The Freiburg School came to life in the cultural environment that flourished in the post-Weimar era. Its thinking was inspired by the writings of Von Mises in his 1919 paper, “Nation, State and Economy”, in which it is claimed that free trade is

not spontaneous but should be induced and regulated within an institutional framework.

Forte and Felice (2010) recall that the first ever systematization of Ordoliberalism would be published in Germany in 1936: “*The Ordo Manifesto of 1936*”¹³, an interdisciplinary work combining economics and law, written by F. Böhm, H. Grossmann-Dörth and Walter Eucken¹⁴.

In 1943, at the behest of Pastor Dietrich Bonhöffer, C. Dietze, W. Eucken and A. Lampe published *Economic and Social Order*, with the aim of identifying the moral and ethical principles which should have guided Germany (Bonini 2012, 100).

In this rationale, they defined the conceptual and legal framework which gave birth to the Constitution of the German Federal Republic between 1945 and 1947 and laid the groundwork for the country’s economic rebirth.

It is in this conceptual framework that social market economy (*Soziale Marktwirtschaft*) was born. In 1956, A. Muller-Armack employed this market formula to connect free enterprise with social progress, on the basis of the economics of competition and guaranteed by market economy conditions (Forte and Felice 2010, 89), pointing towards a third way between liberalism and collectivism in which free competition is regulated in an institutional framework.

Finally, the debate on social market economy was concluded by Wilhelm Röpke in his 1958 paper, *The Social Framework of the Free Market - A Humane Economy* (Forte and Felice 2010, 140-42)¹⁵.

Last but not least, thanks to the contribution of W. Erhard, the social market economy was effectively brought to and applied in Europe from the 1950s onward.

As already mentioned, Ordoliberalism emerges from a historical and cultural context of Lutheran inspiration, and its theorists, though Protestant, were inspired by Christianity, there existed a profound difference between their concept of market economy and the doctrine accepted by the Church. The market was seen as a place where solidarity was considered as being above other criteria for action in the market economy.

However, the Ordoliberals conceived of the market as being regulated on the basis of selfish interests in which each actor tries to maximise his utility and competitive advantages. Though this position is certainly close to Anglo-Saxon liberalism, we must point out an important difference between the two: liberalism tends to distrust state intervention, viewed as inappropriate as market laws guarantee competitive relationships and the best allocation of resources; instead, Ordoliberalism supports the idea that when a market is left to its own devices,

¹³The ordoliberal model is at the root of the current incarnation of the European Union (Forte and Felice 2010, 8).

¹⁴The latter also published, in 1939, *I fondamenti dell'economia politica*, reprinted 1951, Sansoni Firenze.

¹⁵Also: W. Röpke "Presupposti e limiti del mercato" from the volume *Al di là dell'offerta e della domanda. Verso una economia umana* (1958); and "Teoria degli interventi conformi", *La crisi sociale del nostro tempo*.

power will become concentrated into few offices, favouring inequality and lack of social justice and jeopardising freedom of enterprise (Joerges 1997)¹⁶.

Consequently, to correct the interests of society, prevent sectoral agreements and monopolistic practices and guide market action towards a pure, orderly form of liberalism, the state is required to be strong. Its role is to protect market mechanisms, not existing enterprises (Libertini 2009).

However, this method will only allow the strongest companies to survive competition, and leave very little room for companies with low profit margins, such as small enterprises or non-profit establishments which are very common in Mediterranean countries.

For these reasons, social market economy is also known as an “*economy of rules*” and is the place where economics and the law meet and give birth to an “economic constitution”, untouched by any form of economic planning or state intervention¹⁷.

In this approach, competition is recognised as a public good and a harbinger of liberal principles that, like other constitutional principles, must be protected: the State, therefore, takes on the role of arbiter of market rules.

The basic qualifying points of social market economy can be synthesised in this way: a stringent monetary regime; credit given in compliance with the rules of competition; the regulation of competition to avoid the risk of monopolies; a neutral fiscal policy in relation to competition; avoiding subsidization which might alter competition; environmental protection.

The Difficulties faced by Europe

Within the context of the current debate surrounding the European Union, one of the burning issues concerns the degree to which Ordoliberal principles can be held accountable for the position Germany has assumed regarding imbalances within the Eurozone.

According to Mesini (2018), they are directly responsible for the current situation, seeing as constraints imposed by Ordoliberal thought have become the main driving force in the European economic union. This claim is supported by the position assumed by Germany on bailout policies for the crisis-hit countries

¹⁶ See: A. Musto (2011), “Economia sociale di mercato e trattato di Lisbona. Sintesi critica di un seminario fiorentino”, *Persona e Mercato Saggi*, <http://www.personaemercato.it/wp-content/uploads/2011/10/musto-attualita.pdf>

¹⁷ More recently, the Austrian School of Von Mises seems to have tackled the subjects dear to social market economy through the contributions of Thomas Woods, Wilhelm Roscher and Joseph Novak. Goldschmidt defines Ordoliberalism as a mélange of socio-political ideas favouring a free, socially just society which defines some general rules of economic policy. A decidedly liberal concept, founded on individual freedom and the conviction that functioning markets and competition lead inevitably to economic efficiency (Felice 2008).

which do not follow Ordoliberal principles¹⁸. After all, as stipulated in the Treaty of Lisbon (2008) under art.3 comma 3:

The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. (Musto 2011)

In our opinion (and that of an extensive collection of literature), the phrase “highly competitive social market economy” points to the applicability of Ordoliberal principles in all European countries, even the Mediterranean group who share the economic history of Germany and have found, as we shall see, difficulty in following the requirements of a monetary stability that is leading Europe towards a gloomy austerity.

A further remark appears to be relevant. In the Treaty of Amsterdam (1999), the first fundamental document establishing the Union, art.4 clearly identifies “free competition” as one of the fundamental values of EU law. The fact that this term has been replaced by “competition”¹⁹ should not be underestimated, as it indicates a change of strategy on the part of the political institutions in their management of economic relations within the Union. According to some, this was a legislative political decision, aimed at redefining the set of values embraced by Europe (De Pasquale 2009, 81).

Competition implies antagonism, such as we may find in a sports competition; rivalry and the struggle for an exclusive result (in the sense that it excludes other participants); instead, *free competition* implies the existence of a market in which individuals are free to express their choices in function of their ethical motives, a place where economic relations can be regulated by reciprocity and an acknowledgement of shared values (Corso 2006).

In agreement with the views expressed by Zamagni and Bruni (2009), MEM economies see competition as lower on the value scale compared to free competition.

In this approach, social and solidarity policies beneficial to civil society, but not directly aimed the production, are excluded from the market. Consequently, any contribution from the third sector is tolerated, but not relevant to the agenda for economic policy. The state must safeguard an efficient, competitive environment.

Furthermore, as evidenced by large numbers of Italian, Spanish²⁰ and Greek economists (Varoufakis 2018)²¹, Germany has improved its economic performance

¹⁸Such as the reluctance with which Germany participated in the European Stability Mechanism, set up in 2012 to provide loans to euro area countries in financial distress (Greece, Cyprus, Portugal, Ireland, Spain) which is being hotly debated in Europe.

¹⁹In the Italian language, *concorrenza*, or “free competition”, is understood to be a type of competition in which participants compete jointly to reach a result that is satisfactory for all; while *competizione*, or “competition”, implies participants are rivals or antagonists.

²⁰A document addressed to the Institutions of the European Union which was signed by a few hundred Italian and Spanish economists <http://www.letteradeglieconomisti.it>.

(also shown by its constant trade surplus) while countries like Greece, Portugal, Spain, Italy and France have found themselves accumulating increasing debt, creating a situation which has aggravated their National economic difficulties without allowing them to overcome their structural imbalances.

Which way forward for Europe

We shall start with a quote from J. M. Keynes (1926):

The political problem of mankind is to combine three things: economic efficiency, social justice and individual liberty. The first needs criticism, precaution and technical knowledge; the second, an unselfish and enthusiastic spirit which loves the ordinary man; the third, tolerance, breadth, appreciation of the excellencies of variety and independence.

The first point to make on the subject is that, as is widely known, Keynes was both witness and analyst of a market system which was very similar to the current Mediterranean Economic Model: characterised by an underemployment equilibrium, guaranteed by insufficient demand (with a persistent shortfall) and weak social (welfare) guarantees. In this context, following Keynes' logic, the state is entitled to invest in socially beneficial areas that are often neglected by private investors, due to them not being profitable enough. In this way, the state stimulates aggregate demand and helps the weaker sectors of the population, unlike the free market guaranteeing adequate levels of social justice.

The quote by Keynes leads us to yet another consideration: the economic systems analysed in this paper appear to regard efficiency, individual freedom and social justice in a different manner.

In Social Market Economy, economic freedom leads to efficiency (imposed by price as a measure of scarcity), and the latter becomes an expression of a social justice which does not impose value judgement (the results of an efficient market are the best for the community).

In MEM, social justice is the expression of a welfare society that is attentive to the common good and therefore the efficacy of its action, it guarantees individual freedoms without harming economic efficiency. Indeed, in this model, the market and the state are not antagonists, but subsidiary to each other.

It is, furthermore, interesting to note that the Freiburg School of old (Röpke 1963), and the contemporary ESM system are opposed to Keynesian thinking (Felice 2007; Forte *et al.* 2013) as public spending leads to inflation (due to deficit financing), even though it is very unlikely that applying a restrictive monetary policy will create employment and boost demand (unless we appeal to Say's Law which, however, does not seem to have ever amounted to anything in the history of capitalism).

In truth, Keynes' vision still seems to suggest the best solution for the current crisis in the European system, since in an under-employment equilibrium, deficit

²¹See also: Laskos and Tsakalotos (2015).

spending would boost the inner wheels of the income multiplier without producing inflation.

It must also be remembered that when Keynesian policies were applied to capitalist economies in the 1960s, their budget deficit never exceeded 1%; and that when, in the 1970s, Keynesian economies fell out of favour in the academic mainstream in favour of Friedman's theory of monetarism, budgetary deficits rose to over 4% until the 1980s (Conti 2015).

Today, just as then, the problem facing the MEM countries does not seem to be the threat of the return of inflation (the current trend favours deflation), rather high unemployment coupled with the lack of adequate levels of aggregate demand, before even considering the fact that cuts to the welfare state bring about a situation of collective unease which magnifies problems (Atkinson 2000).

In Mediterranean economic thinking, an efficient management of public spending, attentive to efficacy and collective needs, would contribute to growth without inflation even in a situation of deficit, especially if it was open to innovative investment in areas that are not traditionally favoured by the for-profit sector (Varoufakis 2018).

The continental countries (Germany and France), being based around traditional industry and a trade surplus, have the opposite problem: they must rein in demand and public spending to ensure the stability of the euro.

In short, we would like to cast doubt on two stereotypes: that European concerns regarding Ordoliberal monetary policy are wrong, and budget deficits are always connected to welfare society choices that aim to boost demand.

The Future of MEM in Europe

There is therefore a clear fact: in Europe, there are two distinct economic macrosystems with their own history, philosophy and cultural traditions. These cannot be placed together under the same economic logic: just as monetarism has shown how devastating it is for Mediterranean countries, in the same way Keynesian policies would be inappropriate for the fundamentals of continental Europe.

In our opinion, the Eurozone's general malaise can be traced to these differences, which are cultural and structural in nature.

Culturally, each economic system comes into being and develops following a personal historical path: in other words, an economic system is similar to a piece of clothing which fits the wearer, but will be a bad fit for those who don't possess the same characteristics.

Thus, if ESM is a historical phenomenon limited to the German Federal Republic which, from 1949 to 1966 was responsible for the Ordoliberal-inspired economic miracle of the 1950s; MEM, on the other hand, is inspired by a far-reaching millennial thinking which has forged cultures and traditions from Aristotle to the present day and has as its focus the welfare society (Mesini 2018).

Consequently, even structurally speaking there are actually two methods of managing the market: the German ESM based on a liberal state, arbiter of an industrialised production system; and a Mediterranean system based on a

subsidiary collaboration between state institutions and civil society to implement policies of welfare society.

So is there a common road to growth in Europe?

The problem brings us back to the unsolved dilemma of whether it is possible to export pre-existing market models. The fact that it seems impossible to solve this dilemma is down to differences in the economic and social makeup of the southern European countries. It is difficult to reconcile their public and private institutions with monetarist policies, though they find a more favourable environment in welfare society policies.

In order to support the union of Europe, a new vision and new direction for general economic policy is needed.

Accordingly, Ingellis (2017) wrote:

Both in the European political debate and in the mass media representation of the downturn impact, Italy, Portugal, Greece and Spain are considered the countries with the worst situation up to the point of being called "PIGS", in a derogative sense.

The question to ask is not, therefore, whether MEM countries should be called "PIGS", but whether Keynesian policies should always be considered harmful; or if, on the other hand, blockages to growth might not be brought about by the practice of applying monetary policies indistinctly to all socio-political conditions.

It is not easy to identify a common path to growth for Europe; perhaps, instead of trying to standardise differences and in the process distorting their identity, it might be more appropriate to embrace this diversity as offering opportunities for growth and the protection of human rights and economic liberalism: the PIGS could be taken as an example of the power of solidarity and the welfare society to make the human-centred market more efficient. Likewise, the countries of northern Europe could remain an example of constitutional economic liberalism which guarantees the existence of efficient markets in the absence of power positions.

Furthermore, in close co-ordination with the monetary policy imposed by the European economic system (as per the social market economy), it is necessary to suggest surplus countries take measures to increase demand in order to start a process of sustainable rebalancing vis-à-vis the non-euro area.

Conclusion

Therefore, MEM offers a view of capitalism which brings the countries of Mediterranean Europe together: with its roots in the philosophy of Aristotle and St. Thomas Aquinas, flourishing in Italian humanism and the Spanish School of Salamanca and finding its identity in the current system of civil economy. The shared historical origins of Mediterranean thought are also a sign of a common economic vision which is attentive to the welfare society and collective needs. However, these characteristics also seem to be at the root of difficulties which are faced on the path towards the monetary union dictated by Germany.

In fact, the European economic model has been shaped by social market economy Ordoliberal principles founded on an austere, Lutheran concept of the welfare state, where the state is a neutral figure, guarantor of market competition.

The fact that European institutions have failed to take into account cultural differences between MEM and ESM is the chief cause of challenges faced by Mediterranean countries which are trying to maintain their position within the European Union. There is much literature confirming that Keynesian policies, albeit denied by restrictive monetary policy, would give them room to breathe²².

In reality, the evident difference between Mediterranean and continental Europe regarding the management of public spending should not be analysed here, though it should make us reflect on the fact that historical processes should never be underestimated.

To sum up, it is necessary for Europe to embark on a path which focuses on the following areas: on the development of productive forces, of increasing wellbeing, protecting the environment and territory and social equity. It is possible to carry such a task out in line with monetary stability, whilst taking into account liberal culture and the requirements of civil society which plays such an important in the MEM countries.

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²²Ironically, some American economists have described this particular European policy choice as the "Pact of Stupidity" seeing as the practice of curbing public spending and applying restrictive monetary policies tends to lead to recession instead of supporting growth. *Essentials of Economics*, Krugman et al. (2016).

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The Role of Algorithms in the Crisis of Democracy

By Gloria Marchetti*

The essay aims at analyzing the relationship between algorithms and democracy. Algorithms used by platforms can lead to disinformation so as to produce an impact on democracy. The essay then focuses on the possible solutions to deal with this phenomenon and assesses their limits.

Keywords: *Algorithms and democracy, political disinformation, fake news, democratic electoral process, policy decision process.*

Introduction

Algorithms play a fundamental role in current information. In the past, traditional media managed the production, verification and communication of news. In online information, instead, it is algorithms used by the platforms that are relevant. Algorithms are able to sort the information that appears on the users' screen. This order of news, however, is not the result of an objective and neutral search: instead, algorithms select the information to be proposed to individual users based on their interests, opinions and prejudices. This selection is possible because the platforms collect the users' personal data, used while surfing the Net and, through their analysis and aggregation, are able to predict the users' future behavior (Pasquale 2015).

These elements could endanger some democratic principles and values. Firstly, democracy could be endangered precisely by the weakening of the information role that traditional mass media had in the past: in fact, they would no longer be able to select and control information or to deny false news (Levi 2018, Baker 1998). This is also because citizens tend to get more and more informed through the Net and less and less through traditional media. Indeed, many citizens, especially younger ones, inquire only through the Net.

Secondly, the users, through profiling operated by algorithms, are at risk of receiving only that news that reflects their orientations, opinions and prejudices. On the other hand, users also tend to search online for information that reflects their way of thinking and share it with other users. Furthermore, algorithms, in addition to selecting the news to be proposed to each user, would also produce another effect, object of study in recent years: the users tend to close and isolate themselves in the so called 'filter bubble' that filters the reality of the facts, prevents the comparison with different points of view and creates an echo effect (Pariser 2011). This can create another phenomenon defined as 'confirmation bias', which is the strengthening of one's own opinions and prejudices. In this way, the principle of information pluralism could be severely penalized.

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Thirdly, algorithms not only contribute to creating and spreading fake news, but are also able to influence users, who tend to believe it, because it is truthful, but above all because it is in line with their ideas. Moreover, the average user tends not to verify the truthfulness of the news but believes it also due to a growing mistrust towards traditional mass media and because of the number of shares and 'likes'. Furthermore, platforms tend to keep the user as much as possible on certain pages, through the dissemination of news, even false news, capable of arousing curiosity and emotions.

Thus, algorithms can play a fundamental role in creating and disseminating ad hoc fake news, for particular purposes. The purposes can be: limit the right to be correctly informed; orienting public opinion; discredit politicians and governments and their actions and, consequently, condition the voters' vote. This fake news, artfully created for specific purposes, is potentially capable of producing serious effects. On one hand, the closure of the users in a 'filter bubble' and the 'echo effect' contribute to amplify false news especially among like-minded people. On the other hand, the phenomenon of 'confirmation bias', leads users to believe not so much in the true news but in that which confirms their opinions and their prejudices. Consequently, these users will tend to share information especially with those who are 'locked up' in the same 'bubble'. In this way, fake news can be used as a tool for ideological, cultural and political propaganda. This could strongly condition public and political opinion and user behavior. There could be a real 'manipulation' of information, conceived artfully, by ideological movements, power groups or politicians.

In the media context described above, therefore, the risk is a penalization of some democratic principles: the principle of pluralism of information; the principle of freedom of information like the basis for the formation of a public opinion that leads to a conscious exercise of civil and political rights.

Furthermore, there is another risk, more particularly, for representative democracy. Algorithms are increasingly present in policy decision-making processes but this should not replace democratic systems based on indirect democracy.

There are also other problems. Many users do not know that the information they receive online is selected on the basis of their profiles but believe that it is neutral. In any case, users who receive selected information, based on a profiling that could influence their behavior, ignore the methods and operating criteria used by algorithms, since these are unknown. This poses problems of transparency and neutrality in the Net which could jeopardize the exercise of freedom of expression on the Internet. In addition, users are often unable to distinguish between false and true information (Barthel et al. 2016, Donald 2016).

The purpose of this study is to offer a contribution to the ongoing scientific debate on the impact of algorithms on democracy. In particular, believing that there is a danger for democracy that would justify regulatory intervention by States, some proposals for measures that can be taken to deal with this phenomenon will be put forward.

This paper begins with an introduction to the issues linked to the relationship between profiling online users, through the algorithms, the fake news created

specifically to manipulate public opinion and the dangers for democracy. Next, a literature review will show how the recent doctrine has focused on these issues and many authors have highlighted the risks to democracy due to the spread of fake news. In accordance with this doctrine, it will be argued that platforms that use algorithms are potentially capable of producing negative consequences on pluralist and representative democracy. On one hand, we will examine the role of algorithms in changes in political information - changes characterized by the spread of fake news and the strengthening of personalization of politics, polarization radicalization of the political debate - and on the impact on the democratic electoral processes. On the other hand, the role of algorithms in the policy decision process will be analyzed and the risks for representative democracy will be assessed. The framework that will be described in the work, will lead to a belief that a regulatory intervention is necessary to limit the creation and dissemination of that news, specifically created for the purpose of influencing users' choices and behaviors, as well as their vote, with serious consequences for the democratic systems. On the other hand, the hypothesis of regulatory interventions, that limit the use of platforms that involve users in the policy decision process, will also be evaluated, because the mechanisms of operation of algorithms are obscure and many citizens would be excluded. Then, the possible measures that can be introduced, at the national or European level, aimed at limiting the impact of algorithms on democracy will be examined. Measures aimed at: limiting the creation and dissemination of fake news specifically created to manipulate citizens' votes; making the functioning mechanisms of algorithms more transparent; providing for transparency obligations and tools to identify the author of the false news, through forms of accountability in their dissemination and the possibility of denying them, through debunking tools, rectifying them or, sometimes, removing them, after an evaluation by a judicial authority; enhancing the Media Literacy of network users to develop in them a critical spirit towards the news. Then, the effectiveness of the various proposed measures will be assessed, also on the basis of experiments conducted in some countries and researches conducted, in this regard, especially in the United States. Finally, we will conclude our results arguing that a single measure, provided for by state regulations, would not be able to limit the phenomenon of fake news and to make the algorithms' operating methods more transparent. In conclusion, therefore, taking into account each measure considered has limits, it will be argued that a regulation that provides for a mix of different measures would be appropriate. It should be anticipated, however, that a mix of measures is not expected to solve the problem of the impact of algorithms on democracy.

Literature Review

Research on the impact of algorithms on democracy has started in the international arena in a relatively recent period. Some of the work in the last years is summarized below.

The changes in online information have been studied by Salganik et al. (2006), Hodas and Lerman (2012), McNair (2017), Nematzadeh et al. (2017) and Riva (2018).

Shao et al. (2018) conducted research on a sample of articles, showing that a great deal of online news is untruthful.

Reaney (2013), Barthel et al. (2016) and Donald (2016) highlighted the difficulties for users in the social media environment, to distinguish between true and false news.

Baron and Crotoft (2017) have shown, through a series of researches, that users tend to believe more in false news on the Net than in real news spread by traditional mass media, because they no longer trust them.

On the relationship between online information (or rather disinformation), the formation of public opinion and democracy, research has been conducted by Morozov (2011), Panarari (2017), Papa (2018), Cuniberti (2017), Caravita (2018), Manetti (2018), Pitruzzella (2017), Costa (2016), Borello (2017), Pinelli (2017), West (2017), Syed (2017), Balkin (2018), Boccia Artieri and Marinelli (2018), Gurumurthy and Bharthur (2018), Mezza (2018), Smith-Roberts (2018).

Pasquale (2015) talks about the Black Box Society by assimilating the platforms to a black box: in the same way as black boxes the platforms collect our data but it is not possible to know how they work.

Baker (1998) and Levi (2018) wonder if the weakening of the informative role of the press and, more generally, of the traditional mass media does not constitute a danger for democracy, as they are no longer able to neutralize false news and exercise their role as "gatekeepers" on the activities of the institutions and power.

Pariser (2011) highlights the risk that the user tends, in the network, to close himself in a 'bubble' built on the basis of his ideas, beliefs and prejudices, reinforcing them. Other studies on the topic have been conducted by Zuiderveen Borgesius et al. (2016) and Pitruzzella (2017).

Aalberg and Curran (2012), Donati (2017), Pizzetti (2017), Tucker et al. (2017), Bassini and Vigevari (2017) and Gallone (2019) have studied the possible effects of fake news on democracy.

More specifically, D'Atena (2018) and Ciarlo (2018) believe that fake news can influence and manipulate the consent of the voters and, consequently, their vote. Frosini (2017) has a different opinion. Huighe (2016), Berghel (2017), Bennett and Livingston (2018), Lorusso (2018), Morgan (2018), Ziccardi (2019), Allcott and Gentzkow (2017), Groshek and Koc-Michalska (2017) and Caravita (2019) also studied the topic.

Frankovic (2016), Gaughan (2017), Russonello (2016), Persily (2017), Faris et al. (2017) and Ciarlo (2018) highlighted the impact of the Net on the American presidential election vote and Brexit.

The studies of Keyes (2004), Sinclair and Wars (2006), Ratkiewicz et al. (2011), Bakshy et al. (2015), Rožukalne (2015), Huighe (2016), Silverman (2016), Quattrocioni and Vicini (2016), Quattrocioni and Vicini (2018), Giglietto et al. (2019), Iacoboni (2016), Gili and Maddalena (2017), Spohr (2017), Grassegger and Krogerus (2017), Bistagnino and Fumagalli (2018), Del Vicario et al. (2019),

Perucchiatti (2018), Visco Comandini (2018) and Reinemann et al. (2017) have highlighted the changes in online political information.

Furthermore, recent studies have dealt, more specifically, with the tools to combat the phenomenon of fake news, also highlighting their limits. Some studies listed below are significant in this context.

Butler (2018) expects a legislative intervention to deal with the phenomenon of fake news. On the contrary are Goldberg (2018), Klein and Wueller (2017).

The studies of Nyhan and Reifler (2010), De Keersmaecker and Roets (2017) and Nyhan and Reifler (2019) have highlighted the limits of the correction or removal systems of fake news.

De Keersmaecker and Roets (2017), Royster (2017) and Jolls and Johnsen (2018) believe that Media Literacy is ineffective.

Nyhan and Reifler (2010), Nyhan (2017) and Pennycook and Rand (2017) believe that fact checking and warning systems are ineffective.

The studies of Zollo et al. (2017) and Baron and Crotoft (2017) showed that debunking is ineffective.

Methodology in the Analysis of Topics Covered and Expected Results

The methodology used in the research of problems and concepts includes a careful analysis of updated literature, capable of expressing the theoretical and scientific, as well as practical, findings of the topics covered in this study.

Considering the context in which the theme of the relationship between algorithms and democracy is developing, without a practical approach, many of the considerations made would not be understandable. For this reason, the results of researches carried out in recent years have been examined, which concern the analysis of the facts and practical implications related to the impact of algorithms on democratic processes. On the basis of this researches, also based on the empirical experiences that have taken place, in the United States and in European countries, it will be possible to argue that platforms that use algorithms are potentially able to produce negative consequences on pluralist and representative democracy.

The methodological approach is the legal one and the solution proposed to deal with this phenomenon is based on regulatory intervention.

The method used in the research is aimed at motivating the proposal to introduce legislation, at the level of individual States, or at the level of the European Union, which provides for adequate measures aimed at limiting fake news harmful to democracy and at enhancing the transparency of algorithms. However, the results of researches carried out in recent years, also on the basis of the examination of experiments introduced in some countries and by the European Union, have revealed the limits of these measures.

Therefore, the expected result of the research is not to identify the best solution to deal with the problems covered by the study but, rather, to demonstrate the need for a regulatory intervention that provides for a mix of measures.

Measures that, even if they cannot completely solve the problem of the impact of algorithms on democracy, can, at least in part, limit its negative effects.

The Role of Algorithms in Changing Political Information and its Consequences on the Democratic Electoral Processes

The algorithms used by the platforms have changed the characteristics of political information with possible consequences for democracy.

Among the fake news that algorithms help to create and disseminate there are those concerning politics, in general, and election campaigns, in particular. Thanks to 'profiling' it is possible to know the users' orientations and prejudices. Leveraging on profiling, politicians tend to give more prominence to news that can give them greater visibility and to arouse empathy and emotions in users (Ratkiewicz et al. 2011, Silverman 2016, Shao et al. 2018). The objective of the political information, in this case, is no longer to inform about the activity of politicians or parties, but to obtain consensus and discredit opponents and their actions, through the creation of fake news and ad hoc reality (Keyes 2004, Gili and Maddalena 2017, Grassegger and Krogerus 2017, Pitruzzella et al. 2017, Bistagnino and Fumagalli 2018). So, platforms that use algorithms play an important role in electoral and democratic processes. Because user profiling can be used, political opinions are easily orientable by this fake news. This has important consequences not only for the right to information but also for the results of the elections, thus affecting democracy itself. In fact, starting from the vote on Brexit and for the American elections, the problem of the manipulation of consensus and the 'pollution' of the electoral campaigns, also by foreign governments, has arisen during several elections: for example, for the presidential elections in France in 2017, for the political elections in Italy in 2018 and for the European elections in 2019. And it is precisely since 2016, following the election of President Trump that the attention of scholars has focused on the risk that information on the Net, through the 'profiling' of users - operated by algorithms used by search engines and by social media - can be used as a tool for political propaganda. Through profiling, in fact, the platforms have the possibility of orienting public opinion, limiting the comparison with a plurality of positions and information and may be able to manipulate the voters and, consequently, their vote (Persily 2017, Cuniberti 2017, Caravita 2018, Manetti 2018, Papa 2018, Berghel 2017, Bennett and Livingston 2018, Ciarlo 2018, D'Atena 2018, Morgan 2018, Ziccardi 2019, Allcott and Gentzkow 2017, Groshek and Koc-Michalska 2017). It is true that it is not possible to evaluate, in concrete terms, the impact of electoral propaganda on voters' voting through platforms, and, in particular, through social media. However, it seems undeniable that the media environment, dominated by algorithms, favors the manipulation of consensus and electoral campaigns.

Equally dangerous for democracy is the personalization of policy where the relationship between politician and voter profiled becomes direct. In this context, it is not relevant information on the activities of political parties or the government but the message of the politician, in order to obtain consensus (Perucchiatti 2018).

On the other hand, the Web network is often perceived by users as a means of expressing dissent and to destabilize traditional politics, traditional media and intermediate bodies, including political parties. From this point of view, disintermediation is a problem in the countries based on representative democracy.

Furthermore, a danger to democracy is represented by the 'pollution' of the online public debate. The language of online political information is different from that used by traditional media (Mazzoleni 2012). Because the message tends to be direct and shared, the language is often characterized by exaggerated and aggressive tones that seem to leave little space for dialogue and political confrontation. In this context, the fake news strengthens polarization due to the 'filter bubbles' and 'echo chambers' created by users' tendencies to follow those who share their opinion and prejudices. In this way, a party polarization is created in a 'post-truth' society: the political debate is no longer rational because users tend to isolate themselves in a 'bubble' and remain closed to different positions. The polarization of some topics occurs above all before election time: fake news online tends to amplify and polarize some topics, like populism, nationalism, white supremacy, anti-immigrant sentiment, homophobia, antimulticulturalism, antisemitism and racism and the need for strong leadership to restore a social order (Ciarlo 2018).

In this media context, the most radical parties seem to be gaining ground because - thanks to profiling through algorithms - they leverage the opinions and prejudices of the voters. The candidates tend to create sensational information in order to discredit the opponents (Rožukalne 2015, Huighe 2016). Trump's campaign was a demonstration of this. The Net tends to produce and disseminate fake news which, however, is believed to be true by users who are often induced to support radical political movements, especially right-wing ones. These radical right-wing movements tend to reject the institutions, traditional parties and traditional media. It is true that the polarization and radicalization of politics are due, more generally, to a series of contingent circumstances, such as: the crisis of traditional parties, the inability of the political class to make viable proposals in the long run and to cope with certain economic and social situations. Circumstances that have increased citizens' distrust of traditional parties, institutions and the press, as well as systems of representative democracy. But it is equally true that the Net favors and amplifies the polarization and radicalization of politics. It is precisely citizens who seek alternative information and new political movements. Of course, there are also some radical leftist movements that spread fake news. Similar to the right-wing movements, there are radical left movements that tend to discredit traditional parties and democratic institutions. This could help increase the legitimacy crisis of democracy (Della Porta et al. 2017). In this context, one could point at, for example, the anti-political mobilization such as Occupy Wall Street and the Spanish M-15 Indignados and movement-parties such as Podemos in Spain. Even in cases where political information does not fit into a radical framework, there has been a polarization and radicalization of the political debate that have led to institutional divisions within democracies. Significant, in this sense, are the examples regarding the Brexit vote in the United Kingdom, the rise

of the Five Star movement in Italy and the victory of Emmanuel Macron in France (Iacoboni 2016).

These phenomena develop for several reasons. First of all, citizens seem to harbor greater distrust, than in the past, towards traditional politics, parties and the old media. Furthermore, algorithms used by platforms, being able to create and disseminate credible fake news for users, because they are profiled, make them believe that their minority opinion is shared by many.

All this can have serious consequences for democracy such as: a limitation of freedom to receive correct and objective information and damage democratic electoral processes.

The Role of Algorithms in the Policy Decision Process: The Risk for Democracy

On the other hand, a threat to democracy stems from the role of algorithms in the policy decision process and the consequences for citizen rights.

On the one side, through the platforms that use algorithms, a damage and a delegitimization of the representative democracy, takes place. Through the creation of fake news, by politicians, political parties, foreign governments, power groups or lobbies, not only public opinion and the vote of the voters are conditioned, but also the choices of politicians and government. The politicians, who through social media establish an increasingly direct relationship with the voters, will tend to make choices based on their requests. This could involve the risk that these choices are not prudent and effective in the long run but rather dictated by the need for immediate consent, which can be assessed through sharing and 'likes'. Just as voters can be conditioned by online political propaganda in their vote, politicians can be conditioned in their decisions by the amount of 'likes' received. The problem is that, in this way, voters who do not use the Net may not have the opportunity to make their voices heard.

On the other hand, algorithms should enhance citizens' ability to participate in public life. However, even in this case, many citizens would be excluded from this participation. Such participation has nothing to do with new types of direct, deliberative and participatory democracy, which can be considered positive, but only if they guarantee the involvement of all citizens. Furthermore, algorithms should not replace democratic institutions and the democratic systems based on indirect democracy. It is not acceptable to have completely automated political decisions, but despite that, algorithms are increasingly present in the decision-making processes. As a matter of fact, in some countries (e.g., Denmark) many public policies are adopted by algorithms with risks to democracy. Even in Italy the initial success of the Five Stars was partly due to the idea of citizen participation in the choices of politicians through the so-called Rousseau platform. The problem is that the algorithms are controlled by private corporations and elites and that the lack of transparency of some automated data processing could threaten democracy.

The Need to Introduce Regulation to Limit the Impact of Algorithms on Democracy: Examples of Regulation

In the light of the considerations made so far, it is believed that there is a danger for democracy such as to justify regulatory intervention, by individual States or the European Union. This in order to limit the impact of algorithms in democratic electoral processes and in the policy-decision processes. This is because the voting of the voters must be unconditional and policy-based tools based on platforms that endanger representative democracy are not admissible.

On the one hand, a regulation aimed at limiting the spread of fake news capable of altering democratic values should be introduced. In this regard, some European countries have adopted laws that provide for measures such as: the criminal repression of fake news; the provision of transparency obligations for Internet Server Providers (ISP) and the correction of fake news; the promotion of Media Literacy Programs. The disciplines introduced in Germany (*Gesetz zur Verbesserung der Rechtsdurchsetzung in sozialen Netzwerken – Netzwerkdurchsetzungsgesetz* - NetzDG, n. 536/17, 30 June 2017, aimed at countering all false news) and in France (*Loi n. 2018-1202 du 22 décembre 2018*, aimed at combating online disinformation during election periods) are based on penal repression: the purpose is to remove fake news and to punish criminally those who publish or disseminate it on the Net. Always with the aim of countering fake news, legislation has also been established in the order to impose obligations on ISP, to guarantee greater transparency and identify the authors of false news or to allow the ratification of certain information. The French law of 2018, for example, in addition to what has already been said, imposes on the platform's transparency obligations, in the pre-election periods, when they distribute sponsored contents, and provides for penalties in case of non-compliance. The Spanish law of 2018 (*Ley Orgánica 3/2018, de 5 de diciembre, de Protección de Datos Personales y garantía de los derechos digitales*) requires platforms to adopt protocols to allow users to exercise the right of rectification against users that disseminate content that violates, among other things, the right to receive truthful information. Other countries, such as Finland and Great Britain, have instead adopted Media Literacy measures for users. These are measures that aim at providing users with useful tools to consider information in a more conscious, independent and critical way, in order to assess its veracity.

On the other hand, legislation aimed at pushing platforms to clarify the functioning mechanisms of their algorithms should be introduced. In this regard, it is appropriate to remember that the Communication of the European Commission of 26 April 2018 (COM (2018) 236 final), entitled 'Tackling online disinformation: a European approach', provided for the elaboration of a Code of good practices, valid in each Member State, on the issue of disinformation, aimed - in addition to enhancing accountability and fact checking measures - to make the mechanisms of operation of algorithms more clear. Subsequently, the self-regulation code for digital platforms, of September 2018, aimed at combating the spread of false or misleading news, aimed at influencing the opinion of citizens or guaranteeing advertising income, was signed by some large digital platforms (Facebook, Google

and Mozilla), by some associations of platforms (EDIMA - Association of platforms) and advertising. However, among the aspects that have not been adequately considered by the Code, in contradiction with the guidelines indicated in the Commission Communication, there are precisely those concerning: the provision of greater transparency, both in terms of resources and sponsorships, and the platforms' commitment to clarify the functioning mechanisms of algorithms. However, this is an objective that will be difficult to pursue.

Conclusions: The Difficulties in Defining Effective Measures to Limit the Impact of Algorithms on Democracy

We can therefore argue that there is a need to introduce legislation, at the level of individual States or of the European Union, which provides for adequate measures aimed at limiting fake news harmful to democracy and at enhancing the transparency of algorithms. The problem, which we will try to highlight, is that these measures, however, have limitations, as well as being often difficult to implement.

First of all, in order to limit anonymity, transparency and accountability obligations should be provided for the activity of spreading false news capable of manipulating political opinions and conditioning voters' voting. Accountability tools are particularly useful because often users, politicians, power groups and governments use, in addition to invented names, fake accounts, i.e., anonymous or fake digital profiles, often created by robots. This is not a generalized introduction of the tool of anonymity: in general, in fact, the right to anonymity must be protected online, because it protects the freedom of expression and criticism in repressive or dictatorial regime contexts (think of the role of the Internet in the Arab Spring protesters). Instead, it would seem appropriate to introduce forms of struggle against anonymity in the case of fake news specifically disseminated by political subjects or power groups, in order to manipulate the political opinion of users and condition their vote, with repercussions on democracy. Of course, this is a delicate issue, because a part of the political class and many scholars are opposed, in any case, to the provision of tools that limit the right to anonymity. From a practical point of view, moreover, users, through new and sophisticated IT tools, could manage to circumvent the obstacle of the limit to anonymity.

Tools aimed at facilitating the reporting, by users, of fake news and fact checking tools, in order to verify the objectively false news that causes damage to democracy, could be introduced. Even fact checking tools, however, could prove to be ineffective. It would be impossible to entrust private individuals with a task of monitoring and verifying the news, because the mechanisms of operation of algorithms remain largely obscure both for users and for those who should adopt contrasting solutions. Furthermore, the hypothesis of using algorithms as fact checking tools to automatically identify false news poses some problems. It is doubtful that, at the moment, an algorithm could be able to verify the reliability and truthfulness of the news. But even if there were algorithms capable of completely eliminating certain fake news, dangerous for democracy, it cannot be

ruled out that users - due to the phenomenon of 'confirmation bias' - would continue to believe false news because it is more in line with their opinions and with their prejudices. Algorithms could also replicate and amplify user bias, especially in a highly polarized political context (Nyhan and Reifler 2010, Pennycook and Rand 2017). On the other hand, even if it were possible to develop algorithms capable of completely eliminating fake news harmful to democracy, useful news would also disappear, which, however, should still be available to users (Giglietto et al. 2016, Nyhan 2017).

At the same time, legislation would need to provide for debunking tools, aimed at doubting or denying, on the basis of scientific methodologies, false claims. But even these tools may not produce the desired effects. Once the news has been widespread, it is unlikely that a denial will reach all users who have read and shared it, regarding it as true. Moreover, the possible denial of false news, spread on the Net, risks it not being taken into consideration. In this regard, the research by Zollo et al. (2017) has shown that debunking is not effective because debunking posts tend to stimulate negative comments of users and fail, however, to change their initial opinions; indeed, users are inclined to believe that widespread truth is the result of a conspiracy to stem the fake truth they believe in and, therefore, continue to spread fake news (Zollo et al. 2017).

Finally, regulation that enhances Media Literacy would be appropriate, in order to develop knowledge and a critical spirit of citizens that allow them to evaluate a news item with greater objectivity. Even the tool of Media Literacy, however, may not produce the expected effects. In this regard, we agree with De Keersmaecker and Roets (2017) who have highlighted that Media Literacy, operating through rational processes, may not work because there is an emotional and irrational aspect that, as we have seen, leads users to believe in fake news (De Keersmaecker and Roets 2017). Moreover, Royster (2017) and Jolls and Johnsen (2018) have shown in their studies that the literacy programs, so far adopted, have not been effective (Royster 2017, Jolls and Johnsen 2018).

In conclusion, it can be argued that all the measures examined so far, or introduced in some countries, present problems, both in relation to their implementation and their effectiveness. Furthermore, it is difficult to impose obligations on platforms that constitute commercial giants that aim at profit. However, it is believed that, faced with a 'concrete' risk for democracy, individual States or the European Union must take all possible measures to deal with the phenomenon of the impact of algorithms on democratic values and processes. A regulation should therefore be adopted which envisages a mix of measures aimed at: limiting the creation and dissemination of fake news, specifically created to manipulate political opinion and the voting of the voters; making the functioning mechanisms of the algorithms more transparent; providing for transparency obligations and tools to identify the author of the false news, through forms of accountability in the dissemination of the same and the possibility of denying them, through debunking tools, rectifying them or, sometimes, removing them, after an evaluation by a judicial authority; enhancing the Media Literacy of network users to develop in them a critical spirit towards the news.

Of course, we are aware that even by adopting all the measures described above, at the same time, this will not solve the problem of the impact of algorithms on democracy. But it is believed that States and the European Union must take firm action to limit, at least in part, the distorting effects of this phenomenon.

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The Impact of Renaissance Dam on the Agriculture Sector in Egypt and Ethiopia

*By Sally Mohamed Farid Mahmoud**

The study aims to determine impact of the Renaissance Dam on the agriculture sector in Egypt and Ethiopia by presenting Ethiopian gains from building the dam and the regional and international investors in it. The study analyzes performance of the agricultural sector in Egypt and Ethiopia, then the impact of Renaissance Dam on it, using the econometric analysis method to measure impact of the Renaissance Dam on the agricultural sector in Egypt and Ethiopia. The results show the impact of Renaissance Dam on reduces the agricultural yield in Egypt Due to its effect on reduces the irrigated area. The study ends with risks of building the Renaissance Dam on Egypt and Ethiopia.

Keywords: *The Renaissance Dam, agriculture sector, Ethiopia, Egypt*

Introduction

The decision to build the Renaissance Dam comes within a plan to develop the Ethiopian economy by providing sustainable energy and seeking to export electricity to neighboring countries. The costs of building the dam are covered by the Ethiopian government and its people, with participation of many regional and international forces through a number of companies investing in the Renaissance Dam.

The study aims to determine impact of the Renaissance Dam on the agriculture sector in Egypt and Ethiopia by using an econometric analysis method during the period (2000-2018). The study is divided into six parts; First: Literatures Review about Impact of Dams on the Agriculture Sector, Second: the Ethiopian Gains from Building the Renaissance Dam, Third: The International and Regional Investors in the Renaissance Dam, Fourth: Analysis of the Agricultural Sector Performance in Egypt and Ethiopia, Fifth: Measuring the Impact of the Renaissance Dam on the Agricultural Sector in Egypt and Ethiopia, Sixth: The Risks of the Renaissance Dam on Egypt and Ethiopia.

Literature Review about Impact of Dams on the Agriculture Sector

The study of Cestti and Malik (2016) used an econometric model to measure the indirect economic effects resulting from the hydroelectric dams. The study determined the indirect economic effects of the Bhakra Dam in Punjab region of India using the SAM matrix at 79/1980, for effects on the project's main outputs,

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namely the water flow from the dam and the electrical energy generated from it, as well as impact of the dam on change in irrigated areas. The results of the study revealed that the Bhakra Dam in Punjab resulted in an increase in the income of all categories of the family sector in the dam area, especially for workers in the agricultural sector by 65% (Cestti and Malik 2016).

The study used the multiplier analysis of the High Dam project in Egypt using the CGE model, which is based on the SAM matrix at 1997/1998. The Egyptian economic performance was evaluated in two cases (in case of the dam and absence of the dam) and testing the returns of main crops in the two cases, the dam divided these crops according to the agricultural season. The most important results of the analysis were that the High Dam project in Aswan had a major impact on improving the economic performance of Egypt (Cestti and Malik 2016).

The study of Robinson and Gueneau (2014) measured the potential impacts on the Pakistani economy from building the Basha Dam, using the CGE Model based on SAM matrix data for the Pakistani economy. The results showed that about 63% of the agricultural production comes from the dam project, compared to about 20% from the Sindh region, and about 17% from rest of the Pakistani regions. The results also concluded the dam not lead to horizontal agricultural expansion that it did not increase the cultivated areas, but it had an excess of the agricultural return, and the growth rates in the Pakistani economy by 3% annually (Robinson and Gueneau 2014).

The study of Benedict and Obiero (2010) examined the extent to which the rice crop responded to the amount of irrigation water used in the Mwea irrigation system, measured the economic efficiency of water use, and the main factors explaining the efficiency as the amount of water withdrawn for irrigation, the area of irrigated land, capital and labor, as well as other technical, social and economic features of irrigation. The results showed a change of capital and labor with 1% lead to a change of production with 0.51%, 0.294%. While a change of 1% in water leads to a change of the output of rice with 0.099%, so the rice production is most responsive to capital and least responsive to the amount of irrigation water under the current level of technology (Benedict and Obiero 2010).

The study of Zohaib et al. (2013) used an econometric model to measure the impact of small dams on the agricultural productivity in the Ziarat region, by determining the main crops using data for 80 families from two villages, one of which had a dam and the other village did not have a dam by taking random samples. The Cobb-Douglas yield function was used, and the model was estimated using the OLS method to determine effect of the dam on the yield of apples in both villages. The explanatory variables were land area, number of years of farm experience, farm education, plant or tree age, harvest per kg, irrigation water used. The results showed the small dams had an effect on increasing the yield, through increasing in the storage capacity of the dam to reach water to far-off agricultural lands, which helped in the sustainability of agricultural returns. In addition to the yield was better at the village that had a dam than the other village (Zohaib et al. 2013).

The Ethiopian Gains from Building the Renaissance Dam

Ethiopia is proceeding with construction of the Renaissance Dam on the Blue Nile, and passes through Sudanese territory, to meet the White Nile in Khartoum. After its completion, the lake that forms behind the dam will be submerged, with an area of 1,680 km² of forest in northwest of Ethiopia, and the lake will displace 30 thousand local residents. It is expected that the amount of water held inside this lake will reach about 70 billion m³ of water, the equivalent to the annual flow of the Blue Nile River at the Sudanese border, and the dam's electricity production capacity is expected to reach 6,000 megawatts (Consulate General of Ethiopia 2016).

Ethiopia embarked on building major dams, most of which were intended to generate hydroelectric power, but it was keen to use the storage capacity of these dams to store quantities of water used for irrigation of agricultural lands, which helps to increase crop productivity and horizontal agricultural expansion, where the agricultural sector is the mainstay of the Ethiopian economy, providing employment opportunities for more than 75% of citizens.

Ethiopia is working to generate electric energy through multiple projects, whether using thermal energy or major hydroelectric dam projects, in order to fill the deficit of electrical energy, especially with the low levels of access to electrical energy in rural areas. Ethiopia depends on its domestic energy resources, the hydropower is about 45 megawatts, the wind energy is 100 megawatts, the thermal energy is 5 megawatts, and the solar energy is 5.5 kilowatt-hours (UNDP 2012).

According to World Bank estimates, nearly 70% of Ethiopians do not have access to electricity, which restricts basic services such as schools and health clinics, they use wood and charcoal for home cooking which causes a wide range of health problems (The World Bank 2015). So, the Ethiopian government seeks to develop hydroelectric energy to meet local demand and to export the surplus according to the framework of growth and transformation plan (Gebreegziabher 2017).

Ethiopia has a number of basins within its territorial borders, as 12 basins for major rivers other than the Blue Nile, including the Omo River shared with Kenya. Ethiopia has prepared a scheme of dams on the Omo River similar to that of the dams on the Blue Nile, but with smaller capacities, given the smallness of the Omo River, compared to the Blue Nile. Ethiopia has planned to construct 5 dams on the Omo River in the name of the Jebby or Jijel dams, and already completed the construction of the first Jebby dam with a capacity of 184 MW, the second Jebby dam with a capacity of 420 MW, and the third Jebby dam at a cost of dollars 1.7 billion (Gilgel Gibe Affair 2008).

Ethiopia had justified its need to build the Renaissance Dam on several reasons, including:

1. The famine that Ethiopia suffers from, especially in areas of permanent drought and increasing poverty rates.

2. The dam project works to reduce agricultural land degradation that lead to soil erosion, in addition to reduce elimination of forest to search for fuel and coal, and find an alternative energy especially for poor families.
3. The project also includes other benefits such as reducing the losses of river water caused by evaporation (Consulate General of Ethiopia 2016).

The International and Regional Investors in the Renaissance Dam

Ethiopia had announced to fully finance cost of the dam, and had issued bonds targeting Ethiopians inside and outside Ethiopia for this purpose. However, the financing problem had become one of the most important challenges facing Ethiopia in building the dam. Despite the participation of the Ethiopian people, equivalent to 15% of the dam's total cost, the building cost had become an economic challenge for the Ethiopian government, as a result of cost rising from 4.7 billion dollars to 8 billion dollars because of the Ethiopian currency's decline against the dollar (Hathaway 2018).

Several international investors had contributed with the Ethiopian government in order to build the Renaissance Dam. These forces are represented in the following countries.

United States of America

The Renaissance Dam, which the Ethiopian government worked on secretly planning and designing with name the "Project X". Ethiopia announced the design of "Project X" only one month before laying the foundation stone, and the project name changed to "Dam Millennium" then to "Renaissance Dam" (Almal News 2019).

China

China has been a key partner in construction of the Renaissance Dam since 2013, when the Ethiopian Electric Power Corporation and the Chinese Equipment and Technology Company signed an agreement to lend Addis Ababa one billion dollars to transfer electricity for the Renaissance Dam project, in addition to expertise from China. The Industrial Bank of China introduced a loan to Ethiopia with 500 million dollars in 2010, in order to prepare studies for the dam. So china is considered as the largest country in the Renaissance Dam construction (Al3asemanews 2015).

The Ethiopian government has contracted with the Chinese group "Foyes Haydor Shanghai" to install and operate 6 turbine generators in the Renaissance Dam with 78 million dollars, and the Chinese company "Sinno Hydro" for engineering and electrical construction in order to accelerate civil works in the dam. In addition to the Chinese group "Composites Corp" that specialized in the installations and hydroelectric engines for generating electricity from the dam through the turbines, the Chinese group "Gezhoubu", which works in the field of

construction and contracting, and the Chinese company “Voith Hydro Shanghai” that works for Completing the Dam construction (The New Arab 2019).

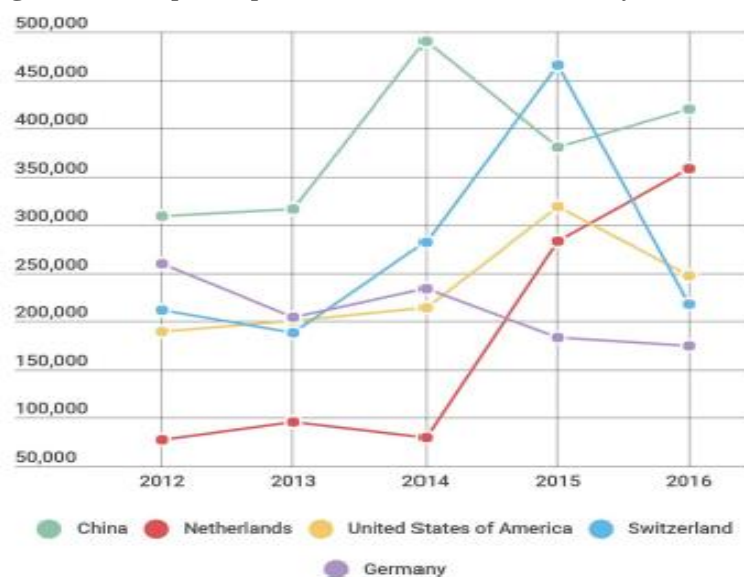
France

The French company "GE Hydro Franc" had signed an agreement with Addis Ababa to manufacture the generators and turbines of the Renaissance Dam. The agreement stipulates that the French company installs two turbines, in addition to install 5 power generating units, with a financial cost of 61.80 million dollars, in cooperation with the "Comlex" company. Also the mechanical engineering group “Voith” which had agreed upon to supply turbines to the Renaissance Dam (Farid 2020).

Italy

Italy is one of the Renaissance Dam shareholders, through the Italian company “Salini Impregilo” specialized in the dam’s construction. It plays the main contractor to implement the civil engineering works of the dam, and it is one of the most prominent companies in the field of infrastructure and construction of hydroelectric stations (Salini 2019).

Figure 1. Ethiopia Export Partners (in Thousands of USD)



Source: UNICA 2018

Figure 1 shows that China is considered the most important partner for Ethiopia, which exports to china reach 425 million dollars in 2016, then Netherlands 360 million dollars, then United States of America 250 million dollars, Switzerland 225 million dollars, and Germany 200 million dollars.

Several regional investors had contributed with the Ethiopian government in order to build the Renaissance Dam. These forces are represented in the following countries:

Turkey

Turkey is one of the five largest countries investing in Ethiopia, with an investment value of 350 million dollars. The top five countries that invest in Ethiopia are China, India, Saudi Arabia, the United States of America, and Turkey, in terms of capital and number of projects. Turkish companies obtained licenses for 16 projects, to take advantage of the investment opportunities available in Ethiopia, and the support and facilities provided by the Ethiopian Investment Agency to foreign investors (State Information Service 2020).

Qatar

Qatar signed 3 cooperation agreements and 3 memoranda of understanding with Ethiopia. Qatar and Turkey was financing the Renaissance Dam through huge investments and agricultural projects, to grow one million two hundred thousand acres in the dam region. The two countries paid the first batch of the project, to facilitate the Renaissance Dam construction, in addition to other projects such as railway development. Turkey and Qatar provided 5 billion dollars for financing the dam, in addition to agreeing military deals that include anti-missile to protect the dam (State Information Service 2020).

Saudi Arabia Kingdom

Saudi Arabia introduced through one of investors 1.5 billion Ethiopian Birr (88 million dollars) to the Ethiopian government for building the dam, and had 3 agricultural companies in Ethiopia to grow 62 thousand hectares. The company "Horizon" had cultivated 20 thousand hectares in the Beni Shankul region where the Renaissance Dam is located. Two of cement factories in Ethiopia, which owned by Saudi Arabian investors, supplied the raw materials used in building the Renaissance Dam. In addition to sign contracts to provide logistical services for the Renaissance Dam, and one of investors denoted by 80 million dollars for the dam in 2015. The Saudi Fund for Development also provided funds and soft loans for projects directly related to the Renaissance Dam, under the name of "Stimulating Development in Rural Ethiopia" (Africa News 2019).

United Arab Emirates

Emirati companies participated in construction of the Renaissance Dam, Abu Dhabi also provided 3 billion dollars in the form of aid and investments to Ethiopia, and Emirati investments amounted to about 3 billion dollars in Ethiopia (Emasc-UAE 2019).

Israel

The Israeli defense company "Ravel" had contracted with the Ethiopian government to provide it with a Spyder-MR missile defense system to secure the

Renaissance Dam and the surrounding area from any air or missile attacks. Ethiopia had also contracted with Israeli companies in the fields of databases and communications, with the aim of establishing networks for the Renaissance Dam. In addition to the Israeli company "Gigawat Global", that invested 500 million dollars in Ethiopia in the field of renewable energy and human resources development (Farid 2020).

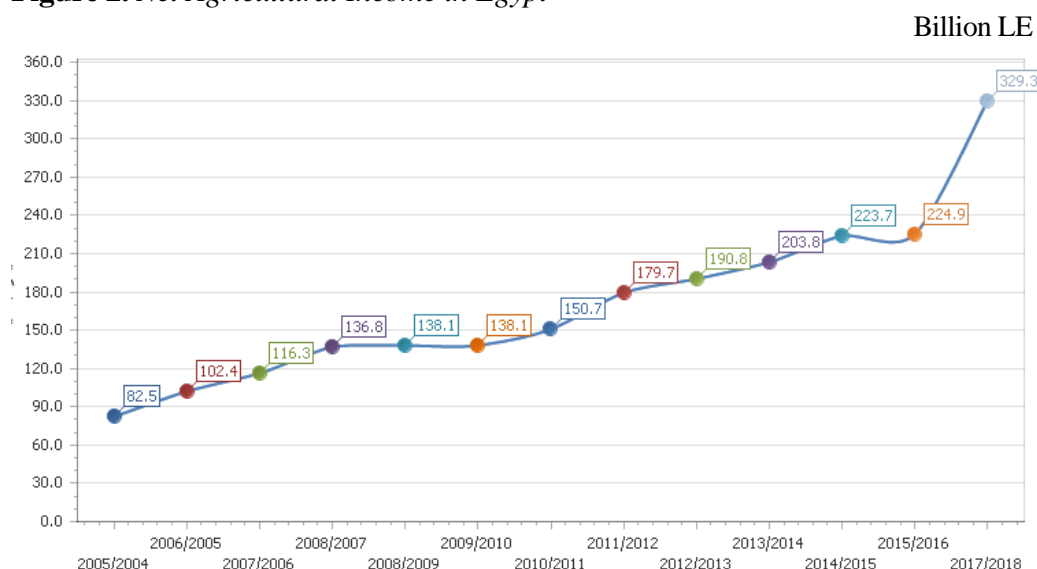
Analysis of the Agricultural Sector Performance in Egypt and Ethiopia

Analysis of the Agricultural Sector Performance in Egypt

The problem of the food deficit in Egypt has a great correlation with the lack of optimal utilization of the available economic and human resources, also increasing of the population and the limited natural agricultural resources are considered as factors that exacerbated the food problem in Egypt and increased the food gap.

Statistics indicate that the population of Egypt is expected to reach 116 million by 2030, this demographic explosion results from pressure on economic activity, so the food supply is unable to meet the increasing demand for food, since the volume of food production is not sufficient to its consumption, which requires resorting to import to meet the deficit, and this in turn constitutes a great danger to the Egyptian economy as it weak its assets of the foreign currencies (The World Bank Database 2020).

Figure 2. Net Agricultural Income in Egypt



Source: CAPMAS

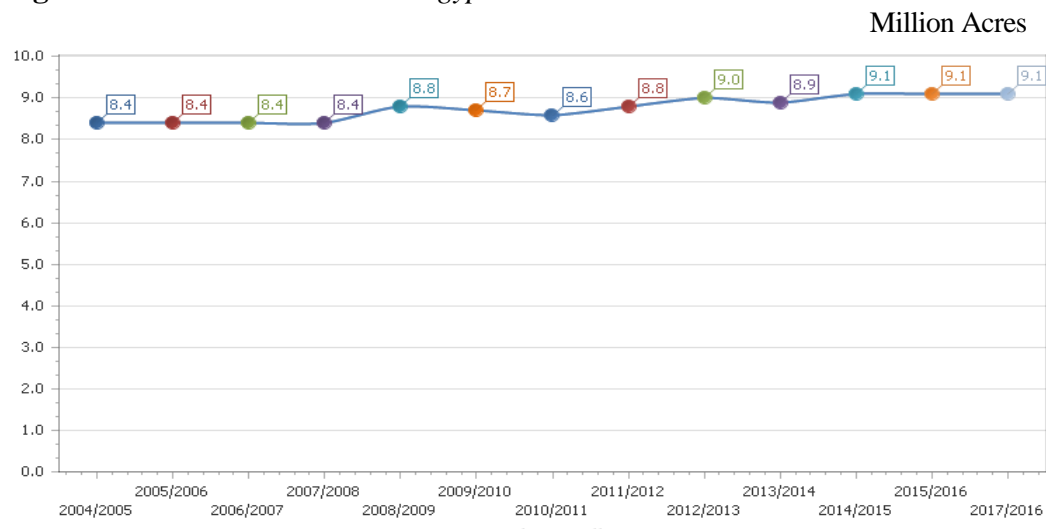
The area suitable for agricultural exploitation in Egypt is estimated at 8.6 million acres, constituting 3.6% of the total area of Egypt (240 million acres, one million square kilometers), and the limited and misuse of water resources makes it

unable to keep pace with the growing demand to meet the population's water needs (El-Sabaa et al. 2019).

The agriculture sector is considered an important sector of the Egyptian economy and a source of the national food security; it employs about 25.6% of the total workforce in 2018. The agriculture sector has contributed about 13.4% of the real gross domestic product (CAPMAS). Figure 2 shows that net agricultural income in Egypt reached 329.3 billion LE in 2017/2018.

Figure 3 shows that the cultivated area in Egypt amounted 9.1 million acres in 2016/2017.

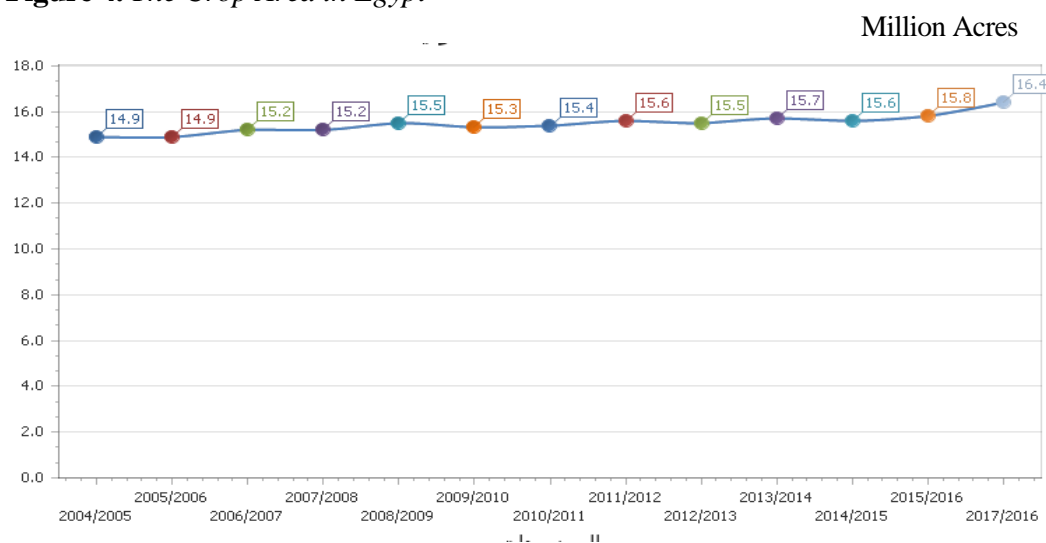
Figure 3. *The Cultivated Area in Egypt*



Source: CAPMAS

Figure 4 shows that the crop area in Egypt amounted 16.4 million acres in 2016/2017.

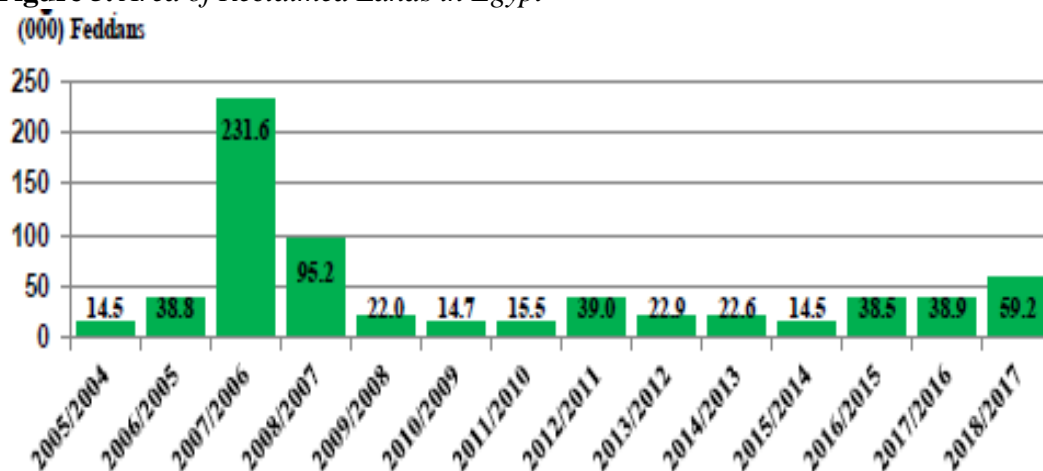
Figure 4. *The Crop Area in Egypt*



Source: CAPMAS

Figure 5 shows that area of reclaimed lands in Egypt reached 59.2 feddans in 2017/2018.

Figure 5. Area of Reclaimed Lands in Egypt



Source: CAPMAS

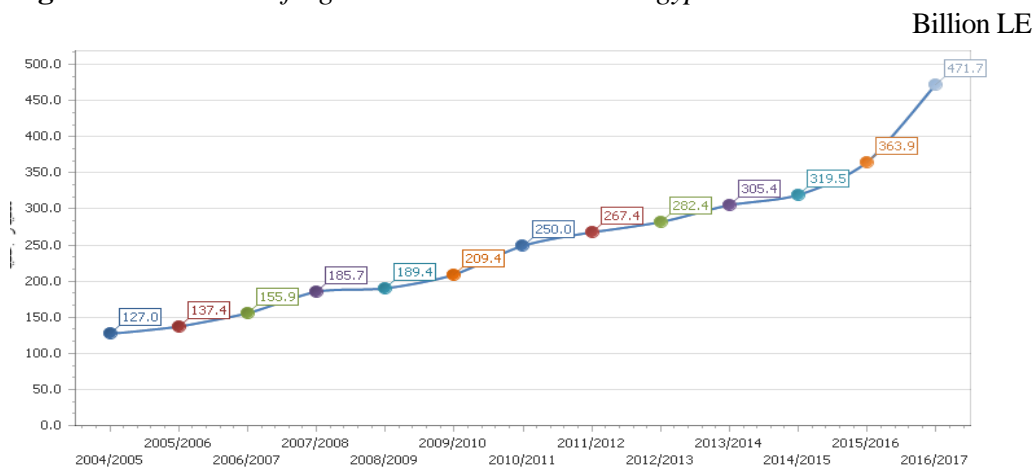
Figure 6 shows that index of the total amount of agriculture production in Egypt was estimated 156.9 and index of the total amount of food production 184.3 in 2017.

Figure 6. Index of the Total Amount of Agriculture and Food Production in Egypt



Source: CAPMAS

Figure 7 shows that value of agricultural production in Egypt reached 471.7 billion LE in 2016/2017.

Figure 7. The Value of Agricultural Production in Egypt

Source: CAPMAS

Table 1 shows total value of agriculture investment in Egypt which amounted in 17338.6 million LE in 2016/2017, and distributed into government investment 6038.6 million LE and private investment 11300 million LE. Agricultural investment presented 3.37% of total investment in Egypt in 2016/2017, government investment presented 34.8% of agricultural investment and private investment presented 65.2% of agricultural investment.

Table 1. Total Value of Agriculture Investment in Egypt

Years	Agriculture investment INV (million LE)			Agr. INV % total INV	Gov. INV % agr. INV	Private INV % agr. INV
	Government INV	Private INV	Total INV			
2012/2013	2950.4	5434.0	8384.4	3.47%	35.2%	64.8%
2013/2014	4146.1	7480.5	11626.6	4.39%	35.7%	64.3%
2014/2015	5213.0	8201.0	13414.0	4.02%	38.9%	61.1%
2015/2016	5039.2	11240.0	16279.2	4.15%	31.0%	69.0%
2016/2017	6038.6	11300	17338.6	3.37%	34.8%	65.2%

Source: CAPMAS

Table 2 shows the available water resources and their uses, the agricultural sector consumed about 66.75 billion m³ in 2015, representing about 83% of the total water uses, while drinking and industry uses represented about 13% (10.5 billion m³), and the amount of losses in evaporation from the Nile and canals was about 2.2 billion m³ equivalent to 3%. Therefore, it is noticeable that the shortage of water resources in 2015 was about 3.8 billion m³.

Table 2. *The Uses of Water Resources and Percentage of the Deficit in Egypt*
Billion m³

	2005	2010	2015	2020	2025
Agriculture	58.5	62.7	66.75	70.88	75.58
Drinking & industry	9.2	9.8	10.55	11.10	11.96
Total water required	67.7	72.5	77.3	81.98	87.54
available resources	67.2	71.4	73.5	74.8	75.8
shortage	5.0	1.1	3.8	7.18	11.74

Source: El-Sabaa et al. 2019

Table 3 shows that the cultivated area amounted 9.5 million acres in 2019, and the per capita share of the cultivated area about 2.3 carats / inhabitants in 2019, and Egypt suffered from a deep food gap that exceeded 55% of its food needs in 2019, it is expected to increase its gap to reach 75% due to the filling of the Renaissance Dam. Egypt reached the level of water shortage (less than 640m³ per capita per year); the per capita water became 606 m³ in 2019.

Table 3. *Indicators of Cultivated Area and Per Capita Water in Egypt*

Years	Population (million)	The cultivated area (million acres)	Per capita cultivated area		Per capita water
			Acres / inhabitants	Carats / inhabitants	
2005	70.65	8.38	0.119	2.9	849
2006	72.01	8.41	0.117	2.8	833
2007	74.46	8.42	0.113	2.7	806
2008	75.84	8.43	0.111	2.7	791
2009	77.19	8.78	0.114	2.7	777
2010	78.5	8.8	0.112	2.7	764
2011	80.5	8.62	0.107	2.6	745
2012	82.6	8.8	0.107	2.6	726
2013	84.5	8.95	0.106	2.5	710
2014	86.4	9.10	0.105	2.5	694
2015	89.6	9.12	0.102	2.5	673
2016	93.5	9.13	0.097	2.4	640
2017	96.3	9.14	0.096	2.32	623
2018	97.3	9.35	0.095	2.31	617
2019	100	9.5	0.095	2.3	606

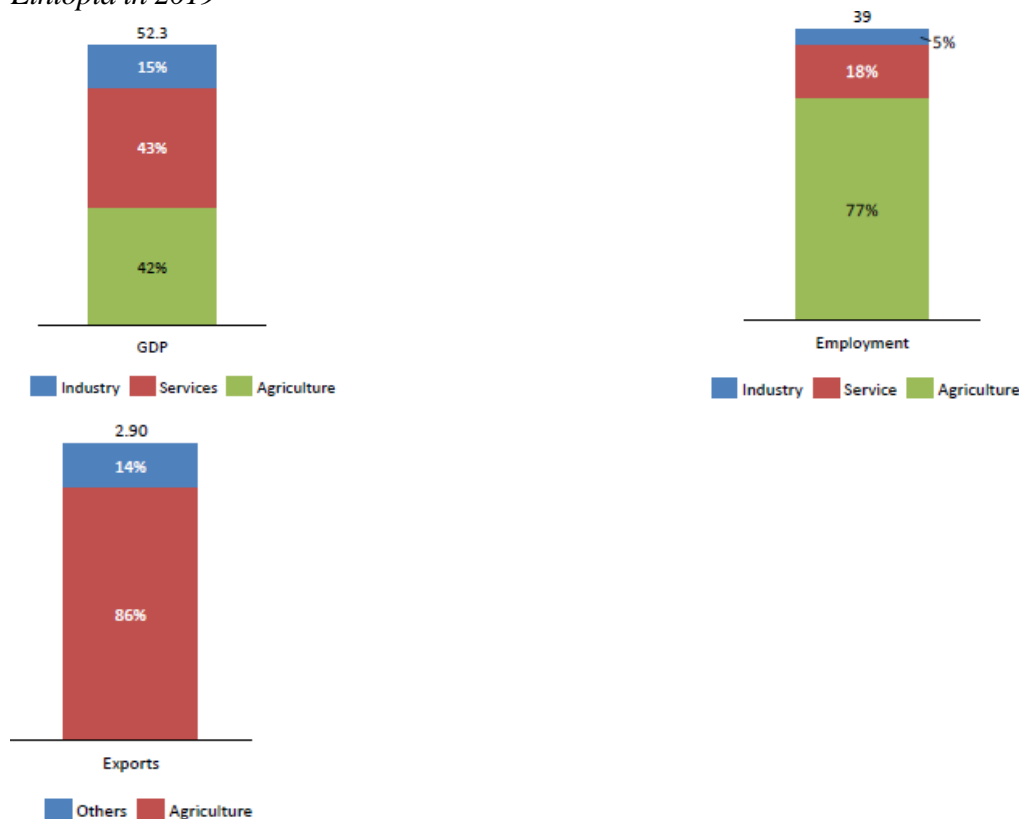
Source: El-Sabaa et al. 2019

Analysis of the Agricultural Sector Performance in Ethiopia

Ethiopia was classified by the World Bank as a low-income economy; and was considered the fifth-fastest growing economy among member nations in the International Monetary Fund, with a GDP growth rate of 9.6 percent in 2019 (Agricultural Transformation Agency 2019).

Figure 8 shows that Agriculture was the backbone of Ethiopia's economy because the agricultural sector employed 77% of the work force, industry employed 5%, and services employed 18%. The agriculture generated 42% of the GDP, while services and industry generated 43% and 15% respectively. In addition the agriculture contributed 86% of exports of Ethiopia in 2019.

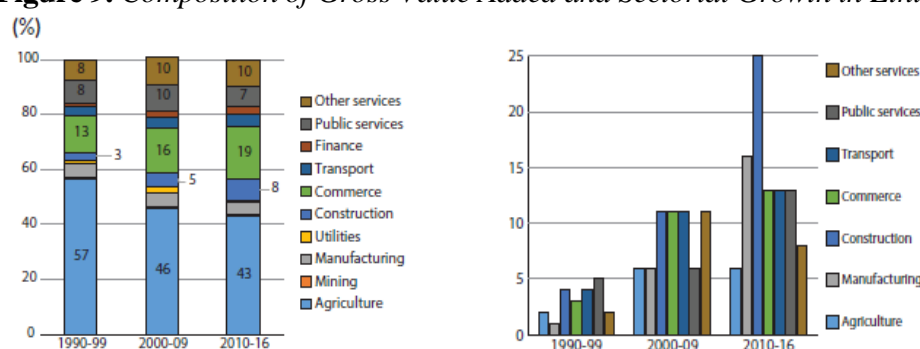
Figure 8. Contribution of Agriculture in GDP, Employment and Exports in Ethiopia in 2019



Source: Agricultural Transformation Agency 2019

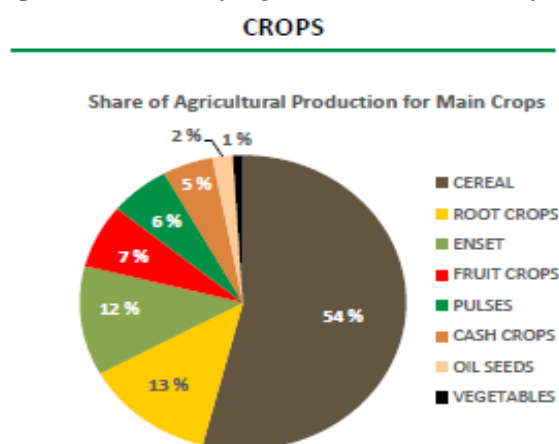
Ethiopia had steady and broad-based growth over the past 10 years due to agriculture and services sectors expansion, with manufacturing experiencing had moderate growth (UNICA 2018).

Figure 9 shows that Agriculture dominated the economy, but manufacturing grew quickly. Agriculture was the leading economic sector, with 25% annual growth over the period 2010-2016, and the manufacturing with 17%.

Figure 9. *Composition of Gross Value Added and Sectorial Growth in Ethiopia %*

Source: UNICA 2018

Figure 10 shows that the Diversity of agro-ecologies and climates for cultivation of wide range of crops in Ethiopia which, cereal 54%, root crops 13%, enset 12%, fruit crops 7%, pulses 6%, cash crops 5%, oil seeds 2%, and vegetables 1% of crops production.

Figure 10. *Share of Agriculture Production for Main Crops in Ethiopia in 2019*

Source: Agricultural Transformation Agency 2019

There are many activities that depend on agriculture in Ethiopia, including marketing, processing, and export of agricultural products. The Major crops include coffee, beans, oilseeds, grains, potatoes, sugar cane and vegetables. Ethiopia was the second largest producer of corn in Africa. The total irrigated area in Ethiopia was 200 thousand hectares in 2017 (Agricultural Transformation Agency 2019).

Measuring the Impact of the Renaissance Dam on the Agricultural Sector in Egypt and Ethiopia

The study of Benedict and Obiero (2010) determined the impact of irrigation water on the agricultural productivity, and indicated extent of the crop's yield to the amount of irrigation water by using the Cob Douglas function.

According to the linear regression of the Cob Douglas function that used by the study of Benedict and Obiero (2010), the logarithmic form can be used as follows (Benedict and Obiero):

$$\ln Y = \ln A + B_1 \ln X_1 + B_2 \ln X_2 + B_3 \ln X_3 + B_4 \ln X_4 + B_5 \ln X_5 + E$$

Whereas: Y: Total yield from seasonal and sustainable crops

X1: irrigation water X2: labor X3: capital X4: irrigated area

X5: rain area

For measuring impact of the Renaissance Dam on the agricultural sector in Egypt and Ethiopia, the study runs two models one for the agriculture sector in Ethiopia and the other for Egypt. The two models use the dependent variable as the total return from the seasonal and sustainable agricultural crops during the period (2000-2018), and the independent variables are represented in the labor component; expressed by the number of workers in the agricultural sector, the land component; expressed by The cultivated crop area has been divided into the irrigated area that depends on irrigation water and the rain area that depends on rain water, the capital component; expressed by the total capital used in the agricultural process by agricultural tools as, tractors, fertilizers and other capital inputs, and finally irrigation water; expressed by the water as one of the elements of the production process for the agricultural crops.

Measuring the Impact of the Renaissance Dam on the Agricultural Sector in Egypt

The study relies on reports issued by the Central Agency for Public Mobilization and Statistics in Egypt, which provides data on the total and sectorial employment, including the agricultural sector, as well as the rain and irrigated area of the total cultivated area in Egypt. Databases of the FAO have also been used to obtain data on irrigation water and capital used in the agricultural production process during the period of study.

Unit Root Test was performed through the Augmented Dicky Fuller ADF test to examine the stability of time series. The null hypothesis is: the time series has a unit root problem (the time series is not static), the Alternative Hypothesis: The time series does not have a root unit problem (the time series is static).

Table 4 shows results of the unit root test, after comparing the calculated value with the tabular value, the calculated value is greater than the tabular value at the level for irrigated area, so this time series is not static, and by taking first Difference, the calculated value be less than the tabular value, so the time series of the first differences are static with a confidence degree of 99%, and the test results show that the time series of (irrigated water, labor, capital, rain area and yield productivity), are static at the level with a confidence degree of 99%.

Table 4. *The Unit Root Test Results of the Model in Egypt*

Variables	Calculated value		Tabular value		
	Level	First Difference	1%	5%	10%
Irrigated water	-5.13		- 4.421	- 3.260	- 2.771
Labor	-7.08		- 4.297	- 3.213	- 2.748
Capital	-6.01		- 4.297	- 3.213	- 2.748
Irrigated area	-3.04		- 4.421	- 3.260	- 2.771
Irrigated area		-18.32	- 5.835	- 4.247	- 3.590
Rain area	-7.76		- 4.421	- 3.260	- 2.771
Yield Productivity	-5.84		- 4.421	- 3.260	- 2.771

Source: Author using Eviews 8

After estimating the parameters, the estimated equation is as follow:

$$\text{LnY} = 9.59 + 16.34 \text{ LnX1} + 11.97 \text{ LnX2} + 8.25 \text{ LnX3} + 46.43 \text{ LnX4} + 4.79 \text{ LnX5} + U$$

Table 5 displays the estimated results.

Table 5. *Results of the Model in Egypt*

Variables	Coefficient	Std. Error	t-Statistic	Prob.	
Constant	9.59	1.480	4,95	0,002	
Irrigated water	16.34	0,3303	6,63	0,000	
Labor	11.97	0,0644	3,07	0,001	
Capital	8.25	0,5389	6.23	0.004	
Irrigated area	46.43	0.210	2.47	0.000	
Rain area	4.79	1,190	8.15	0.006	
R-squared	0.956	F-statistic	84.3	DW	2.51

Source: Author using Eviews 8.

- The explanatory level of the model: R-squared is equal to 0.956 which mean that the independent variables are able to explain about 95.6% of the changes in the Yield Productivity variable, and the rest is due to other factors, including random errors.
- The overall significance of the model: the results show that the value of (F-statistic) equal to 84.3 and it is statistically significant, which means rejecting the null hypothesis that the estimated regression model is not significant, and accepting the alternative hypothesis so the estimated model is significant, this indicates the independent variables have a significant effect on the Yield Productivity in Egypt.
- The partial significance of model: It is noted from the results that the parameters are statistically significant, which indicates that these parameters differ substantially from zero, which reflects the importance of these independent variables.

- Standard parameters of the model: the value of Durbin Watson coefficient in this model is 2.51 and by examining the corresponding tabular value, the Durbin Watson indicates that there is no false slope, and the estimated model is free of the problem of linear correlation between the independent variables.
- Economic interpretations of the estimated parameters: the estimated results are consistent with the economic theory.

The results indicate that there is a positive relationship between labor and capital with productivity of the crop, as a change in the volume of labor and capital by one unit leads to increase productivity by 11.97 and 8.25 units, respectively. The irrigation water affects positively yield of the crop in Egypt, a change in irrigation water by one unit leads to increase productivity by 16.34 units.

The cultivated area is divided into rain area and irrigated area, the effect of rain area on productivity of the crop is limited, but the irrigated area positively and significantly affects yield of the crop, so increase rain area by one unit leads to increase productivity by 4.79 units, but increase irrigated area by one unit leads to increase productivity by 46.43 units. This may reflect the importance of the irrigated area in Egypt and the use of irrigation water is more than the use of rain water.

This indicates extent of the agricultural yield in Egypt related to irrigation water, and impact of the Renaissance Dam on reduce the agricultural yield in Egypt Due to its effect on reduce the irrigated area.

Measuring the Impact of the Renaissance Dam on the Agricultural Sector in Ethiopia

The study relies on reports issued by the Ethiopian Central Statistical Authority, which provides data on the total and sectorial employment, including the agricultural sector, as well as the rain and irrigated area of the total cultivated area in Ethiopia. Databases of the FAO have also been used to obtain data on irrigation water and capital used in the agricultural production process during the period of study.

Unit Root Test was performed through the Augmented Dicky Fuller ADF test to examine the stability of time series. The null hypothesis is: the time series has a unit root problem (the time series is not static), the Alternative Hypothesis: The time series does not have a root unit problem (the time series is static).

Table 6 shows results of the unit root test, after comparing the calculated value with the tabular value, the calculated value is greater than the tabular value at the level for four variables (labor, capital, rain area, irrigated area), so these time series are not static, and by taking Differences of the first degree, the calculated value be less than the tabular value, so the time series of the first differences are static with a confidence degree of 99%, and the test results show that the time series of two variables (irrigation water and yield productivity) are static at the level with a confidence degree of 99%.

Table 6. *The Unit Root Test Results of the Model in Ethiopia*

Variables	Calculated value		Tabular value		
	Level	First Difference	%1	%5	%10
Labor	3.670		- 4.297	- 3.213	- 2.748
Labor		-5.030	- 5.835	- 4.247	- 3.590
Capital	7.133		- 4.297	- 3.213	- 2.748
Capital		-7.129	- 5.835	- 4.247	- 3.590
Irrigated area	- 1.575		- 4.421	- 3.260	- 2.771
Irrigated area		-11.288	- 5.835	- 4.247	- 3.590
Rain area	- 0.435		- 4.421	- 3.260	- 2.771
Rain area		- 6.104	- 5.835	- 4.247	- 3.590
Irrigated water	-9.743		- 4.421	- 3.260	- 2.771
Yield Productivity	-7.581		- 4.421	- 3.260	- 2.771

Source: Author using Eviews 8

After estimating the parameters the estimated equation is as follow:

$$\text{LnY} = -5.8 + 0.233 \text{ LnX1} + 2.776 \text{ LnX2} + 6.144 \text{ LnX3} + 0.016 \text{ LnX4} + 8.32 \text{ LnX5} + \text{U}$$

Table 7 displays the estimated results.

Table 7. *Results of the Model in Ethiopia*

Variables	Coefficient	Std. Error	t-Statistic	Prob.	
Constant	-5.8	2.500	-8.94	0.000	
Irrigated water	0.233	0.067	2.49	0.013	
Labor	2.776	0.875	7.50	0.005	
Capital	6.144	0.483	12.71	0.000	
Irrigated area	0.016	0.300	1.29	0.000	
Rain area	8.32	2.674	10.59	0.0002	
R-squared	0.996	F-statistic	76.9	DW	2.52

Source: Author using Eviews 8

- The explanatory level of the model: R-squared is equal to 0.996 which mean that the independent variables are able to explain about 99.6% of the changes in the Yield Productivity variable, and the rest is due to other factors, including random errors.
- The overall significance of the model: the results show that the value of (F-statistic) equal to 76.9 and it is statistically significant, which means rejecting the null hypothesis so the estimated regression model is not significant, and accepting the alternative hypothesis so the estimated model is significant, this indicates the independent variables have a significant effect on the Yield Productivity in Ethiopia.

- The partial significance of model: It is noted from the results that the parameters are statistically significant, which indicates that these parameters differ substantially from zero, which reflects the importance of these independent variables.
- Standard parameters of the model: the value of Durbin Watson coefficient in this model is 2.52 and by examining the corresponding tabular value, the Durbin Watson indicates that there is no false slope, and the estimated model is free of the problem of linear correlation between the independent variables.
- Economic interpretations of the estimated parameters: the estimated results are consistent with the economic theory.

The results indicate that there is a positive relationship between labor and capital with productivity of the crop, as a change in the volume of labor and capital by one unit leads to increase productivity by 2.7 and 6.1 units, respectively. The irrigation water affects positively yield of the crop in Ethiopia, but it is a limited effect, so a change in irrigation water by one unit leads to increase productivity by 0.233 units.

The cultivated area is divided into rain area and irrigated area, the effect of irrigated area on productivity of the crop is very limited, but the rain area positively and significantly affects yield of the crop, so increase rain area by one unit leads to increase productivity by 8.3 units, but increase irrigated area by one unit leads to increase productivity by 0.016 units. This may reflect the increase in the rain area in Ethiopia compared to the irrigated area and the use of rain water is more than the use of irrigation water. So why is Ethiopia building this number of dams, given the limited impact of the dams on the agricultural sector?

It is clear from results of the model that the agricultural yield is highly dependent on rain water in Ethiopia and not irrigation water, as it records the highest rate of rainfall compared to countries in the Nile Basin, so the purpose of building the renaissance dam is not for increasing irrigation water and creating irrigated agricultural areas.

The Risks of the Renaissance Dam on Egypt and Ethiopia

There is various risks result of building the renaissance dam, which Egypt and Ethiopia could suffer from them.

The Negative Effects of Renaissance Dam on Egypt

The most important negative effects of the Renaissance Dam on Egypt are as follows:

1. The main concern is that the huge lake behind the dam will need five to seven years to fill with water, which reduces the amount of water that reaches Egypt by 12-25% during this period. Experts indicates that the

percentage of lake water loss due to evaporation may reach three billion m^3 of water per year, which is estimated to be three times the amount of annual rain in Egypt, so Egypt's annual share is reduced by about 12 billion m^3 to reach 43 billion m^3 , which may represent a disaster for Egypt, because the per capita share will become less than 606 m^3 annually (El-Sabaa et al. 2019).

2. Egypt's water deficit due to fill the dam will reach 94 billion m^3 in 2050; it will deprive Egypt of Nile water for two years, because Egypt's share of river water reaching 55 billion m^3 annually, so it is expected that Egypt will lose 200,000 acres of agricultural land.
3. The dam will also affect the electricity supply in Egypt at a rate ranging from 25% to 40%, as the capacity of the Aswan High Dam to produce hydroelectric power decreases to reach the loss value of 100 megawatts (Kenawy 2017).
4. Reducing the area of export crops in Egypt, such as vegetables and fruits, and thus the loss of traditional export markets in the global market, which means the loss of foreign exchange resources for the agricultural sector and the negative impact on the trade balance and the balance of payments in Egypt. On the other hand, increase the gap between the production and consumption of some import crops, as wheat, corn, rice, sugar and oils, which suffer from a gap of 32% in 2019 (El-Sabaa et al. 2019).
5. Reducing the areas of crops that contribute in agricultural manufacturing industries such as rice, oil, corn, reeds, cotton, textiles, dyeing, tanning, animal and fish production, these lead to decrease the added value in the national economy and the loss of more resources in Egypt.
6. Increasing economic burdens on the Egyptian economy, as High food prices and high inflation in addition to the costs of desalinating sea water to cover the deficit in water, and reprocessing of wastewater to benefit from it in irrigation of agricultural lands (Kenawy 2017).

The Negative Effects of Renaissance Dam on Ethiopia

1. The high cost of building the dam, it is estimated at 4.8 billion dollars, and is expected to reach 8 billion dollars.
2. The flooding of about half a million acres of forest land, and irrigable agricultural lands, which are rare in the Blue Nile Basin, for formatting the dam lake.
3. The dumping of some mining areas for many important minerals, such as gold, platinum, iron and copper, and some quarry areas. In addition to the displacement of about 30 thousand citizens from the Lake District (Jameel 2018).
4. The short life of the dam, which ranges between 25 to 50 years, as a result of severe silting (420 thousand m^3 annually), that will affect the turbines to generate electricity and decrease efficiency of the dam gradually (Kenawy 2017).

5. The dam is subjected to collapse as a result of geological factors and the surge speed of the Blue Nile water, which in some periods reaches more than half a billion m³ per day. Increasing the chance of an earthquake in the reservoir area due to the weight of water in this area of a fractured rocky environment (Jameel 2018).

Conclusion

The results show importance of the irrigated area in Egypt and the use of irrigation water is more than the use of rain water. This indicates extent of the agricultural yield in Egypt related to irrigation water, and impact of the Renaissance Dam on reduce the agricultural yield in Egypt Due to its effect on reduce the irrigated area. The results show that the agricultural yield is highly dependent on rain water in Ethiopia and not irrigation water, so the purpose of building the Renaissance dam is not for increasing irrigated agricultural areas. The study indicates various risks result of building the renaissance dam, which Egypt and Ethiopia could suffer from them.

Egypt is not only facing Ethiopia, but also is facing an alliance, whether at the regional or international level, in view of what Ethiopia receives supporting from a number of countries such as Qatar, Turkey and China. United States of America and Israel are interested in continuing water to be Egypt's weak point. The Egyptian agriculture strategy 2030 could be reassessed according to the current water resources and the possibilities of decreasing them as a result of building the Renaissance Dam, through a realistic strategy in which agricultural investments are distributed in the public budget according to what can be developed from the resources in order to preserve the agricultural sector and expand agricultural reclamation in view of threatening the Renaissance Dam.

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Philoxenia and Xenophobia in Ancient Greece

By Gregory T. Papanikos*

This paper examines the idea of philoxenia (i.e., friendship of hospitality) and xenophobia (i.e., be afraid of foreigners) in ancient Greece. It is argued that Ancient Greeks did not embrace the idea of philoxenia as this is demonstrated by their dislike of barbarians and other Greeks outside their own city-state. The dichotomy between Greeks and non-Greeks (barbarians) was so strong that shaped ancient Greek identity and culture. It still does today in synchronous Greece. Ancient Greeks were xenophobic rather than xenophiles. The alleged difference between Athens and Sparta was a difference of degree of xenophobic attitudes. Sparta practiced Xenelasia, i.e., expulsion of foreigners; an extreme version of xenophobic attitude. On the other hand, the city-state of Athens was not as xenophobic but this does not necessarily make them xenophiles. They were not afraid of foreigners because they considered themselves superior to any non-Athenian; Greek and non-Greek alike. Especially after the victorious wars against the strong Persian Empire, they believed that Greeks and barbarians were incapable of harming the glorious Athens. Within this context, Thucydides, in the 5th century BCE, using the occasion of Pericles' Funeral Oration, would write the well-known phrase that Athens "... is open to the world; we never expel a foreigner from learning or seeing". This was not a testimony of philoxenia but a defiance of a xenophobic attitude. On the other hand, Sparta's xenophobic attitude was based on very good practical reasons. They thought that foreigners might (a) spy on their city-state for military purposes and (b) change their spartan (frugal) way of private and social life. The latter is similar to the same arguments raised in the 20th century of the impact of international (mass) tourism on local cultures and way of life. Mass tourism is viewed as the Trojan Horse to dismantle local cultures and traditional ways of life. Evidence from other ancient sources, e.g., Aeschylus' Perses and Suppliants testifies the xenophobia of ancient Greeks. Based on this and other written ancient evidence, I conclude that ancient Greeks did not embrace the idea of philoxenia. Differences among the city-states, account for variations in xenophobic attitudes, as well as political (military) and social considerations.

Keywords: Ancient Greece, philoxenia, xenophobia, barbarian, city-states

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Introduction

Philoxenia means a friend of xenia (hospitality) and not a friend of a foreigner (stranger) as sometimes is translated or understood. For a high class philoxenia, ancient Greeks used the term theoxenia, e.g., a God's treatment of hospitality. This is also related to the ancient Greek Mythology when Gods disguised as humble strangers-guests visited mortals and asked for their philoxenia. This can have at least two interpretations. First, all guests-foreigners must be treated like Gods and offer them the best possible treatment with the least possible questions. Second, it may nevertheless be interpreted as a "threat" because the Gods may punish all those who refuse to accept guests-foreigners and reward those they do. The myth as it is stated does not falsify the second interpretation. Thus, it was not virtue which made ancient Greeks practice philoxenia but a fear of Gods and/or an expectation of material rewards. The second dominates today but it comes from tourists and not from Gods.

The classical ancient works of Homer (*Iliad and Odyssey*) and Hesiod (*Works and Days*) have many examples of philoxenia. Philoxenia is the idea (the philosophy) of welcoming a foreigner (stranger) to one's house, city and state. Xenophilia meant a friendship with a foreigner. It is the practice of the idea of philoxenia and it is the antithetical of Xenophobia, i.e., being afraid of a foreigner. The best-known testimony of xenophobia was the Greek/Barbarian dichotomy which was ubiquitous in all Ancient Greece. This is examined in the next section. Then I examine the idea and practice of philoxenia in two of the most important ancient Greek city-states: Athens and Sparta. It is well known and documented the antagonism between the two cities. Both cities in peace and war years considered themselves as being the leaders who can protect Greeks and Greece. Plutarch - *Apophthegmata Laconica* (69.8)²³ said that when a Spartan was told that Pindar said that Athens was the pillar of Greece, he responded that Greece would fall apart if it rested on any such foundation.

Both cities wanted to lead Greeks against the barbarians. As it turned out nobody achieved it. The honor to lead the Greeks against the barbarians came in the fourth century with the Macedonians and the Alexander the Great whom some Athenians considered a barbarian. Still today some Southern Greeks (Athenians) call Northern Greeks (Macedonians) as being non-Greeks. They do not use the term Barbarians but another word which starts with "B" and related to a neighboring country.

Barbarians and Greeks

The idea of welcoming and befriending non-Greeks was not part of the ancient Greek civilization. Non-Greeks were considered barbarians and uncivilized. However, the Greek/Barbarian polarity is not clear and changed during the early and late antiquity. Three criteria were used to distinguish Greeks

²³<http://www.perseus.tufts.edu/hopper/text?doc=Perseus%3Atext%3A2008.01.0197%3Achapter%3D69%3Asection%3D8>.

from Barbarians: (a) language (xenolalia or barbarophone) (b) paideia (education) and (c) a Panhellenic character, shown in common activities such as the Olympic Games and many other cultural contests.

Language

Language was an important demarcation line between Greeks and barbarians. In Homer's *Iliad* is recognized that all Hellenes (the name appears only once in his work) spoke the same language as this is manifested by the absence of any communication problem between themselves despite that they gathered from so many various and remote places [e.g., Crete, Western Greece (Akarnania), and Ionian islands which included the famous Ithaka of Odysseus; the main character of the homonymous work, *Odyssey*]. The Greek army besieging Troy had representatives from all four major ethnic groups: Dorians (e.g., Sparta), Ionians (e.g., Athens), Achaeans (e.g., Argos) and Aeolians (e.g., Thessaly and Boeotia). Each one had its own Greek dialect as modern Greece does.

In *Iliad*, the Trojans most probably spoke Greek because there were no communication problems with their Greek besiegers but it is not clear whether this was their mother tongue. What is known is that the Trojan army included non-Greek speakers who Homer refers to them as barbarophone; these were not the Trojans -otherwise Homer would mention them-, but the Karians who had sided with the Trojans in their battle against Hellenes. This is the only instance in the *Iliad* that Homer uses the word barbarian.

The importance of language in distinguishing Hellenes from Barbarians (or the "Others" as sometimes are called) is analysed by Ross (2005) with an emphasis on *Iliad*. This language homogeneity gave Hellenes a military advantage due to a better and fast communication during the battle over the cacophony of the Trojan army.

If for Homer is the language the criterion of separating Hellenes from Barbarians, Herodotus developed this argument even further by adding a few more conditions of "Greekness". The Hellenic (Ἑλληνικόν) ethnos, says the father of history [8.144.2], consists of all those who have (a) the same blood (ὁμαίμῳ), (b) the same language (ὁμόγλωσσον), (c) the same gods (θεῶν ἰδρύματά τε κοινὰ) and (d) the same way of life or civilization (ὁμότροπα). To a certain extent, these four characteristics have survived in modern times to define ethnicity. However, strong written evidence exists which does not reject the hypothesis that these views were not shared by all Hellenes. One such strong voice emphasized the role of education as separating barbarians and non-barbarians.

Paideia Defines Greekness

One dissenting strong voice came from Isocrates (BCE436-338). He offered an interesting antithetical view to that of Herodotus in defining Hellenism and Hellenes. It was not blood or language but paideia that separated Greeks from non-Greeks. Educated people could be called Greeks and the non-educated barbarians. I quote the pertinent phrase from Isocrates work *Panegyricus* (section 50):

And so far has our city is superior in thought and in speech to the rest of mankind that her pupils have become the teachers of all others making the name of Hellenes not of a common race but of common intelligence, and that the name Hellenes is applied rather to those who share our paideia than to those who share a common character.	Τοσοῦτον δ' ἀπολέλοιπεν ἡ πόλις ἡμῶν περὶ τὸ φρονεῖν καὶ λέγειν τοὺς ἄλλους ἀνθρώπους, ὥσθ' οἱ ταύτης μαθηταὶ τῶν ἄλλων διδάσκαλοι γεγόνاسι, καὶ τὸ τῶν Ἑλλήνων ὄνομα πεποιήκε μηκέτι τοῦ γένους ἀλλὰ τῆς διανοίας δοκεῖν εἶναι, καὶ μᾶλλον Ἑλληνας καλεῖσθαι τοὺς τῆς παιδείας τῆς ἡμετέρας παρά τοὺς τῆς κοινῆς φύσεως μετέχοντας.
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Note: My translation is based on George Norlin but I have made many changes which in my view better depict the meaning of the ancient source. For example, he translates, *τῆς παιδείας τῆς ἡμετέρας*, as culture instead of paideia. His translation contradicts the first sentence of Greeks being the teachers of the world.

This is an excellent statement even if some Greek purists (nationalists) have tried to interpret it in a different way. A number of points should be mentioned. Irrespectively of how many times I read this excerpt, I always center my attention and interpretation on paideia (παιδείας). My reading of Isocrates is that unless someone acquires paideia (knowledge), Greek cannot be called. He would not become Greek; it can be called Greek. Or from a barbarian (without paideia) becomes a non-barbarian civilized (because of paideia). I do make a distinction between education and paideia in the same way that Adler (1982) does. Education includes vocational training; paideia is more than that. According to Adler paideia should prepare the students of any age (a) to earn a decent livelihood, (b) to be a good citizen of the world, and (c) to make a good life for oneself.

Isocrates alleged more than that. He said that it is not the race (γένους) that makes someone Greek but the intellect (διανοίας). It is not your nature (race) which makes you Greek but your ability to think and express yourself in a way that you could become a teacher of the rest of the world (ταύτης μαθηταὶ τῶν ἄλλων διδάσκαλοι γεγόνασι). Isocrates says nothing about the language but I guess he thought that paideia without the knowledge of the Greek language was impossible. It is like English today, which a university professor in Greece has called it a Hellenic Dialect (Theophanides 2013). This is another (technical) vindication of Isocrates definition of Greekness, i.e., the advanced Greek language (nous, gnosis, and above all philosophia) was used to enrich other languages.

Even though Isocrates mentioned that Greeks had paideia and the barbarians not, this was not true for all Greeks. Athenians themselves thought that their city-state was the polis of wisdom and they had a paideia far more advanced than any other Greek city. However, not all Greek cities were considered by Athenians as having paideia. Actually, as Plutarch mentions in his *Apophthegmata Laconica* (62.1)²⁴, Athenians considered the Spartans as ignorant or unlearned (ἀμαθεῖς). When this was pointed out to the Spartan King Pleistoanax, the son of Pausanias, by an Athenian rhetorician, he responded that this was true because it was only Spartans of all Greeks who did not learn anything evil from Athenians. This

²⁴<http://www.perseus.tufts.edu/hopper/text?doc=Perseus%3Atext%3A2008.01.0197%3Achapter%3D62%3Asection%3D1>.

statement indirectly admits that Athenians were the pedagogues of the then known world.

Panhellenism

Self-determination is not a criterion of belonging to a certain race. The race itself must accept you as belonging to the self-declared ethnicity. In ancient Greece this was testified with the Olympic Games. Only Greeks were allowed to participate in the Olympic Games and as a matter of fact Macedonians did participate. Alexander the Great competed in the Olympic Games. This was not a persuasive evidence for Demosthenes who opposed the Macedonian emerging power which eventually became the leaders of the Panhellenic world in the 4th century BCE.

Contrary to Isocrates, Demosthenes considered the Macedonians barbarians; a Greek race whose ancestry can be traced a few centuries back to the city of Argos. Herodotus a century earlier narrates an incident with the King of Macedonia just before the Battle of Plataies. During this episode, Herodotus tells us that Alexander A' was sided with the Persian army -presumably by force. However, during the night he approached the Athenian army and gave them information about the next movements of the Persian army. He identified himself as a Greek who was the King of Macedonia.

Herodotus versus Isocrates

The difference between Herodotus and Isocrates is a difference of epoch. Isocrates lives in a different world in post-Persian war era which is best described by Aeschylus playwrights like *Perses* and *Suppliants*. Especially in the latter work, Aesculus provides a casting where the Greek/barbarian polarity is blurred. Mitchell (2006) correctly concludes on page 223 that:

The late 460s presented itself then as a time to reinvestigate relationships with a wider world in a sharp and incisive way. That the Greek-barbarian polarity now formed part of the vocabulary of Greek/non-Greek relationships is clear from the *Suppliants*. But the polarity itself did not necessarily, or not always, inform the perceptions of the relationship between the Greek and non-Greek worlds, or indeed the diplomatic and practical realities of that relationship. The discourse which sought to locate the Greeks in a 'whole world space' was investigated in greater depth and with greater sharpness. If Greek and barbarian were united by kinship (as the Danaids claim), and, more strikingly, if Greek was barbarian (through Hypermetra and Lynceus) and barbarian Greek (through Io), then questions were not only being aired about the polarity and its characterizing stereotypes, but also about the nature of Greekness itself and its relationship with the non-Greek world. By relocating the Hellenes in the wider world, and making Greekness non-Greek and non-Greekness Greek, the polarity was subverted. The analogue between Greek/barbarian, civilized/uncivilized, though often assumed to be in place until the late fifth century (yet already challenged in the Persians), was broken, allowing room and creating an 'ideological space' for the questions about the nature of barbarism and even different

kinds of barbarism to develop in new directions, and also for new political attitudes to the Persian and in particular to Persian money.

One of the reasons why the dichotomy between Greeks/barbarian was subverted for a reason not mentioned in the above citation: non-Greeks showed an interest in paideia, especially the Greek paideia. If this is a correct interpretation, then the distinction of Greek/non-Greek is one of educated/non-educated and not having the same blood, use the same language, look the same (physiognomy), dress alike and worship the same gods. It is paideia, as Isocrates claim, which makes the difference between a barbarian and a non-barbarian. It still does today!

Xenelasia

Sparta practiced the expulsion of foreigners (called *Xenelasia*) who included barbarians and other Greeks alike. *Xenelasia*²⁵ is a compound noun of ξένος (foreign, stranger) and the verb ελαύνω which had many meanings in ancient Greek. It definitely means pushing someone out. It may also mean that you kick someone out by beating him. This has created misunderstandings and misinterpretations. We have no evidence that Spartans beat the foreigners out of their city. On the contrary, we have many examples that foreigners were welcome.

One good example of philoxenia in Sparta was Paris of Troy. The story is well known not because of its importance but because it was narrated by Homer in his two masterpieces: *Iliad* and *Odyssey*. Menelaus, the King of Sparta, offered a philoxenia to Paris from Troy in return to Paris philoxenia a few years back when Menelaus had visited Troy and Paris accommodated him in his palace in Troy. Paris made bad use of philoxenia and run away with the beautiful Helen of Sparta who happened to be Menelaus' wife. The famous Trojan War had an excuse to erupt. The rest is known because of Homer. This one bad experience would have been sufficient to justify the practice of *Xenelasia* by Sparta. Paris was blamed and not Helen that left Sparta with her lover. Gorgias (483BCE-375BCE) wrote a masterpiece - *Encomium of Helen* (Ἐλένης Ἐγκώμιον) which praised Helen but said nothing about Paris. According to Gorgias (section 2), the name of Helen was synonymous with a calamity (ὁ τῶν συμφορῶν μνήμη γέγονεν) because of the Trojan war. He wanted to correct this misconception.

Many other examples have documented Sparta's philoxenia. The Athenian Alcibiades was welcomed but this was in the middle of the Peloponnesian War and Alcibiades escaped to avoid prosecution in Athens.

The Ancient Athenian historian and philosopher Xenophon (431BCE-354BCE) wrote about Sparta and gave a very persuasive explanation of *Xenelasia*

²⁵The word is found in many ancient sources. In Plutarch's *Apophthegmata Laconica* (237a) the word is related to education or as it is stated "They learned what was necessary; all other knowledge was expelled both the teachers and their teaching. Their paideia was to lead and be led correctly and sustain the pain and win or die in battle" [Γράμματα ἔνεκα τῆς χρείας ἐμάνθανον· τῶν δ' ἄλλων παιδευμάτων ξενηλασίαν ἐποιοῦντο, οὐ μᾶλλον ἀνθρώπων ἢ λόγων. Ἡ δὲ παιδεία ἦν αὐτοῖς πρὸς τὸ ἄρχεσθαι καλῶς καὶ καρτερεῖν πονοῦντα καὶ μαχόμενον νικᾶν ἢ ἀποθνήσκειν]. Underlining was added.

similar to synchronous argument against tourism. It is of interest to note that the name of Xenophon means the voice (φωνή) or light (φως) of xenos (foreigner). The roots of the English words phone (φωνή) and photo (φως).

In chapter 14 of his *Lacedemonian Politeia*, Xenophon gave an interesting explanation of Sparta's attitude towards the non-Spartans²⁶:

There were alien acts in former days, and to live abroad was illegal; and I have no doubt that the purpose of these regulations was to keep the citizens from being demoralized by contact with foreigners; and now I have no doubt that the fixed ambition of those who are thought to be first among them is to live to their dying day as governors in a foreign land. There was a time when they would fain be worthy of leadership; but now they strive far more earnestly to exercise rule than to be worthy of it. Therefore, in times past the Greeks would come to Lacedaemon and beg her to lead them against reputed wrongdoers; but now many are calling on one another to prevent a revival of Lacedaemonian supremacy. Yet we need not wonder if these reproaches are levelled at them, since it is manifest that they obey neither their god nor the laws of Lycurgus.

[14.4] ἐπίσταμαι δὲ καὶ πρόσθεν τούτου ἔνεκα ξενηλασίας γιγνομένης καὶ ἀποδημεῖν οὐκ ἐξόν, ὅπως μὴ ῥαδιουργίας οἱ πολῖται ἀπὸ τῶν ξένων ἐμπίμπλαιντο· νῦν δ' ἐπίσταμαι τοὺς δοκοῦντας πρώτους εἶναι ἐσπουδακότας ὥς μηδέποτε παύονται ἀρμόζοντες ἐπὶ ξένης. [14.5] καὶ ἦν μὲν ὅτε ἐπεμελοῦντο ὅπως ἄξιοι εἶεν ἡγεῖσθαι· νῦν δὲ πολὺ μᾶλλον πραγματεύονται ὅπως ἄρξουσιν ἢ ὅπως ἄξιοι τούτων ἔσονται. [14.6] τοιγαροῦν οἱ Ἕλληνες πρότερον μὲν ἰόντες εἰς Λακεδαίμονα ἐδέοντο αὐτῶν ἡγεῖσθαι ἐπὶ τοὺς δοκοῦντας ἀδικεῖν· νῦν δὲ πολλοὶ παρακαλοῦσιν ἀλλήλους ἐπὶ τὸ διακωλύειν ἄρξαι πάλιν αὐτούς. [14.7] οὐδὲν μέντοι δεῖ θαυμάζειν τούτων τῶν ἐπιφύγων αὐτοῖς γιγνομένων, ἐπειδὴ φανεροί εἰσιν οὔτε τῷ θεῷ περθόμενοι οὔτε τοῖς Λυκούργου νόμοις.

Xenophon's support for the practice of *Xenelasia* is similar to modern day arguments against tourism because local communities lose their identity. Spartans were well known for their unique life which even today has its own phraseology: spartan life (live with the absolute necessary and avoid excesses and luxuries) and laconic (taciturn). To be a Spartan was difficult for both men and women who had to train hard to stay fit (spartan girls had the fame that were slender and elegant because of physical exercise; after all the beautiful Helen of the Trojan War was from Sparta). Many stories survived about the laconic attitude of Spartans. A Spartan in the General Assembly called Apella said that for this issue he can talk all day. Right away they decided to ostracize him.

Similar to Xenophon is the argument made by Plutarch (AD46–c.120) in his book on *Parallel Lives* which had Lycurgus as its subject. Plutarch wrote (chapter 27)²⁷:

²⁶I use the translation of Xenophon. Xenophon in Seven Volumes, 7. E. C. Marchant, G. W. Bowersock, tr. Constitution of the Athenians. Harvard University Press, Cambridge, MA; William Heinemann, Ltd., London. 1925.

²⁷Translation by <https://bit.ly/3cmzHhn>.

<p>Indeed, nothing was left untouched and neglected, but with all the necessary details of life he blended some commendation of virtue or rebuke of vice; and he filled the city full of good examples, whose continual presence and society must of necessity exercise a controlling and molding influence upon those who were walking the path of honor. This was the reason why he did not permit them to live abroad at their pleasure and wander in strange lands, assuming foreign habits and imitating the lives of peoples who were without training and lived under different forms of government. He actually drove away from the city the multitudes which streamed in there for no useful purpose, not because he feared they might become imitators of his form of government and learn useful lessons in virtue, as Thucydides says, but rather that they might not become in any wise teachers of evil. For along with strange people, strange doctrines must come in; and novel doctrines bring novel decisions, from which there must arise many feelings and resolutions which destroy the harmony of the existing political order. Therefore, he thought it more necessary to keep bad manners and customs from invading and filling the city than it was to keep out infectious diseases.</p>	<p>οὐδὲν γὰρ ἦν ἀργὸν οὐδὲ ἀφειμένον, ἀλλὰ πᾶσι κατεμίγνυε τοῖς ἀναγκαίοις ἀρετῆς τινα ζῆλον ἢ κακίας διαβολήν· καὶ κατεπύκνου παραδειγμάτων πλήθει τὴν πόλιν, οἷς ἀναγκαῖον ἦν ἐντυγχάνοντας αἰεὶ καὶ συντρεφομένους ἄγεσθαι καὶ κατασχηματίζεσθαι ἰόντας πρὸς τὸ καλόν. Ὅθεν οὐδ' ἀποδημεῖν ἔδωκε τοῖς βουλομένοις καὶ πλανᾶσθαι, ξενικὰ συνάγοντας ἥθη καὶ μμήματα βίων ἀπαιδευτῶν καὶ πολιτευμάτων διαφόρων. ἀλλὰ καὶ τοὺς ἀθροιζομένους ἐπ' οὐδενὶ χρησίμῳ καὶ παρεισρέοντας εἰς τὴν πόλιν ἀπήλυνεν, οὐχ, ὥς Θουκυδίδης φησί, δεδιὼς μὴ τῆς πολιτείας μιμηταὶ γένωνται καὶ πρὸς ἀρετὴν τι χρήσιμον ἐκμάθωσιν, ἀλλὰ μᾶλλον ὅπως μὴ διδάσκαλοι κακοῦ τινος ὑπάρξωσιν. ἅμα γὰρ ξένοις σώμασιν ἀνάγκη λόγους ἐπεισιέναι ξένους· λόγοι δὲ καινοὶ κρίσεις καινὰς ἐπιφέρουσιν. ἐξ ὧν ἀνάγκη πάθη πολλὰ φύεσθαι καὶ προαιρέσεις ἀπαδούσας πρὸς τὴν καθεστῶσαν πολιτείαν, ὥσπερ ἁρμονίαν. διὸ μᾶλλον ὤετο χρῆναι φυλάττειν τὴν πόλιν ὅπως ἡθῶν οὐκ ἀναπλησθήσεται πονηρῶν ἢ σωμάτων νοσερῶν ἔξωθεν ἐπεισιόντων.</p>
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Figueira (2003, p. 51) correctly points out that xenelasia was initiated to "... prevent cultural and political taint" and so much of a subconscious dislike of strangers. After all, as Pericles (Thucydides) claimed, this was equally applied to other Greeks and non-Greeks (barbarians) alike.

The issue of the expulsion of foreigners in Ancient Sparta is well established and is well explained by reasons which are germane to today's world of massive tourism. Plutarch in his work on Agis makes a note that in Ancient Sparta foreigners were not welcomed and were pushed out of the city but without hurting them. No force was used or as Plutarch said it (Agis, chapter 10) "...αἱ γὰρ ἐκείνους ἤλυνεν οὐ τοῖς σώμασι πολεμῶν".

Plutarch, in his *Apophthegmata Laconica* (224a-224b), gives a very good example on the issue of *Xenelasia* and the corruption of Spartans by non-Spartans (foreigners).

<p>The tyrant of Samos Maiandros after he fled to Sparta because of the Persian invasion showed off his wealth of gold and silver urns offered them to him (means Cleomenes II) without accepting anything he was afraid that others citizens may accept them, he went to the ephors and said that it is best for Sparta to expel him from Peloponnesus before something bad happens. They obeyed and expelled Maiandros the same day.</p>	<p>Μαιανδρίου δὲ τοῦ τῆς Σάμου τυράννου διὰ τὴν Περσῶν ἔφοδον εἰς Σπάρτην φυγόντος καὶ ἐπιδείξαντος ὅσα κεκομῖκει χρύσεά τε καὶ ἀργύρεα ἐκπώματα χαρίζομένου τε ὅσα βούλεται, ἔλαβε μὲν οὐδέν, εὐλαβούμενος δὲ μὴ ἑτέροις τισὶ τῶν ἀστῶν διαδοῖ, πορευθεὶς ἐπὶ τοὺς ἐφόρους ἄμεινον εἶναι ἔφη τῇ Σπάρτῃ τὸν ξένον ἑαυτοῦ τὸν Σάμιον ἀπαλλάττεσθαι τῆς Πελοποννήσου, ἵνα μὴ πείσῃ τινὰ τῶν Σπαρτιατῶν κακὸν γενέσθαι. Οἱ δὲ ὑπακούσαντες ἐξεκέρυξαν τὸν Μαιάνδριον αὐτῆς ἡμέρας.</p>
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Note: Author's translation.

Cleomenes II, King of Sparta (BCE369-309), advised the five ephors of Sparta to apply the law of xenelasia to Maiandros the tyrant of Samos who had fled his island because of a Persian invasion and found refuge in Sparta because he was shown off his wealth and there was a danger to corrupt the citizen of Sparta. The same day a decision was made to expulse him.

Spartans were Greek despite the fact that they apply the law of xenelasia to Greeks and non-Greeks alike. Plutarch in his *Apophthegmata Laconica* when he discusses Leonidas of the Thermopylae, he claims that when he was leaving Sparta for the battle of the Thermopylae Leonidas said in response to questions of how to fight the barbarians, he stated that he is going to die for the Greeks. Non-Spartan Greeks were not welcomed in Sparta but they distinguished their own race (Greek) from the non-Greek.

Actually, Pericles accused Spartans that they practiced *Xenelasia* to Athenians and all the Greek allies of Athens in addition to the barbarians. Pericles asked Sparta to change that but it is not clear whether he asked to restrict xenelasia to non-Greeks or to abolish altogether. But Athens itself was not so open of a city as Pericles claimed.

Plato and Aristotle make a note of Xenelasia as well. Both relate it to the theme that a foreigner might impinge on the customs and ethos of the host city; especially if this city is more advanced in terms of morality and simplicity.

Athens was not so Xenophile

Pericles was very cocky when he was talking about Athens of his time (430 BCE). Thucydides re-counted what Pericles most probably said in his masterpiece of the *Peloponnesian War*. It is there that Pericles makes the claim that Athens was open to the world. Non-Athenians can come see and learn. The interpretation that the city of Athens practiced philoxenia would be a citation out of context. The motivation is not xenophilia but arrogance. Pericles claims that Athens had nothing to fear from foreigners coming to the city.

And unlike Spartans, Athens would never practice *Xenelasia*. On the contrary, Pericles used the Spartan practice of *Xenelasia* to respond to Spartan's demand to

open their ports to Megarian commercial ships. As Thucydides has recorded (1.144.2), Pericles suggested to the Athenian Demos to respond as follows to Sparta's claims (my translation):

We will allow Megareis to use our markets and ports if the Lacedemonians stop practicing xenelasia towards us and our allies.	Μεγαρέας μὲν ὅτι ἐάσομεν ἀγορᾶ καὶ λιμέσι χρῆσθαι, ἣν καὶ Λακεδαιμόνιοι ξενηλασίας μὴ ποιῶσι μήτε ἡμῶν μήτε τῶν ἡμετέρων συμμαχῶν
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Note: Author's translation.

Here Pericles made clear that Sparta's xenelasia was extended to Athenian citizens and their allies. Thus, Sparta was not only xenophobic²⁸ but they were afraid of all other Greeks who were not their allies. This reinforces the argument made by Xenophon that Sparta's xenelasia was related to the fear that the enemies (Greeks and non-Greeks) might spy by visiting their city. From the above statement one may not conclude that Pericles and the city of Athens was not xenophobic.

Conclusions

Greeks were xenophobic. They were the ones who coined the term Barbarians which is still used today by many other ethnicities. They are also xenophobic. If Greeks showed xenophile behaviour this was done either because they feared the punishment from Gods and/or they were expecting material gains. Today these material gains are obtained by foreign tourists from the money they spend when they visit the country.

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²⁸The term xenophobic should be distinguished from the term misanthropic. The latter is more general and applies to all human beings irrespectively if they foreigners (barbarians) or not.