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## RESEARCH ARTICLE

### MONEY AS A TOOL FOR COLLECTIVE ACTION

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#### ABSTRACT:

Complementary currencies are usually seen as a by-product of collective movements for social change or as an institutional tool for local development: they are an outcome of collective action, not the origin of collective mobilisation. Empirical research on the Sardex complementary currency, though, suggests that money may support the emergence of collective action.

Traditional economic theory considers any collective benefits provided by the economic system as the secondary effects of individual entrepreneurs seeking to maximise their profits. Entrepreneurs belonging to the Sardex network, though, do associate the use of the Sardex currency with direct collective benefits.

This means they consider their business activities to be a form of collective action for promoting the common good of Sardinia's socio-economic development. Using the Sardex currency sets this collective action in motion: some Sardex members also work to expand the Sardex network without any expectation of economic gain.

**KEYWORDS:** common goods; complementary currency; economic activism; politicisation; utilitarianism; Sardex; money; collective action.

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## 1. Introduction

In the mainstream economic approach, money, like other goods, is just a commodity that needs to circulate freely in the market: in the long term, market competition will always provide citizens with the best aggregate utility. Labour mobility and firms' struggles to survive market competition should provide the best possible outcomes for consumers and workers: prices will decrease, employment will increase and better-quality products will emerge. Despite the apparent economic neutrality, this is clearly a political project for dealing with social inequalities that believes in the redistributive power of market competition. This project is linked to specific type of money affirmed with the national currencies that became increasingly dominant following the creation of nation-states. In this period, which was preceded by the co-existence of different currencies, the recently established sovereign authorities sought to centralise their power and affirm their exclusive right to issue a single currency (Helleiner 2003; Ingham 2004; Amato and Fantacci 2013; 2015). Currency experiments and innovations, though, have always existed, even in recent years. For example, 4,500 complementary currencies (CCs), community credit and alternative finance systems have emerged in the last thirty years (Blanc 2013; Servet 2013), a large number of them in Europe. CCs usually arise in response to specific economic, social or environmental needs (Place and Bindewald 2015; Doria and Fantacci 2018) and carry with them expectations of political change. Unlike the many recent virtual currencies (e.g., Bitcoin), CCs do not aspire to replace the ordinary currency but "only" to fill gaps in the functioning of the ordinary currency with their utopian project (Dodd 2015).

In the literature, CCs were usually studied in relation to specific development goals of local communities, e.g. economic development, wealth distribution, the environment, etc. In this context, CCs are seen as a by-product of a collective movement for social change or as an institutional tool for local development. Indeed, the economic field—and money in particular—is usually seen as a tool for collective action, but not as its origin. Popular forms of collective action in the economic field are boycotts, strikes, purchasing groups or CCs. Economic activism (Forno and Graziani 2014; Bosi and Zamponi 2015) is the framework within which such strategies are understood as a form of economic activity with clear political ends. Economic activism is usually seen as a by-product of political mobilisation: individuals or institutions use economic tools to reach a predetermined set of goals.

Relying on field research on the Sardex CC, this paper argues that money can also be a tool for enabling collective action oriented toward the production of common goods. When economic action is mediated by Sardex money, the actors' self-

understanding of their economic activity shifts from selfish motivations to collective-oriented motivations. This shift in personal beliefs also entails a change in economic behaviour: people decide to use Sardex *because* of their collective political ends. In a nutshell, research findings suggest a different way to undertake economic action and to generate collective action: traditional entrepreneurial utilitarianism is hybridised with an economic form of collective action which is generated by a specific form of money<sup>1</sup>.

The next section provides a summary of the main theories and mechanisms that explain the emergence of collective action. The third section describes the Sardex CC, how it was founded and how it functions. The fourth and fifth sections set out the research findings: they show how Sardex money shapes beliefs related to self-understanding economic actions and how this self-understanding generates collective action. The conclusion discusses the contribution of the Sardex experience in the light of a general theory of collective action and money functioning.

## 2. The mechanisms of collective action

Collective action is an open concept that can be used to define many different social dynamics. Some scholars use the concept to refer to generic actions performed in a group or with other people, while social movement scholars traditionally associate the concept of collective action with *extraordinary* events (McAdam 1999 [1982]; della Porta and Diani 2006), such as revolutions or protests. Here, we adopt a third option, where collective action is a social dynamic that sees individuals cooperating for a common goal. But, unlike other forms of cooperation, collective action is oriented towards the production, regulation or request of a collective good (Baldassarri 2009: 391-392). Social volunteering or participation in union activities may be seen as an example of *ordinary* collective action oriented towards the production of a collective good. A collective good differs from other goods because it can only be produced or managed collectively, individuals cannot produce or manage it. *Ordinary* forms of collective action and *extraordinary* mobilisation or protests are social dynamics that may have very different origins, but both can be treated as a problem of social coordination that requires a proper explanation.

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<sup>1</sup> The paper is based on research presented in the book *When Money Changes Society. The case of Sardex money as community* (Bazzani 2020a), see in particular the sub-section 4.3.

The social science disciplines have developed explanations for the emergence of collective action that differ with regard to the situational context of the origin of collective action, its specific form and to the assumptions embodied in the explanatory models adopted. Different disciplines take different stances over the phenomena and, within disciplines too, there are often different assumptions which cannot easily be merged and synthesized. The early classical sociologists anchored the emergence of collective action to the presence of *social norms* (Durkheim 1982 [1895]). Social norms pre-exist individual agency and channel individual and collective action. This position can hardly account for the very different types of collective action that take place every day and their co-existence. The rational-choice approach suggests that *individual interest* may well explain the emergence of collective action. Indeed, individuals may expect some rewards, in terms of reputation, personal identity or even direct economic gain from collective action (Elster 1989). According to this view, cooperative action oriented toward a common goal is chosen by individuals who may also choose the free-rider option if it better serves their individual interest. Ostrom (1990) perceives that the conflict between individual and collective optimality makes it difficult to manage *common-pool resources*. Natural resources, for example, can only be maintained in the long run through social coordination and by focusing on collective goals because any individual use reduces availability for others. The psychological tradition tends to further internalise these problems of social coordination by considering the presence of stable psychological traits that may or may not favour the emergence of collective action (Stroebe and Frey 1982).

In recent years, experimental approaches have provided new evidence which helps to explain the emergence of collective action. The one or more mechanisms that bring about collective action may be difficult to identify in field research, but in a laboratory setting different mechanisms can be studied in isolation and different hypotheses regarding the emergence of collective action can be tested. This evidence is changing the scenario for explaining the emergence of collective action: the different assumptions underlying previous explanations can be tested and new hypotheses developed. Research findings suggest that collective action emerges through a combination of very different generative mechanisms that neither exclude, nor confirm, any single mechanism. Collective action can be generated by individual interest—confirming rational choice assumptions—and also by the presence of social norms. For example, in the case of one-shot interaction in Public Good Games, people may opt for behaviours that are not in line with rational choice assumptions. In such cases, people decide to give *alter* between 40% and 60% of their resources without any direct or indirect return (Ostrom 2000: 140). This happens even when *ego* does not have any direct interaction with

*alter* and obtains no direct advantage from this decision: this is not a strategic interaction but a value-oriented type of social action. This type of collective orientation of social action is also evident in the presence of the desire that group members who break group rules be punished. People often choose to avoid the free-rider option even when they have no prior experience and do not expect subsequent involvement in that particular interaction. The possibility of direct communication and repeated interaction does, however, reinforce these tendencies to mutual commitment and it fosters cooperation (Baldassarri 2009, 2015). Face-to-face interaction increases the likelihood of social coordination, because it facilitates the sharing of opinions and the setting of a common goal.

Even though the origin of collective action cannot be ultimately placed inside (interest) or outside (norms) individuals, collective action and free-rider behaviour both continue to co-exist within the complex web of incentives and norms in the real world. The co-presence in the mechanisms of collective action of both individual interest and value-oriented action suggests that the focus of interest needs to be shifted from the *origin* of collective action to the *contextual elements* that may support the emergence of such behaviour. Understanding the emergence of collective action requires “*the study of the contextual and institutional aspects that favour the emergence and maintenance of social norms [which become] central to the collective-action research agenda*” (Baldassarri 2009: 401; Ostrom 1990; 2000). This perspective does not contest the validity of previous knowledge, but more interestingly, it requires previous knowledge to be considered as the building blocks of situational configurations of elements and mechanisms that bring about collective action (Olson 1965; Hardin 1982). According to Marx, for example, class struggle is possible only after the emergence of class *per se*. Class struggle is a form of collective action so its roots do not lie in individual propensities, or in specific social norms, but in structural forces (class *in se*) and class awareness (class *per se*), without which class struggle cannot take place. Collective action only emerges when a collective goal is identified as an individual goal. In this case, the key elements that bring about the mechanism of collective action are not its ultimate source (social structure), but the contextual elements that may or may not favour the formation of class awareness. Regarding these elements, social movement scholars have offered different explanations which highlight the role of culture (McAdam et al. 1996), the political system (Marwell and Oliver 1993), social networks (Gould 1993; 1995; Kim and Bearman 1997), the distribution of inequalities (Calhoun 2015), the role of elites (Bearman 1993) and the role of technical devices (Marres 2016). In this framework, class struggle, and indeed collective action in general, may emerge from very different contexts and institutions, and the mechanisms involved

may also vary considerably. Money can be one of these institutions: as the classical sociologists demonstrated, money has the power to shape social interaction and to contribute to social change (Simmel 1990 [1907]; see Bazzani 2020, chap. 2). Moreover, from a socio-technical perspective, money can also contribute to role distribution and it can influence the course of action.

In this framework, collective action cannot be considered as a “toolbox” (Tilly 1978; Tarrow 1998; della Porta and Diani 2006) which is available for political activists to “utilise”. The emergence of collective action and its political dimension does, in fact, require a sociological explanation before it can become a “tool”. Continuing with the class struggle example, only a specific set of contextual elements (*opportunities*) will favour the emergence of class *in se*: at the very least, the *belief* that social change is possible and the *desire* for that change to come about need to emerge<sup>2</sup>. Belief that collective action will achieve the desired outcomes is a requisite for undertaking action, even though these outcomes are often deferred to some future time and cannot be achieved by individual efforts. Individuals engaged in collective action will often not see the outcomes of their efforts. For example, they do not see these outcomes in the case of union strikes because political and contractual processes are often very lengthy, nor can they see them when the goal is sustainability for future generations: people’s *belief* in the outcomes of collective action rests on the hope that current actions will result in the expected effects in the future. Even though the causal link between present social action and future consequences is often not confirmed by empirical evidence (see Clarke et al. 2016, part. 1), the belief that it exists makes it possible for collective action to take place. Expected futures generate real effects that may be independent of the validity of the forecasting (Beckert 2016). The case of the mechanism of self-fulfilling prophecies is a clear example of the capacity of beliefs to produce real effects: when financial bubbles and crashes are predicted they often become reality because of the shared belief that they will happen. Aggregate effects of behaviour based on beliefs are real and the evidence of these effects tends to confirm the validity of these beliefs (Merton 1948). Beliefs are formed within a specific context, where institutions and relevant players may have significant roles, for instance, where there is recourse to an epistemic authority (Zagzebski 2015), but other mechanisms may also contribute to belief formation (Rydgren 2009): the most important of these are categorisation, analogy (Chwe 2001) and repeated observation and inference (Holland et al. 1986).

The next section will present the Sardex CC and then discuss its effects on collective action and the mechanisms at work.

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<sup>2</sup> For an introduction to this action model see Hedström 2005.

### **3. Sardex complementary currency**

Sardex is a business-to-business CC that was set up in Sardinia in 2009 and has since grown rapidly<sup>3</sup>. Sardex currency has the same value as the euro and it can only be used by Sardinian firms based in Sardinia and affiliated with the Sardex network. The company, Sardex Ltd, established in Sardinia in 2010, manages the lending service with about fifty employees and about fifty consultants. Credit is granted to Sardinian companies to spend on buying products or services from other companies belonging to the Sardex network. When a company pays in Sardex, the company records a debit, equivalent to the value of the payment, on its account with the Sardex network. Debt is paid when other companies buy products in Sardex from the debtor. Interest is not applied to Sardex debts and credits. This Sardex zero-interest rate acts as an incentive to exchange goods and it also stimulates purchases. There is no incentive for companies to keep their Sardex balance positive because it does not generate interest. A member company's interests are best served by a balanced Sardex budget or by incurring Sardex debt to make an interest-free investment in the company. Sardex, like other older CCs such as LETS and WIR, cannot be exchanged with the official currency.

Companies pay Sardex Ltd an annual fee to be part of the network. The fee varies from € 200 for small cooperatives to € 3,000 for large companies. There is a clause in the Sardex Ltd statute which states that all profits must be reinvested in the company (Dini et al 2015: 27). The Sardex Ltd broker service helps members use the network to maximise the economic benefits for their business. More than 3,500 companies now

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<sup>3</sup> The analysis uses thirty-seven semi-structured interview, conducted by the author in 2017, with entrepreneurs who belong to the Sardex network (E) and a further eleven interviews, also conducted by the author, with Sardex managers and employees to better understand the functioning of key aspects of Sardex Ltd in the key areas of brokering, research and development, media, ICT and management. The sample of firms was differentiated according to the number of employees, the business sector, the year the firm joined Sardex and proximity to Cagliari, the regional capital. Interviews took place in person. The evaluation included coding and categorizing (Corbin and Strauss, 2008). The interviews were conducted in Italian and explored basic topics which included the motivations for joining the Sardex network, relationships with other members, the economic effects of joining Sardex for the company and entrepreneurs' personal opinions of the Sardex project. The interview questions were designed to be open and flexible so as to allow participants to drive the interview focus (Crouch & McKenzie 2006). Most of the information and data collected were inserted into a numerical matrix with 151 variables, while the qualitative part was transcribed and coded. The data were coded according to grounded methods (Charmaz 2006; Corbin and Strauss 1990) which made it possible to use the entrepreneurs' perceptions to formulate the theoretical framework which has guided this study/research. Open codes were grouped and refined into focused categories using NVivo software. For an extensive analysis of the interviews see Bazzani 2020a.

belong to the Sardex network and all of them have experienced appreciable growth rates.

A group of adviser promotes Sardex among Sardinian firms although businesses can also independently submit a request to join the Sardex network. When a business does this, the Sardex brokers assess whether or not that business complements current Sardex market requirements. If the evaluation is positive, the firm receives a credit line to start buying and selling in the network. The value of the credit line extended to the business is decided by the Sardex brokers and it is a fraction of the firm's annual turnover in euros. A firm's business in Sardex is complementary to its euro business, so initial credit lines are usually around 10% of a firm's annual turnover. A firm can buy goods and services and its Sardex balance can remain negative up to its credit line limit. Sardex debt has to be repaid within a year by selling the firm's goods and services to other network members. If the debt is not repaid within that time Sardex Ltd may request that it be repaid in euros. Sardex money is primarily a medium of exchange: it is not a store of value but rather a tool for facilitating investment and transactions. The Sardex currency has a fixed exchange rate and is not convertible so the function of money as a unit of account remains with the euro.

After joining the network, firms open an account on the Sardex online platform and start using the services provided. This online platform offers:

- a list of the firms that are members of the Sardex network which provides information on their location and the products/services they buy and sell;
- a personal page on the Sardex platform for making offers or promoting products;
- a Sardex Facebook page for interacting with other members or for promoting products or marketing events;
- an online web platform for making payments in Sardex. These payments can also be made using a Sardex mobile phone app.

Sardex Ltd is organised around its various areas of activity, each of which is dedicated to providing a particular service to the Sardex network. The tasks performed by the research and development, ICT, media and advisory teams are similar to those of other service companies but the broker service provided by Sardex Ltd is truly innovative. Broker management closely supervises the Sardex market and the broker service includes a call centre for members who can ask their broker to assist them in sourcing suppliers of specific goods or services; members can also obtain expert advice on market trends and receive suggestions regarding marketing strategies. The broker service is very effective in promoting transactions among members.

Some of the features of the Sardex CC make it stand out:



- *Origin and purposes*: the founding of Sardex is linked to a desire for the collective civic redemption of Sardinia, an economically backward region; this desire was expressed by a small group of young locals, who at that time had mostly emigrated to Northern European countries. The Sardex project is an example of self-empowerment of a depressed region, activated independently of central or local regulatory institutions.
- *Tradition and innovation*: Sardex adopts interesting aspects of successful CCs of the past, in particular, the WIR (Switzerland), set up after the Great Depression of '29 and still active as a bank and LETS, created in Canada during the crisis of the '80s. The Sardex synthesis, though, is innovative because i) it uses the advantages of ITC; ii) it is supported by a service company (Sardex Ltd) that promote the currency and can cope with the decline of volunteer enthusiasm which negatively impacts other local CCs.
- *Currency design*: i) the Sardex discourages accumulation and promotes the circulation of goods and money within the region (the Sardex circulates ten times faster than the euro (Sartori and Dini 2016: 278); ii) payments are certain and immediate; iii) all transactions are traced and tax evasion is impossible.
- *Social effects* described in the literature refer to Sardex as a device capable of fostering a sense of public interest in the local community among its member companies. Individual utility and social value seem to coalesce in the user's awareness of the positive effects of Sardex on the local community (Littera et al. 2014: 17).
- *Spread*: Sardex now has more than three thousand companies and its members conduct transactions worth forty eighty million Sardex every year. CCs with similar characteristics to Sardex have been adopted in twelve other Italian regions and similar projects have been developed in France, the United Kingdom, the Netherlands and Spain.

#### **4. How money shapes beliefs: the emergence of the collective**

Sardex was created and developed during a period when Sardinia and other regions and countries throughout the world were suffering a severe economic crisis. Compared to the Northern Italian regions, Sardinia has always lacked a strong industrial sector and for the last twenty years Sardinian businesses have been pressured by external competition from larger and better organised com-

panies. The 2008 economic crisis and the years that followed fostered a sense of economic decline and the economic expectations of Sardinian entrepreneurs became very negative. Many entrepreneurs who are members of the Sardex network saw the Sardex currency as an opportunity to contrast this decline:

*I joined Sardex to get around the growing crisis and I must say I was right. This allowed me to save myself and attract new customers to counteract the loss of those who use the internet or who only care about price and not service. It is not these people's fault, because the system doesn't leave them much money and prices are all aligned in a downward direction. Workers and entrepreneurs are doing without the profit margins required for a company to exist. Twenty years ago, a company with my turnover, managed to feed 4/5 people without any problems. Today I can barely manage with just my son. The gross operating margin has decreased and consequently the net operating margin has also decreased. The State doesn't believe this is my real net operating margin, and I am told it is impossible and that I am cheating. A tragedy. This is everyone's condition: it is Europe that is in this situation. In a while Germany will also fall into this situation because poverty is born of poverty. If we don't get it into our heads to make our small businesses grow again and give value to our work, we won't get out of this situation. With Sardex our work is valued (E.15).*

This entrepreneur sees national and supra-national institutions as something that extract value from his work and business: he does not perceive them as providing security and opportunities but rather as a threat to his life. For various reasons, most of the entrepreneurs in the sample have no access to bank credit: some lack collateral, others have recently established businesses, etc. Entrepreneurs who do have access to bank credit consider it unfair that banks borrow money from citizens and central banks at almost zero interest, but lend it to entrepreneurs at very high interest rates, sometimes as high as 10% when banking fees are included:

*We don't use traditional credit. We didn't ask for it, we needed it in some periods, but I don't consider the banks to be trustworthy. Not because they might fail but because nowadays banks' intentions are not to help customers prosper, but to damage them. We have a traditional bank account, but I see that there is no interest in increasing a customer's wealth, but only to make sure the figures are correct and that everything is precise, and the right procedures adhered to. Today the situation does not allow companies to be in top form, I don't see the banks providing any assistance to companies, quite the opposite. Sardex, though, sustains companies by offering them credit lines (E.31).*

In this situation, entrepreneurs increasingly feel they have been abandoned to face the competition from big global companies by themselves. In their eyes, institutions which should be supporting their economic activities do not seem to be fulfilling their promises, or, even worse, they are perceived to be creating obstacles for local entrepreneurs.

The basic difference between Sardex and the euro is that Sardex cannot “move” outside Sardinia: it can only be exchanged among network members, all of whom live in Sardinia. However, this basic rule alone is not enough to establish a different functioning and perception of the economic system. Entrepreneurs experience at least three main differences in the way Sardex functions. The first difference that entrepreneurs see when doing business in Sardex comes from their first encounter with this currency: Sardex Ltd does not ask for collateral when it makes Sardex credit available to entrepreneurs, nor does it charge a high interest rate. Sardex credit costs firms an annual membership fee, which is very low when compared to the cost of bank credit. The creditworthiness of firms in the Sardex network is assessed on the basis of their capacity to exchange goods and services within the network: the more the products and services offered by a potential member are required by other network members, the greater will be the firm's ability to repay its debt (for details see Bazzani 2020, chapter 3). Entrepreneurs perceive that Sardex Ltd places a high level of trust in them.

The second difference that entrepreneurs perceive when doing business in Sardex comes from their first meeting with other members. From the day a firm joins the Sar-

dex network, the broker office works to spread this information among other members. It is common for new firms to receive calls for quotes from other members or have new customers arrive in their shop/office on the same day they join the Sardex network. These relationships cause new members to perceive the Sardex network as different:

*The first exchanges in Sardex were positive because negotiations started differently. Relations with companies in Sardex have well identified values: trust, a desire for reciprocity, and to help the network grow, improve negotiations and relations. (E.9).*

Entrepreneurs report how there is a sense of belonging within the Sardex network which is lacking in ordinary economic transactions. Unlike transactions carried out in euros, “there is always something to talk about” in Sardex: people usually share opinions on other Sardex suppliers or talk about marketing strategies.

From the beginning, entrepreneurs perceive that relationships in Sardex are different, thanks to Sardex Ltd and to the behaviour of other members. From these experiences, members develop a belief that people in the Sardex network are highly reliable and can be trusted when carrying out economic transactions. Entrepreneurs rapidly start to expect that all other members of the Sardex network will possess similar characteristics, thanks to the categorization mechanism. These expectations are confirmed during subsequent economic exchanges, where experiences of cheating on product quality or delaying payment are very rare: this is the third relevant difference that entrepreneurs experience in the Sardex network. During the economic recession entrepreneurs became extremely suspicious regarding the real intentions of their customers. They report how they had to spend much of their time collecting payments from their customers: with the crisis delayed payments became increasingly frequent which meant entrepreneurs spent a lot of time chasing their debtors. This does not happen in the Sardex network because there are effective systems of direct and horizontal monitoring and sanctioning in place (see Bazzani 2020, chapter 4). Defections from the cooperative behaviour expected in economic exchanges are very rare in the Sardex network.

Thanks to these three differences that Sardex members experience within their network, they soon start to consider this type of economic functioning as a “different” way of making money and doing business compared to the euro system:

*Sardex gives a sense of belonging that is missing today. Members recognise that the Sardex project gives them a chance of keeping their money here. This is the basic mission that members recognise in the Sardex project, then soon this mission is transformed into relations between people who trust each other. This is a condition never experienced in any other type of economic operation. For work I have visited over a thousand companies, but a situation of this kind is absolutely unique in history, an incredible demolition of barriers. Sardex is an element of commonality that encourages you to share experiences. The positive experiences you make in the network reinforce this image (E.34).*

These experiences make members realise that money can function in different ways and that in Sardex the principle that “our money stays here” is accompanied by “fair” behaviour in economic transactions and by a sense of “familiarity” among members:

*In Sardex we are a kind of brotherhood, a trade union, a private club, we all feel like one family and, in the end, this makes us frighteningly loyal in our purchases and it also means we create friendships. We all share the hope of being able to change something in this economic system which penalises those who work, and which has increased the distance between those who have enough money and those who do not. Sardex is a payment system that gives you the chance to make a living. It shortens distances (E.15).*

The functioning of Sardex is a complex mix of technical characteristics and activated social mechanisms. The effect on beliefs is that users begin to see Sardex money as a less abstract mediator of economic life than ordinary money. Ordinary euro money comes from banks and can “fly” away from Sardinia with financial products, while Sardex money “remains” in Sardinia and generates a “different” mode of money and economic functioning.

This positive perception is confirmed by the increasing turnover of firms using Sardex (Bazzani 2020) and also produces a shift in the way people use money. In time of crisis, Sardex entrepreneurs tend to reduce investment and they cut back on their personal consumption. Sardex money cannot be used for paying taxes or electricity bills, but only for buying products and services from other members. This condition generates a different feeling when using Sardex money—Sardex is a “lighter” currency:

*In the periods when I know I cannot spend euros, I have the opportunity to spend in Sardex. Euros are always needed for specific things, like taxes. If I need to buy something and I can't spend in euros, then I use Sardex. For example, a few days ago it was my daughter's birthday, we went to the restaurant opposite, with all the family, to celebrate and I paid in Sardex. In euro I wouldn't have done it because I would have thought about it a thousand times before. Nowadays, we have to think a lot before spending euros (E.29).*

## **5. Sardex and collective action**

The differences between how the euro and the Sardex currencies function tend to become a model for the entrepreneurs that orientates economic functioning towards supporting the local economy:

*Sardex provides benefits for our territory because the money stays here, with salaries and taxes. The greater the number of Sardinian companies working, the greater the benefits for Sardinia (E.19).*

*Using Sardex ... has the effect of increasing monetary circulation and purchasing power because there are companies, professionals and artisans that are increasing their turnover. The positive effect on my activity and on the local economy have made me judge Sardex more favourably (E.14).*

*With Sardex I keep the product in our region. It is easy to buy online, on the internet, but with Sardex we keep the product*

*in our region, and we don't need to look for it elsewhere ... It is also a way to support the Sardinian economy and the smaller economies (E.27).*

Entrepreneurs join Sardex mostly because they want to use it to increase their business and deal with the economic crisis. Then while they are using Sardex for their transactions, they start to perceive the different value(s) of the Sardex network compared with the euro. This process can be clearly observed in the shift in the motivation for joining and using Sardex. In the sample, half the entrepreneurs cite the ethical value of Sardex as their principal motive for continuing to use it: they joined the network to increase their business but they remain members also for ethical reasons (tab. 1).

**Table 1: Motivations for joining and using Sardex provided by the entrepreneurs sampled.**

	<i>Business</i>	<i>Ethical</i>	<i>Both</i>
Joining	31	4	2
Using	17	3	17

Entrepreneurs believe Sardex benefits not only their own business but the whole economic system of their region. This is the ethical value that they associate with using Sardex but not with using the euro: local circulation of money favours local businesses and the overall development of the region. This is the key passage where, in the view of the entrepreneurs, individual utility also become a *collective goal*. In this way, entrepreneurs continue using Sardex because it enriches their businesses, but *also* because they believe it contributes to the wellbeing of their region. It could also be argued, though, that increasing the quantity of euro currency in circulation might also benefit the regional economy. But entrepreneurs do not attribute a collective goal to the use of the euro, which, compared with Sardex, is seen as connected to some “impersonal” market that is supposed to regulate it. Sardex is regulated by people you can meet and all the money circulation is tracked and cannot move outside the region. While the euro is commonly associated with impersonal or supranational

forces, Sardex money has a local dimension and is regulated by people who are well known to them. Entrepreneurs feel that they are part of the Sardex project and that they can influence its development.

Sardex creates a new form of community (Bazzani 2020b) that did not previously exist. This community is characterised by money circulation, regional geographical boundaries and economic entrepreneurship. In this community, members believe in a collective goal (regional socio-economic development) and in the capacity of each member to contribute to reaching these goals. Members also use Sardex because they recognise that the project has a collective goal.

Evidence of the collective orientation comes not only from entrepreneurs' self-reported beliefs, but also from their behaviour. Entrepreneurs prefer to use Sardex rather than euros for their expenses because of its ethical value and they also often promote Sardex among their acquaintances encouraging them to join the network. The more entrepreneurs associate Sardex with ethical values and collective goals, the more they promote it among their personal network, some of them quite enthusiastically. Sardex Ltd has a team of advisors that visit Sardinian firms and promote membership. The entrepreneurs who willingly promote membership among their personal network, usually do not usually benefit in any way from the new firms which join the Sardex network. It can be argued, though, that in some cases having more firms in the network is advantageous for members because it increases opportunities, especially when the newly recruited firms are in the same area. In this case, it would be difficult to prove that recruiting was animated by a collective goal, though the traditional interpretation of collective goals being met as a secondary effect of individual profit would be valid. However, Sardex members' behaviour shows how entrepreneurs often promote the Sardex network without any expected direct gain, but only because of the network's intrinsic value:

*I talk in my shop with Sardex customers, I explain how it works and, when they tell me they would like to join, I call the brokers and tell them to visit them. For example, there is a really nice toy shop, I talked to [the owner] for a year to persuade him to join and now he is really happy. Now he complains that he would have liked to join the network earlier. I always ad-*



*wise trying it for a year, if you realise that it doesn't work for you, then don't renew your membership. But they have all remained, even the creche. Our creche and kindergarten are both in Sardex (E.18).*

This entrepreneur has no need to use the services provided by the creche and kindergarten and nor do her relatives. She promotes the network only because she believes that expanding the Sardex network has an intrinsic value. However, there are also some cases in which the Sardex network is still used for collective goals, but not for its intrinsic features: among the entrepreneurs, there is some occasional pro-social behaviour oriented towards helping people impacted by natural disasters. In these cases, the Sardex network is used as a tool for collecting funds to support these disaster victims.

Entrepreneurs associate business conducted using Sardex with positive collective socio-economic effects: half of the entrepreneurs sampled use Sardex currency not only to improve their business but also to contribute to the socio-economic development of their region. This is not the case with business conducted in euros. So, using Sardex starts to become a form of collective action among entrepreneurs.

## **6. Conclusion: money as a political project**

The Sardex project was created to support the local economy and local businesses. Entrepreneurs perceive that this currency helps them face competition coming from larger, better organised companies based in other Italian or European regions. Sardex creates and redistributes business opportunities, thanks to an interest-free credit system, a rapidly circulating currency, the broker service and the “different” type of economic and social relationship within the Sardex network. From their first day in the Sardex network, entrepreneurs receive calls from new customers and they perceive the presence of fair behaviour, high levels of trust and a cooperative attitude within the Sardex market:

*In the Sardex network you find entrepreneurs with whom it is easy to have social goals ... A strange vibe is created in Sardex, it is all about demolishing walls and it works towards that. The walls don't get de-*

*molished because the system works, but the system works because the walls are demolished. It is a reversal of cause and effect. In a normal economy, relationships are usually good because the economy is working well, here it is the opposite: the economy works because relationships are good (E. 34).*

This different experience of economic relationships within the Sardex network shapes a new perception of how the economic system functions. Entrepreneurs using Sardex believe that their economic activity has both individual and collective benefits. Sardex money is not only seen as a tool for increasing company business because entrepreneurs feel that using Sardex has the effect of directly augmenting collective well-being. Individual and collective benefits co-exist in the use of Sardex.

The entrepreneurial activity of "doing business" and collective action are forms of social action that are traditionally kept separate. In the mainstream economic narrative, entrepreneurs should not care about the secondary consequences of their business—their sole objective should be to increase their profits: politics and society at large should care about the other issues. Positive collective outcomes should be delivered as secondary effects from the firms' struggles to remain competitive on the market and their capacity to innovate. The free circulation of money is a crucial tool for facilitating exchanges and increasing competition among economic players. Indeed, the free movement of money, goods, services and people was at the heart of the European integration project and, specifically, of the European Monetary Union and the euro (Münch 2008: 528; Schmidt-Wellenburg 2017, Emerson 1992). Encouraging competition with the free movement of goods, services, capital and people is expected to provide mutual benefits for European countries in the long run. In the short term there is increasing inequality among countries and between strong and weak businesses. Waiting for the expected long-term benefits of market competition for all countries, politics and individuals need to cope with the side effects of the markets: i.e. unemployment should be tackled using European and national public investments or with individual emigration (Streeck 2015). The common market union and the euro project were built with the same goal of reducing transaction costs and reinforcing competition (Feldstein 1997;

Goodhart 1998; Bohle 2009; Hopkin and Blyth 2012) and the expected secondary effects were to favour the consolidation of a European identity and real European political integration. Unfortunately these simple assumptions did not produce clear outcomes: the real effects of the process are complex and still under debate (Peersman and Smets 2005; Bartram and Karolyi 2006; Papaioannou and Portes 2008; Matthijs and Blyth 2015). Unexpected negative political tendencies are emerging: nationalism is rising in European countries (Lubbers and Coenders 2017) as is internal and external migration pressure on the EU (Trenz and Triandafyllidou 2017) and there have been unexpected redistribution effects (Cour-Thimann 2013; Enderlein 2006).

Unlike the euro, Sardex takes money out of the neutral arena of economic competition and places it in the political arena. Entrepreneurs using Sardex do not demand local development, occupation and economic wellbeing as the expected long-term benefit of international market competition, but they are directly engaged in supporting and promoting Sardex money for these goals. At a time when the regulation of money supply and circulation is subjected to impersonal external forces (i.e. the markets) that it seems no-one can change, Sardex money restores monetary regulation to a local scale. At this level, users perceive that they can influence monetary circulation in a way that could assist self-development within their region. As they use Sardex money, entrepreneurs start considering this currency as a tool for directly intervening in redistributive processes and supporting the entire regional economy. The distinction between individual and collective well-being becomes blurred and entrepreneurs start to see their business in Sardex as something with clear and valuable collective goals. This is a form of collective action oriented towards the production of a collective good, identified as the socio-economic development of the region. This collective action is carried out in ordinary economic transactions and it can also take the form of promoting network membership without any direct economic gain. There are also some occasional philanthropic initiatives among members.

In conclusion, it can be noted that the emergence of collective action in the Sardex network is not the effect of particular individual characteristics or political strategies of economic activism generating extraordinary events, but rather, it is the effect of contextual elements related to the characteristics and functioning of the currency. These elements guide social interaction so that, at the aggregate level, collective action oriented towards the production of a common good can be observed.

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