

LSE

THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

LSE Research Online

**Giuseppe Littera, Laura Sartori, Paolo Dini,
Panayotis Antoniadis**

From an idea to a scalable working model: merging economic benefits with social values in Sardex

Conference Paper

Original citation:

Originally presented at Littera, Giuseppe, Sartori, Laura, Dini, Paolo and Antoniadis, Panayotis (2014) *From an idea to a scalable working model: merging economic benefits with social values in Sardex*. In: Inaugural WINIR Conference, 11-14 September 2014, Greenwich, London, UK.

This version available at: <http://eprints.lse.ac.uk/59406/>

Available in LSE Research Online: September 2014

© 2014 The Authors

LSE has developed LSE Research Online so that users may access research output of the School. Copyright © and Moral Rights for the papers on this site are retained by the individual authors and/or other copyright owners. Users may download and/or print one copy of any article(s) in LSE Research Online to facilitate their private study or for non-commercial research. You may not engage in further distribution of the material or use it for any profit-making activities or any commercial gain. You may freely distribute the URL (<http://eprints.lse.ac.uk>) of the LSE Research Online website.

From an Idea to a Scalable Working Model: Merging Economic Benefits with Social Values in Sardex

Giuseppe Littera
Sardex.net

Laura Sartori
Dipartimento di Scienze Politiche e Sociali
Università di Bologna

Paolo Dini
Department of Media and Communications
London School of Economics and Political Science

Panayotis Antoniadis
Communication Systems Group, Computer Engineering and Networks Laboratory
Department of Information Technology and Electrical Engineering
ETH Zürich

Abstract

The remarkable growth of Sardex as a local currency throughout the island of Sardinia over the past 4 years motivated an in-depth look at its starting assumptions, its design and operational principles, and its socio-economic context. The paper looks at Sardex as a social innovation start-up, as a medium of exchange and unit of account, as an online and offline mutual credit system, and as a closed economic community or 'circuit'. The analysis relies on interviews of circuit members conducted in the Summer of 2014 and benefits from the reflexive point of view of one of its founders. The main findings are that trust was and continues to be fundamentally important for the creation and operation of the local Sardex currency and of the circuit, and that Sardex mediates both economic and social value(s). These properties make it an ideal space for experimentation in socio-economic innovation that can be characterized as a 'laboratory of institutional learning.'

Table of Contents

1. INTRODUCTION	2
2. THE GENESIS: FROM AN IDEA TO A WORKING MODEL.....	3
Time-Frame.....	3
Entering the Local Economy	4
How It All Came Together	4
From Idea to Model: From Currency to Network	5
3. THE 4 PHASES OF SARDEX (SO FAR).....	5
4. SARDEX: TRUST, THE CIRCUIT AND THE STATE.....	11
Sardex and the Embedding of Social Values in the Medium of Market Exchange	11
In Sardex We Trust	12
Sardex as a Circuit?	14
Sardex as a Laboratory of Institutional Learning?.....	17
5. CONCLUSION	19
ACKNOWLEDGEMENTS	19
REFERENCES	20

1. INTRODUCTION

Economic sociology has worked over the past 30 years on trying to address the main shortcomings of the neoclassical economic model, such as the atomistic conception of economic action (White 1981; Granovetter 1985). As a result, useful concepts were discovered or proposed, such as the relevance of relational networks to economic action (Coleman 1990; Portes 1998); the variety of market structures in different social contexts (Powell 1990); the autonomous role of cultural and cognitive factors (Hodgson 1988; Powell and Di Maggio 1991); as well as not-only-market types of relationships (Uzzi 1996) and the constitutive role of the State in setting the rules (Fligstein 2001).

In this paper we try to analyse Sardex as a laboratory for institutional learning (Dini and Kioupkiolis 2014), from these perspectives, amidst market formation and design principles, social capital, trust, and economic circuits. Sardex is a local currency designed – among other things – to meet firms' need for trading in a low-trust socio-economic environment and for creating a self-sustaining system. As such, Sardex is a novel economic space (mostly) equivalent to a proper market.

We refer to Neil Fligstein's definition of market as a social situation where there are property rights, governance structures, conceptions of control, and rules of exchange (1996). The institutional and cultural requirements are central to our analysis. As other social processes, markets lead to the emergence of institutions by engaging actors through specific rules and mechanisms. If we think of 'market as politics' we encompass both institutional and network theories, overcoming their main flaws. On the one hand, politics and agency are taken into account while still focussing on the construction of the rules (as institutionalist theory does). On the other hand, considering networks is fundamentally important for evaluating the role and quality of social relations that often are too diverse and dispersed to contribute to a stable environment. In other words, if we think via the 'market as politics' metaphor, it is possible to think of market institutions as 'a cultural project in several ways' (Fligstein 1996, 657), where actors interact through economic and social values through specific political cultures.

We argue that Sardex is configurable as a laboratory where institutions arise, and where arrangements and societal solutions to problems (such as property rights, governance structures, and rules of exchange) are solved through experimentation. Compared to other examples of local and parallel currencies, the unique history of Sardex (discussed in Sections 2 and 3) addresses the emergence of an institution, highlighting challenges and obstacles that the founders had to face. The specific feature that differentiates Sardex from other locally organized currency systems (such as LETS or Time Banks) is that Sardex is the mediator: the founding team is obviously part of the economic collaborative value creation process, not just as a group of advocates and activists.

Sardex plays a tertiary role, which calls for a clear comparison with the State and its ability to create and guarantee a conducive environment for constructive economic and social interactions, without any use of coercive power but based solely on voluntary sharing of common network objectives. If it is true that one of the important roles of the state is to provide 'stable and reliable conditions under which firms organize, compete, cooperate and exchange' (Fligstein 1996, 660), today Sardex plays an analogous role, in how it has configured itself, to a stable social structure that produces a stable world where economic actors can engage with each other, trust each other, and trade. We can also think about Sardex as a 'field', an organized social space where actors interact trying to create a stable market through original sets of power relations (Fligstein 2001). Organizational and societal processes are thus better understood in a defined and structured space.

Section 2 is dedicated to describing the birth of Sardex as a parallel currency aiming at balancing economic benefits with social values. It describes how the idea took a concrete form, how it entered the local economy and how it succeeded in becoming a network of exchange. As a matter of fact, Sardex is a living organizational form: it is a network in constant evolution that continuously faces

different challenges over time and seeks new and original solutions, as described in the third section. Section 4 brings together several sociological concepts useful for dissecting the analytical dimensions of our case study in order to grasp its originality. Section 5 offers some conclusions.

2. THE GENESIS: FROM AN IDEA TO A WORKING MODEL

Time-Frame

In 2006/7 two of the core team members started researching the features of the current international monetary regime ('follow the money' phase) and observing how it had a profound effect on the local economies and societies throughout the so-called developed world. During this research phase two major yet unpolished assumptions arose through intense dialogue:

1. The economic and financial system is very complex. Behind the complexity lie design decisions that make it unsustainable in many regards.
2. History shows that societies have often developed positive exceptions (WIR) to the familiar pattern (interest/growth imperative/inequality increase/affluence/decline/collapse)

In 2009 it became clear to the core team that something had to be done as no existing institution had any idea and/or interest in preparing for the economic depression that was on its way to Sardinia. As correctly forecast in the years 2009-2014 (Crenos 2014), credit conditions deteriorated 4 years in a row. Repossession rates are soaring, credit to SME decreased 3.5% and credit to households decreased 2.2% from 2013 to 2014, while non-performing loans stand at 12.6% of the total. At the same time, the banking sector reduced lending for two consecutive years, cutting as much as 100b Euro previously lent to businesses and families (Ufficio Studi CGIA Mestre 2014).

Between 2009 and 2013 Sardegna's GDP per capita decreased from 80.3% to 77% of the national average. Unemployment grew from 15.5% to 17.5%, reaching 117,000 unemployed people. In percentage of workforce with a higher-education degree Sardegna ranks 257th out of 353 regions in Europe (Crenos 2014). Figure 1 shows a similar data set, showing the evolution of GDP per capita of different parts of Italy relative to 2001, which is taken as 100%.

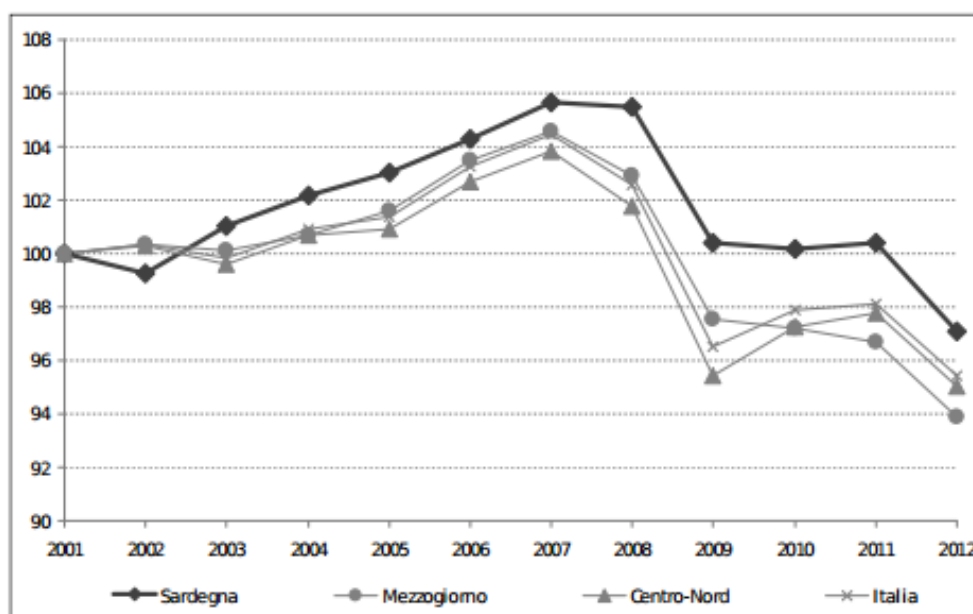


Figure 1: GDP per capita, 2005 Euro values (Crenos 2014)

Entering the Local Economy

The main reason the core team chose to set up a complementary currency network, which was at time not something people in Sardinia had ever heard of, was that they shared the vision that it could have a positive impact on the island's economy and it would also be an interesting enterprise/endeavour to engage in. Initially, the core team members shared the belief that something meaningful, possibly in terms of collective or community-like effort, had to be done. In order to make concrete steps forward the team focussed on available resources and infrastructure, both material and immaterial.

So, on the one hand, the Internet played an essential role in facilitating the exchange of information and in providing the backbone of the circuit's infrastructure, which to this day relies heavily on it for proper functioning. On the other hand, the culture of collaboration that was prevalent among the core team members was layered on a strong bond built through years of common struggle. For example, most team members before the foundation Sardex.net had already tried to make a positive impact on Sardinian society through various social, cultural and political projects. Their shared history coupled with wilful determination became the foundation of a group effort which, at the same time, was also a big leap of faith in the Sardinian people who are known to be rather conservative and slow in the adoption of novelties.

Before giving in to hopelessness, it was important for all the founding members to see whether small and medium-sized enterprises (SMEs) and local businesses in Sardinia were ready to enter an additional and different market. It was important to see whether they were ready to *choose* to trust each other by paying and receiving through a non-state currency issued not in a prescriptive linear way but based on real market activity (social and economic). Rather than adopting the perspective of distant activists or outsiders that aim at social change while never leaving their own comfort zones, the whole team wanted to provide a service and through it create employment opportunities for themselves and others. Together, they wanted to prove the locally unprovable and defy the ancient spell about Sardinians inherited from Spanish domination times: 'pocos, locos y mal unidos'¹ through 'medas, futtus et movint impari'².

The decision to turn an idea into a 'for-social-benefit' service provider ('social innovation start-up') was not an easy one. It came after reviewing all possible legal entity forms permissible in Italy and the related pros and cons. The choice of providing a service with added value requires economic viability/sustainability and compliance with existing legal frameworks. Therefore, being a service provider in a professional way and choosing to start up as a limited (Ltd) company was the only way possible to kick-start operations and to build the network from the ground.

How It All Came Together

Sardex.net's foundation is based on the social relations of the founding team and their shared vision. The founders all had more than one strong relation with each other: from kinship, to childhood friendship, to having worked together on business or political efforts, to the fact they were all from the same hometown (Serramanna). None had a background in economics or computer science, or had any training in finance, which, in retrospective, it is believed to have helped the team be creative in the research and first iteration phases. Only one of the four core team members had any previous experience in running a business (advertising and marketing consultancy), so the commitment to learn was higher than the skills readily available and the emergency situation (onset of financial crisis) just added a sense of reality to the endeavour ahead. Emergency and urgency were vital from the start and are still vital to the present-day development of Sardex.net/Circuito di Credito Commerciale (C3) model.

¹ Few, crazy, and disunited.

² Sardinian for: 'Many, smart and moving together'.

From Idea to Model: From Currency to Network

What started as a simple idea evolved in different yet complementary units of meaning/parts of an ecosystem. The main ones are described below:

- **Sardex.net** (Sardinian Exchange Network) is a novel economic space born with some specific goals: **enabling** proximity-based and trust-based relations; **fostering** economic empowerment of a defined local territory; **creating** a resilient and vibrant community; and **defining** a more equitable environment for trading. It comprises the network of relations between its members (businesses, sole traders, workers) and, by virtue of this, it is a dynamic social body whose attributes make it stronger and more resilient than the sum of its nodes.
- **Sardex.net** is also the URL of the network. Thus, Sardex.net has a strong online presence. It is the online space that mediates economic interactions and complements the social and face-to-face interactions, enabling the network to scale up to the whole island and to support interactions between members who do not know each other through other channels.
- **Sardex (SRD)** is the trade credit/trust unit created and used by the network members ('unit of account' and 'medium of exchange'). This credit unit is not convertible into any other currency, it can only be spent and acquired through economic participation in the network, and it is digital (electronic). It is issued as mutual credit without interest. It is one of the many tools and services provided to the network by the network service provider (e.g. brokering, business networking events, community management, online services, helpdesk).
- **Sardex s.r.l.** is the for-social-benefit company which kick-started, manages, and to this day develops the network operations in Sardinia. As a company it is subject to existing regulations and has to operate at a profit. Yet profit is not its main priority and only a by-product of value provisioning. Its focus is on providing excellent service, maintaining the network integrity while increasing its reach (value for each participant) and optimizing constantly for the future by ongoing review of praxis/processes.

All the experience gathered locally in Sardinia has been cohesively integrated and formalized into a working model called 'Circuito di Credito Commerciale™'. This model is being replicated outside Sardinia in mainland Italy in various regions (see Phase 4) by local networks following the Sardex.net principles and sharing the same software infrastructure and governance). Sardex.net/C3 as a 'social-economic' institution (social innovation enterprise) is vibrant and dynamic, so the blueprint is constantly under discussion (internally and externally) and under test (in protective and selected areas first) against real working conditions of either businesses, workers, and in the near future also consumers.

3. THE 4 PHASES OF SARDEX (SO FAR)

The development and establishment of Sardex can be subdivided into four stages, during each of which different insights were gleaned, structural decisions were made, and results were obtained. In this section we summarize these points in tabular form.

Phase 1			
Time	Tagline	Main Motivation	Organization
2009-2010	Rete Sarda di Scambio Commerciale - Sardinian Exchange Network	'Do something' and be the best at enabling new economic activity	15 people
Reflections	<p>This was the hardest time since all ideas and assumptions had to be tested against real market conditions. The most precious first feedback came from the market. For instance:</p> <ul style="list-style-type: none"> • <i>'You're all too young for me to take this currency thing seriously'</i> • <i>'I don't believe in the Internet'</i> • <i>'The project is wonderful, yet we're too small / too big for it'</i> • <i>When asked about ways to improve savings by using credits for business and or personal expenses some answered 'We don't have expenses'</i> • <i>'Is it really, truly legal?'</i> <p>Initial estimates/evaluations regarding adoption and acceptance from the core team were proven right because they were highly conservative. Yet, being mostly composed of first-time entrepreneurs, the team asked for a traditional business consultancy before starting up. By altering the original operational and business plan with overly optimistic projections and costs and miscalculating the repercussions of the on-going financial systemic crisis, the consultancy ended up posing a serious threat to the very existence of Sardex.net. Luckily the team changed strategy in early 2010 and this led to a restart with a smaller yet more committed team in June 2010.</p>		
Focus	On listening and understanding SME needs, their dire straits, and their strengths. The message and value communicated to the market could not be only defined by an economic calculus, in order to be understood it had to have more social aspects.		
Trials, errors and lessons learnt	<p>During this time different pricing combinations were tested, going from free subscription plus high-transaction fees (terrible results), monthly fees and lower transaction fees (moderately positive results, but extremely difficult to collect).</p> <p>In mid-2010 it was realized that all members needed to be taken care of until they were confident enough to operate on their own. At this time it was decided to host the first meeting where the network attracted around 30 between actual and prospective participants. Most of the early members were close to the core team in that they knew either some or all of the team members personally.</p> <p>Once all close ties were tested, it was clear that in order for the initiative to gain a foothold on the island all team members could not just rely on the Internet or word-of-mouth alone to increase the number of participants. So the whole core team actively and consciously decided to move forward by taking a more traditional approach and started to go beyond our initial social networks by directly visiting local businesses in person.</p>		
Tools	<ul style="list-style-type: none"> • Online: Website; Internal B2B portal; Cards; Credit lines • Offline: Paper receipts for card transactions; Networking events; Broker visits 		
Design Principles	<ul style="list-style-type: none"> • Follow the standard (WIR - 1934/36 - and existing barter companies transaction fee based) and adapt based on feedback. • If you cannot update/modify/compete with software, you can improve market share and adoption by outperforming in human customer care. • Each member was allowed an initial credit line based on size and turnover. 		

Phase 2			
Time	Tagline	Main Motivation	Organization
2010-2011	Soluzioni per l'economia locale - Solutions for the local economy	'Do something' and be the best at enabling new economic activity. Prove it could be done in an economically sustainable way even in an economically distressed area	7-10 people
Reflections	Working to reach a critical mass. All initial ideas tested in Phase 1 were at this time, subject to scrutiny especially regarding the product offering and pricing. Initially the value of service was not properly priced (it was based on a mix of transaction fees, joining and monthly service fees), this was changed and later modelled on company indicators (size, number of employees, turnover, etc). The processes by which new companies joined were renewed and so was the communication strategy, which is reflected in the change in tagline and in the website. All actions were aimed at finding a new identity which could include both the social as well as the economic layers composing Sardex.net, since existing models did not apply nor fit because were either too socially-oriented or too business-oriented.		
Focus	On SMEs and on reaching a critical mass of 500 members.		
Trials, errors and lessons learnt	<p>During this time we focused on improving the service and the work of the team of CTA (community trade advisors) on the ground by simplifying the message without diluting the values, while still looking for the right balance between economic benefits and social values.</p> <p>By mid-2011 the perception that all members needed 'hand-holding' until they were confident enough to operate on their own was still relevant. The key observation that led to the ability to address this issue was the fact that the e-commerce platform, which was supposed to facilitate participants' trading, only generated very few transactions. The main objective was to stimulate trade and educate participants. So it was decided that to increase confidence all members needed to:</p> <ul style="list-style-type: none"> a. be promoted inside the network b. be followed by a broker as if she/he were an extra sale/purchase manager c. receive and make quotation offers 		
Tools	<ul style="list-style-type: none"> • Online Website; Internal B2B portal; Cards; Credit lines • Offline Paper receipts for card transactions; Networking events; Broker visits 		
Design Principles	<ul style="list-style-type: none"> • The standard is not enough: innovation is urgently needed in software and overall platform model • If you cannot update/modify/compete with software, you can improve market share and adoption by outperforming in human customer care. 		

Phase 3			
Time	Tagline	Main Motivation	Organization
2011-2012	Circuito di Credito Commerciale: Commercial Credit Circuit	'Do something' and be the best at enabling new economic activity. Prove it could be done in an economically sustainable way even in an economically distressed area	Over 15 people
Reflections	<p>Reached first minimum critical mass and initial recognition by national press after having entered into a business deal. In mid-2011 one of the members (an event organizer) mentioned the Sardex story to a venture capital advisor and partner from dPixel who was then so captivated that he came to Serramanna to meet the team. After 6 months of discussions around contract terms and rights, by the end of 2011 an investment was agreed. A total of 150k € were invested in developing the network infrastructure.</p> <p>In January 2012 Sardex.net was featured in La Repubblica Newspaper (La Repubblica 2012) as a prime example of a new economic model and was also portrayed for the first time as a start-up, a less-than-4-year-old enterprise with innovative, creative, and intellectual capital. Both these factors were decisive for the expansion of Sardex.net since they both attracted major interest. The ideas and concept coupled with, at the time, 3 years of solid growth slowly began to attract a broader audience and gain social acceptance.</p> <p>More and more initial assumptions were validated and became processes and in turn led to stability for both the product offering and the pricing. In this period the number of pricing options started to shrink (from over 20 to 5) simplifying the onboarding/introduction to prospective members. The service provided was also simplified to the maximum level allowed by the time and software constraints. Since complete freedom was not achievable, there was a major push towards changing software platform</p> <p>Heavy work took place on the ICT side as well as on communication and dissemination (magazine, events) and commercial developments (new partnerships being formed). New software for the institutional site, accounting and payment system, and internally custom-developed tools like vSales 1.0 were implemented, all resulting in improving market access and market liquidity and activity.</p> <p>By the end of 2012 interest came also from the Regional Government of Sardinia. From there on major discussions took place and led to cooperation in the European Project DigiPay4Growth, currently active.</p>		
Focus	On SMEs and on reaching a mass of 1000 or more members.		
Trials, errors and lessons learnt	In mid-2012 the founders realized that fees on transactions can create friction and may prevent meaningful and often mutually convenient transactions to be made. It was decided to turn the tables and push forward a message of empowerment towards the members by pointing out that it is <i>their</i> coordinated effort that makes the network valuable. This is because, as a company, Sardex can offer the best possible service at the lowest possible cost. Yet, if self-interest remains the culturally dominant attitude, the main reason for failure is not a question of quality of service but a matter of culture.		
Tools	<ul style="list-style-type: none"> • Online Website; Internal B2B portal; Cards; Credit lines • Offline Paper receipts for card transactions; Networking events; Broker visits 		
Design Principles	<ul style="list-style-type: none"> • The standard is not enough: innovation is urgently needed in software and pricing model • If you cannot update/modify/compete with software, you can improve market share and adoption by outperforming in human customer care. 		

Phase 4			
Time	Tagline	Main Motivation	Organization
2013-	Circuito di Credito Commerciale (C3): Commercial Credit Circuit (C3)	'Do something' and be the best at enabling new economic activity. Prove it could be done in an economically sustainable way even in an economically distressed area (see below)	Complex and diversified (see below)
Further objectives and motivations	<p>Employees are being included in the network (give them access to the currency) to:</p> <ul style="list-style-type: none"> • give them additional purchasing power • stimulate local consumption to render the network interesting for larger companies with many employees • motivate an increase in retail presence • try and establish a framework of cooperation between labour force and entrepreneurs <p><u>New motivation:</u> Try to institutionalize a practice without reducing its power and inherent dynamic nature. Major interest came from outside Sardinia. Especially after 2012, Sardex.net has been contacted by countless organizations, people, groups of people of any nature. Among all of these groups there were various prospective partners that had an understanding of the model and the capability to bootstrap a network bottom-up through a national on-going deepening economic depression.</p>		
Organization	<p>Over 20 people in Sardinia / 7 network start-ups outside of Sardinia, each employing 5 to 10 people on average:</p> <ul style="list-style-type: none"> • Lazio tibex.net, • Piemonte piemex.net • Abruzzo CircuitoAbrex.net • Marche CircuitoMarchex.net • Sannio CircuitoSamex.net • EmiliaRomagna CircuitoLibrex.net 		
Reflections	<p>Sardex.net reached strong and loyal customer base while first testing and then implementing the inclusion of employees in the circuit (individuals can now hold Sardex credits if their salary or a part thereof is paid in Sardex).</p> <p>Intense work on the ICT side as well as on communication and dissemination (magazine, events) and commercial developments (new partnership being formed).</p> <p>New and open source account and payment system and internal tools like vSales 2.0 get implemented, all resulting in improved market access and market liquidity and activity.</p> <p>Replication 1-to-1 is impossible. Managing the dissemination of knowledge without losing market position and/or integrity is really difficult. Indeed, life trajectories, the right skill-set combination, teamwork ability and goodwill all come in different proportions and are extremely difficult to measure while also being essential to lead to a stable network. The most difficult part turned out to be and somehow still is the underestimation of the amount of relational/social/educational effort needed to promote a complementary currency network from scratch.</p> <p>On the one hand, given the results obtained by the Sardex.net team in Sardinia (who by Italian standards is a very young one – avg. age is 30) other teams often assumed that if such a young team had such a deep impact the expertise/workload must have been feasible without much effort. On the other hand, another major misunderstanding lies in the perception that the information infrastructure underpinning the Sardinian network is the driving force behind the trading activity generated inside.</p> <p>On the contrary, reality has proven that the pace of change and adoption is not related to the age/expertise of the team leading the effort nor to the information infrastructure (web,</p>		

	apps, account and cards) given to members. Both these factors seem relevant yet not essential at start-up, as what is mostly needed is to create a level of understanding/listening among stakeholders (SMEs and local trade/craftsmen) and establishing an effective communication strategy that first and foremost creates the fertile ground on which ideas such as subsidiarity, reciprocity and solidarity can be conjugated within a less competitive/limited (not global) market environment. Given these aspects, the core team is still working on improving the replication processes together with the stakeholders. As of now, the infrastructure is stable and in production and used by 7 regional C3 networks.
Focus	On SMEs and on reaching a mass of 2000 or more members.
Trials, errors and lessons learnt	B2E (business-to-employee) adoption and use.
Tools	<ul style="list-style-type: none"> • New Presentation website • New Internal B2B/B2E portal • Cards B2B / B2E • Paper receipt for card transactions -> In phase out stage • Credit lines* (only when needed) • Intertrading among networks: Alpha test being carried out to verify if and how trading of surpluses among regional networks can be used to further balance and strengthen regional economic activity.
Design Principles	<ul style="list-style-type: none"> • Learn / unlearn / relearn as a mantra • If you cannot modify the core of the software you need to use, remember that you can bend it or hack it: there is always room to test its limits and see if they fit given requirement. • All networks (even those designed in the same way) are born differently and grow differently just like plants and the effects of the main economic trends cannot be avoided. • If you cannot put pressure on higher or more powerful institutions, you can reduce/prevent possible harm to the network by sharing common rules/vision and designing to avoid defection by institutional or other key players. • The only safe credit is a credit that isn't granted. In any credit system, no matter how regulated or supervised, there is a portion of risk, which is directly embedded in the relational nature between creditor and debtor (be they a group or a single entity). By removing interest from the economic model the core team tried to reduce this tension. Yet, risk of defaults and non-compliance cannot be entirely removed in C3 as they cannot be removed in the traditional economic system where in turn they are amplified by the effects of compound interest.

Table 1 summarizes the circuit data since 2010.

	2010	2011	2012	2013	2014 (July)	2014 (projection)
Members	237	439	852	1457	2053	2550
Transaction volume	€304,366	€1,171,703	€3,499,122	€14,935,267	€15,459,605	€35,545,937
N. of transactions	402	1195	4556	24991	28692	75723

Table 1: Data on transaction volume and business membership

4. SARDEX: TRUST, THE CIRCUIT AND THE STATE

Having sketched the different phases of Sardex's birth and evolution, we now develop a sociological analysis of this network of exchange. Sardex was not only conceived as a tool to promote trading at the local level but also as cultural project with a vision. We will run several tests using different concepts from the sociology of money and credit from an economic sociology perspective. First, we assume that Sardex is an example of 'market money' that does not fall entirely within any of the categories traditionally used to classify different types of money. Second, the concept of trust will be used to analyse the inner functioning of Sardex and its role as mediator within the network. Third, we will test whether Sardex fulfils all the basic conditions to Zelizer's 'circuit'. Last, we will argue that Sardex plays in the market the role of a laboratory of institutional learning (Dini and Kioupkiolis 2014), drawing a possible analogy with the role of the State.

Here we receive the challenge Viviana Zelizer outlines in her 1994 book where she decides to concentrate on multiple monies' meaning and values within domestic and intimate domains while remarking that going 'beyond the doorstep of households and charities' (1994, 34-35) and investigating the social construction of market money is also worthwhile.

Although the state has always tried to impose a standardized national currency,³ controlling for state-issued money and outlawing private coinage and counterfeit monies (Zelizer 1999, 195), people have continued to try to differentiate their use of money and create multiple forms of money. One example is what Zelizer calls 'earmarking', that is to say the practice of naming money for special uses such as pin money, egg money, sugar money, vacation money. Another example of differentiation is the emergence of local currencies as territorially bounded monetary systems that coexist with the national currency, when the latter fails to meet some local needs. They are usually subject to national taxes and accepted as payment within a finite network such as Sardex. Local currencies are not equivalent to national money not only because they are narrower in scope but because they incorporate values in the exchange. They especially express a belief in the ability of local social values to sustain economic exchanges. Sardex is the local currency taken as example of 'market money' (Evans 2009) we will investigate in depth along several dimensions.

Sardex and the Embedding of Social Values in the Medium of Market Exchange

The first point we want to make is about economic values meeting social values. As Evans noted (2009), there are two competing streams of literature within the field of the sociology of money. On the one hand, the 'money changes values' perspective interprets money as a neutral generalized tool that all will destroy, objectify and commodify (Marx, Simmel, Polanyi), leaving out all social meanings people share and attach to money. On the other hand, the 'values change money' perspective (Zelizer, but also Veblen, Bourdieu) sees money expressing social values. It is a function of social complexity where heterogeneity of social relations leads to new and multiple forms of money expressing different social values. In the first perspective, market utility defines money's fungibility, in the latter social values do. What about Sardex?

Sardex does not entirely fall in either perspective. It is not a simple neutral tool or a colorless medium for economic exchange à la Simmel, that is to say, a mere quantifier of values. Also, it is more than just laden with values à la Zelizer. Money might have both economic and social value and Sardex is a perfect example of that. Sardex seems to have found the right compromise between economic benefits and social values that characterizes the ability of a local currency not only to emerge and survive, but also to compete and scale up.

³ A national currency 'stands as a powerful symbol and facilitator of unified, standardized economic life' (Zelizer 1997, 195).
Presented at the Inaugural WINIR Conference, Greenwich, London, UK, 11-14 September 2014

Compared to other experiences, we notice that economic benefits alone are not a guarantee for success because participation needs to be fuelled by social values (which are the main reason why local currencies are created when the national system fails to meet local demands). There are cases (e.g. some LETS) where social benefits explain participation in the system, but only when the personal position in the market – e.g. the personal level of affluence – makes it possible not to seek economic benefits. Clearly, a sustainable – and willing to scale-up – parallel currency cannot rely on this.

Adopting a resource mobilization theory approach (McCarthy and Zald 1977), we can draw a parallel between a local currency system and a social movement. As for the latter, empirical findings suggest that a resource-rich social movement is more successful than those led by the more economically marginalized (Collom 2005). The same holds for local currency systems that cannot rely on voluntary involvement and actors too marginal to the economic environment. Both for emergence and survival reasons, a local currency system needs to start with and gather economic and social resources throughout its life. Economic benefits and returns (in the classic money-changes-values perspective) are as important as social values for the purpose of identity construction and for the emergence of guiding principles (as the values-change-money perspective highlights).⁴ Put differently, we state that one goal of a successful local currency is to design mechanisms and tools generating and maintaining a form of participation that creates a permanent alternative institution, in addition to economic benefits.

In Sardex We Trust

The second topic relevant to the study of Sardex is trust. In the case of money, trust is built around actors' beliefs about how money is used by others within a specific system. It is community-specific and it relies on values and reciprocal expectations. Interviews⁵ of Sardex members highlight how trust, values and motivations are crucial to the system's vitality and performance along with other features outlined in Section 2-3.

We will describe how trust works at two levels: as a starting point to join the network and towards the Sardex organization (direct), and as a transactions' lubricant between members (indirect). In the next section, we will also show how the Sardex team managed to become trustworthy.

Trust is tightly related to social capital in its two main definitions,⁶ which are both useful to analyse our empirical findings. As a premise, it is important to know that Sardinia has a reputation for solitary individualistic attitudes and, at the same time, for very close-knit family networks (Pinna 1971). It is one of the five regions with special statutes giving more autonomy at the local level, and politically there is one of the strongest movements for independence. The region also has a tradition for an unwritten (until 1960) code of personal conduct and community behaviors (Codice barbaricino as a code for vengeance, Pigliaru 1959; Sigiru 2007) interpreted from the outside as a sign of the backwardness of economic and social practices. It has also been linked to low level of civiness and negative social capital (Barbagli and Santoro 2004). Sardinia has also never achieved a primary role on the national economic stage, being characterized by agriculture, local markets, state-led industrial initiatives (Bottazzi 1999; Lodde 1998), and a negative trade balance.

⁴ See also 'the social construction of economic identity' and its role in the emergence of governance in community currency systems (Dini and Kioupiolis 2014).

⁵ These are preliminary results of the first wave of in-depth interviews we carried out to 9 local members. The next wave of interviews is planned for the Winter 2014.

⁶ Research on social capital emphasizes either social structures or cultural aspects, giving birth to two different approaches. On the one hand, you can think about it as the network of relations you have at your disposal carrying resources that can be activated to pursue a goal through weak and strong or bonding and bridging ties (Granovetter 1985, Portes 1998). On the other hand, social capital refers to a general trust (civiness) distinctive to specific contexts that allows having your neighbours checking on your house when you are on vacation or on your kid safely crossing the street in your absence (Putnam 2000; Coleman 1990). The first relates to one's belonging to different networks that can positively offer resources for action or negatively bound him/her in close relationships. The second refers to relatively stable over time attitudes of trust within the community that facilitate cooperation and reciprocity.

Our empirical findings reflect some of these characteristics. First of all, there is a widespread attitude of scepticism towards innovations like Sardex since everyone deems the others to be reluctant and sceptical.

At the beginning people are curious, they want see what opportunities there are. But then, when it's time to decide, they get cold feet. The first question they ask: 'is it cheaper?' [is there a return? Or, what's the advantage?]. They think of it as an opportunity to speculate and they are afraid of being tricked. It's as if they doubted the good faith of other people. It is as if they said: 'what's the motive behind your offer to help my business? What do you get it out of it?' I'm talking about people you know as acquaintances, not people that you've never seen before, who have no reason to trust me. It's colleagues and people who live in the area; they say that it is interesting and that's it. [If you are born in Serramanna] instead of being a bridge of trust (...) we think the opposite. I think that we would have had this problem in any other parts of Sardegna. Nobody is a prophet in his own country (Alessandra, retail).

It's worth trying, isn't it? I get a bit angry with those sceptics who say: 'it's just a swindle!'; they should try to understand before they speak. There are people who study and work over this thing every day, hour after hour! At the beginning it was a challenge and we said 'ok, let's try'. It's working well (Luciano and Stefano, bar owners).

Some are deemed real 'lost causes', or champions of diffidence, especially because they don't (want to) understand the functioning mechanisms, resulting in continued loss of clients.

We asked the local optician why she doesn't join Sardex and she answered that no one in the network sells what she needs for her business and this is a problem; so she could use the Sardex credits "just" for personal purchases such as to shop for food, go to the hairdresser, buy clothes. A pair of new glasses costs 300/400 Sardex and with these amounts she would accumulate Sardex that it would take her a while to spend. However, the problem for her is that another optician who is a member of the network is going to get the 500 Sardex that I would have paid to her. So she is losing sales (Luciano and Stefano, bar owners).

After hearing 'people talking about Sardex', individual curiosity and a search on the Internet can lead to asking for more information and, thus, to joining the network. Other channels are important, like the mainstream press, various bloggers, and social media; but above all referrals from existing participants who understood that the value of the network increases exponentially as new participants join.

I heard a lot about Sardex and since I'm curious, I wanted to understand what it was. Two of the Sardex's founders, who are from the same village, are sons of one of my husband's best friends and once at dinner they talked about it. It seemed to be something like barter: you give something and you get something else. Then I went on the Internet and I was intrigued (Gemma, hairdresser).

This veil of diffidence is breached when one knows somebody else that tells him about Sardex or is already a member of it.

Defining social capital as the amount of trust towards a generalized other ('civicness'), we argue that even if the quota (share) of social capital is low, relational contacts – e.g. both strong and weak social ties – mediate and support innovation actions such as joining the network. Once the first move is made, the recognized value of networking reinforces itself.

Let's say that I like innovations and I tried. But to try means also to have confidence and to want to work in the Sardex network. And yes, the fact that my brother was already a member helped quite a bit, especially in becoming accustomed to its functioning (Melania, professional training courses teacher).

[We started because] we are in Serramanna, I know the Sardex's founders and other members. One of them was part of the football team I am the president of and he told me about Sardex. At the beginning I

told him that it wasn't the right time and that I would have to let him know. And when the moment came, we started (Vinicio, decorator).

We joined from the start because it was something that belonged to Serramanna, to the network where we work. Sardex is going to stay (Luciano and Stefano, bar owners).

Yet, other motivations are at work. Usually, joining the network comes out of necessity, the search for new businesses and clients. Especially in a moment of huge economic crisis, new business opportunities are sought to tackle the loss of previous clients.

[There is a] connection [between economic crisis and the birth of Sardex] in a positive way. It has boosted the economy, has given a push to local trade. It helps us to survive. We are able to go on because of them (Lara, small supermarket).

[I would recommend joining] because Sardex gives us the opportunity to get more business. The customers that Sardex brought me were people that I didn't know, so it has allowed me to find new potential customers in a period of crisis like this (Vinicio, decorator).

The Sardex mechanism wants to incentivize spending – not saving – the money, since there is no interest on positive balances/deposits. This is key to make one realize that one could help the network more in spending than in saving and that what you give will return to you. Sponsorships, for example, are thus much easier in Sardex:

I'm the president of the local football team and our sports club has also joined the network. We got Sardex credits through sponsors, because it is easier to convince a sponsor to pay in credits than to give you Euros. Both types of sponsors have helped us for the championship. For example the medical examinations of the team and the equipment were paid in Sardex because in the network there are doctors and also companies that sell this type of equipment. For a regional championship like ours this was a big deal (Vinicio, decorator).

As well as access to credit and investments:

One advantage of the network allows to finance investments without having to pay interest. If I have to invest in some improvements on the house, for example on the heating system, through Sardex I can ask for a Sardex "credit line" to do that kind of work because there are some craftsmen that are part of the network. So I can get the job done without paying interest. (Vinicio, decorator).

Belonging to a finite network influences how firms behave in the ways they face uncertainty, helping in establishing relations of trust needed for trading. Sardex entails the creation of ties among actors that did not know each other beforehand, leveraging a pre-existing level of social capital or, in most cases, filling the void of its absence. Cultural and social embeddedness of economic action appears clear also in a context of low levels of social capital and pre-existing networks. Sardex is an integrated network of economic and social ties where a good balance of self-interested and cooperative actions has been reached.

Sardex as a Circuit?

The third goal of our paper is to test the stickiness of 'Zelizer's circuit' to Sardex.

The idea of circuits has been used in several markets, going from art markets (Velthuis 2005), U.S. micro-credit groups (Anthony 2005), Silicon Alley venture capitalists (Indergaard 2002) while Zelizer (2005) firstly applied it to local currency and personal care systems. She proposes a multidimensional definition of circuit that:

1. has well-defined boundaries separating members from non-members;
2. exerts control over exchanges across boundaries;
3. uses personal interconnections permit the transfer of well-defined goods;
4. includes transfers that might involve the use of a specific medium;
5. builds connections between participants that are based upon shared meanings.

Zelizer also suggests that these elements in combination 'imply the presence of an institutional structure that reinforces credit, trust and reciprocity within its perimeter, but organize exclusion and inequality in relation to outsiders' (2005, p. 5).

Let's test each of these elements through the interviews we first collected from the fieldwork and what we saw in Sections 2-3. Conditions 1, 2 and 4 are self-evident at this point of the paper: we understood how Sardex was built, what principles were sought from the beginning, and what the subsequent adaptation phases have been. Sardex became a specialized network that employs a distinctive medium for economic exchanges with finite and clear boundaries.

Condition 5 is not yet entirely met. Some of the interviewees told us that the local currency has to be "understood": not in its mere functioning, but in its inner values and logic.

If the first month I had x Sardex credits and didn't know how to spend them, now I know that I'm able to buy meat, shop for food, buy clothes... in conclusion I can use them as if they were euros. It's all a matter of entering into the Sardex logic (Melania, professional training courses teacher).

With Sardex I don't pay the electricity bill or mortgage but I buy food! I'm so happy since I use Sardex for family purposes (Gemma, hairdresser).

Statements like this also recall the usual behaviour of 'earmarking', naming money for specific uses along with attributing social values.

Some members perfectly understand that Sardex was built to supply local needs not met by the national currency while reflecting a different take on economic exchange. It comes from Sardinians willing to make something for their own land trying to incentivize new ways to trade locally (Vinicio, decorator).

Others think that it was born just out of the crisis that hit Europe after 2008.

They were looking for a way to get out of the crisis and they succeeded (Stefano, restaurant owner).

I think the Sardex idea, the reason, is especially the economic factor that has pushed to look for a different solution (Alessandra, retail).

Differently from LETS or Time bank systems where motivations to join are related to ideals about a better society where people and their social relations are a priority with respect to finance and market in a globalized context (Pacione 1997; Tibbett 1997; Seyfang 2002), here motivations might differ (as we'll see shortly after). Yet, once in the network social benefits become clear and meanings shared. As a specialized network, Sardex conveys a vision that if not shared in its proper values and meaning at the very beginning (when one decides to enter the circuit), it is recognized just after having experienced it.

We argue that with respect to Condition 5 shared meanings can also be recognized afterwards, once the circuit works in achieving the economic benefits sought in the first place. Moreover, as Sardex evolved in scale and scope as well as in its functional, operational, and managerial characteristics, also its narratives and outer perceptions changed.

In just one year and a half they have improved a lot. They are making progress. They are seen on television, they organize meetings, invite a lot of people. They're working towards becoming more visible (Gemma, hairdresser).

Zelizer (2006) proposes a sixth condition – 6. the 'mutual awareness of the participants' – which, as she admits, is difficult to apply. However, Sardex offers a good test for this additional feature too. Expanding on the 'shared meanings' dimension, the mutual awareness is key to Sardex since the community is growing and knowing that some friends or commercial ties already joined the network is an incentive to jump into Sardex as well. Mutual awareness does not mean trust, but an understanding that it is possible to go beyond the local (town and market) thanks to a new community that is a strong incentive to scale and to think differently about personal business.

You meet people who are part of the network and we exchange opinions; you learn from them, and they learn from you. There is an exchange not just regarding the purchase but also about the ideas, ways of conducting business, advice. You can establish a relationship that is different from the one that you can have with a customer because the usual customer buys, chats and that's it. Instead with Sardex when you enter this big network, I'm not saying that it's as if you entered a big family, but you do have a different relationship. And then you may even run into that person again. It has happened several times to me. (Alessandra, retail)

According to our analysis only Condition 3 is not met, unless we specify that personal interconnections permit the transfer of goods through a third-party. It is clear that Sardex is perceived as a facilitator of economic exchange in a context of problematic economic development compared to other parts of Italy (Berger and Piore 1980; Bagnasco 1979; Trigilia 2001).

The case of Sardex shows that circuits do exist as structures that cannot be understood by the more classic concepts of market, hierarchy, or network. Contrary to standard interpretations, a circuit is neither an imperfect market nor a non-market system. We think of it as a proper market with a distinctive network of interpersonal relations that recognize and share locally meaningful symbols. It uses a distinct medium as a common tender, which does not fight the legal tender.

Well-known useful analogies to circuits are common-pool resources (Ostrom 1990) and trust networks (Tilly 2005), but they fail to really capture the dynamics of circuits (Zelizer 2005). Circuits, like Sardex, tend to emerge in 'those intersections between capitalistic markets and pressing problems' (Zelizer 2005, p. 24) where alternative solutions are asked for (poor firms' social capital, small and local market, clusters in traditional economic sectors, economic depression, economic crisis). These are neither a simple market nor a non-market solutions. They emerge from a peculiar structure that encompasses both economic exchange and social values.

Moreover, Sardex differentiates itself from other local currencies since it is formally an organization with its cultural and political project. Only at first sight, the founding team can be assimilated to the typical activists that spur and initiate other local currencies like LETS or Time Bank as for its values and motivations. Yet, it decided to go a step further and "organize" the local system to become a real alternative for local firms. It kept its original vision laden with values with respect to economic and social alternative to the capitalistic economic market while trying to overcome the main causes of failure for local systems relying mainly of voluntary efforts.

Sardex's role of mediator is essential not only in the start-up phase but during the overall process: it not only solves problems of coordination, but establishes new economic relations among actors that might not know or trust each other, not think beyond their actual market limits, or not rely on previous existing networks (such as industrial districts). A trusted third party is essential to incentivize newcomers to join the community's local currency, supplying the new economic transactions with trust (Uzzi 1996).

Trust in the Sardex operational team comes out of solved problems, kindness demonstrated in fielding all questions, assistance provided to community's members, and the suggestion of timely competitive ideas.

When I had a problem the staff has always been very efficient and if there isn't Chiara, my referent, there are others who are really kind. I'm not very capable with the technologies and at the start with the transactions; they had patience and were very good (Gemma, hairdresser).

Actually now the government has imposed the POS [Point Of Sale card reader, i.e. a requirement to use a debit card for ALL retail and non-retail transactions, for the purpose of traceability] but we are already ahead because we have anticipated this law (Bruno, blacksmith).

We don't know our customers since we are in contact only by email. But even so we have confidence in Sardex because it is the Sardex system that has put us in touch with this customer (Bruno, blacksmith).

Some think they can "blindly trust Sardex" in case of a payment problem (Bruno) as well as for suggestions and brokerage for collaborations and partnership (Melania).
Until now, if there were any problems with the payments, I turned to Sardex and the issue was solved (Bruno, blacksmith).

Then also thanks to Sardex brokers I got into contact with a training agency in Cagliari that requests my services for web marketing every month. If I compare these years where I have worked with the Sardex system, in the first years I didn't do much in Sardex just because I never looked for any kind of collaboration. Actually even this collaboration with the agency in Cagliari has been pushed by the brokers (Melania, professional training courses teacher).

In sum, Sardex self-attributed the figure of a mediator that makes it a positive, successful and vital case study. Mediating balances out all those negative characteristics that brought to fail other local currencies: decreasing enthusiasm by the participants (main cause LETS and Time Banks' failures); being shut down by state or regulatory intervention; absence or poor replacement in the administrative staff and leadership (as for the Argentinian case Treuque, Gomez 2013). We can argue that the main difference between Sardex.net and other complementary local currencies is the role of the core team/service company as a mediator. By being a mediator and having chosen a precise role in the network, Sardex.net can be open to interaction with regulatory or political powers coming from the top. By being a service company, Sardex.net doesn't suffer from decreasing enthusiasm/voluntary action by participants and can support the network even if one of the core team members leaves or cannot continue working.

Sardex as a Laboratory of Institutional Learning?

Does Sardex resemble the role of the State in a narrow, newer, finite, regional market? Yes, it resembles a local institution or the state to a different scale as a reference point to turn to in case of help or advice.

Usually the state reflects a legitimate public interest, Sardex builds its legitimacy on the process: founders were (and are) able to push forward in the name of the territory while anchoring the economic exchange on solid networks of trust relations between firms. This is key to creating a 'public interest' for the community, that is to say a common interest that helps the community integrate and interact.

This leads Sardex to being a building block of the local territory helping integrate smaller, sparse firms into a community that is not only economic but bears social values. As for the role of the State, Sardex aims at building a stable market representing an alternative economic and social space that glues together and balances economic benefits and non-mainstream social values.

Taxes are a typical example of a State's sovereignty that can lead to resentment and conflict when it is poorly actuated, negatively influencing the State legitimacy and authority.

Italy has one of the highest rates⁷ of fiscal evasion that undermine trust and authority of national institutions due to poor enforcement, law complexity, lack of effective controls and adequate sanctions. Many members of the circuit pinpoint to Sardex's capacity to make transactions clear, simple and traceable. They wish the Italian tax system would work like Sardex because it is a guarantee of simplicity and transparent transactions.

Every day I fill in the amounts and fiscally it makes no difference, because the Sardex receipt is just a piece of paper, it isn't a tax receipt; but the other one is. I haven't evaded tax because you've paid 10 and I've written 10, so nothing is done under the table. The Sardex receipt isn't used for tax purposes; it is only for our Sardex records. I pay the taxes on those 10 Euros. But I cashed 10 Sardex. So, concerning taxes, nothing changes. The Sardex one is only for our records. Indeed, it is also a way to prevent evasion. You cannot evade! (Gemma, hairdresser).

From the point of view of tax transparency, it works better than other transactions because the process doesn't allow you to evade (Stefano e Luciano, bar owners).

On a fiscal level there is even more control (Stefano, restaurant owner).

As a side-effect, it is an enabler of trust adding on what we saw about trust: both among individuals and towards the entitled institution to pursue the community public interest. Both customers and sellers pay their taxes and contribute to the health of the system. Customers in euro-based transactions can be very sceptical towards sellers, not trustworthy in paying all due taxes, instilling diffidence among actors and eroding social capital. Moreover, Sardex becomes itself a guarantee of payment contributing to a positive atmosphere for trading, not traceable outside the network where you can easily not be paid or at a very slow pace. A similar mechanism is at work in Yunus' microcredit systems where the punctuality with which small loans were returned exceeded everyone's expectations. This could be seen as a consequence of a reciprocal trust base: having received a loan (albeit small) – that banks usually don't give to marginalized and poor people – made borrowers more responsible and compliant to pay it back.

We are sure to be paid. If you don't work in Sardex it often happens that you don't get paid. So it's quite a guarantee (Bruno, blacksmith).

Thus, Sardex can be seen as a laboratory for institutions because it emerged as a social structure through a cultural-political project; it now acts as an independent and legitimate actor mediating among firms organized through a network. As an institution, it allows for its distinctiveness to arise from a set of shared meanings and cognitive structures.

At this stage of the process, a first open question regards how it will interact with other formal institutions, like Regione Sardegna, with which it started elaborating cooperative strategies to further incentivize a dynamic local economy. At a larger scale, a second question is about how regional local systems (other regions trying to adopt and implement Sardex are Piedmont, Emilia-Romagna, Marche, Puglia, etc, as reported in Section 3) can collaborate in order to enlarge the internal market⁸ while preserving social values and the vision that brought to the creation of a local currency in the first place. Sardex approximates a process of localizing structuration where economic relationships and social values are in constant negotiations to scale or die (North 2005).

⁷ In 2013 the shadow economy as percentage of the official GDP is estimated around 21,1% against 9,7 in Uk, 9,9 in France, 18,5 in Spain. http://www.econ.jku.at/members/schneider/files/publications/2013/shadeceurope31_jan2013.pdf

⁸ Four respondents declared the wish they could buy in other regions with Sardex because they need and want to enlarge their market and because there are no local producers for the products they need (e.g. Gemma, hairdresser, needs colours or perm products that are not produced in Sardinia).

5. CONCLUSION

Sardex is a successful original blend of economic alternatives to an actual market. It serves economic purposes but at the same time it is imbued with and promotes a specific vision of economic and social development at the local level. We conclude that the metaphor of 'market as politics' applies to Sardex because it emerges from a political process shared by economic actors in the social construction of a market. It solves coordination problems, opens up new markets and business opportunities and, at the same time, it promotes an alternative endeavour connected to trust, shared meanings, and the sharing of resources.

Compared to other alternatives (such as LETS and time banks), Sardex plays a distinctive role as mediator, which reflects its founders' specific 'political and cultural' project. The core team of Sardex was able to tackle all the main dangers (e.g. decrease in enthusiasm and participation, internal organizational changes, scale-up) that usually lead to failure. Sardex also succeeded in creating a trusted network of exchange that counterbalances the poor performance of an economically depressed region with a long-standing tradition of low-level civiness, closed family networks, and negative social capital. In sum, in the design and constitution of Sardex the main elements relevant to a market were addressed and solved following the 'cultural project' of the founders.

We wanted to test several hypotheses about this case study. Firstly, we asked whether Sardex – as a local currency – falls in the 'money changes values' or the 'values change money' perspective. It is not a colourless medium for economic exchange à la Simmel, but it is more than just laden with values à la Zelizer. Sardex exemplifies perfectly that money carries both economic and social values.

Trust is central in the understanding of Sardex both for its inner functioning and for the role of mediator it plays within the network. Not only it mediates and facilitates economic exchanges among members, but it has become a trustworthy actor over the whole Sardinian territory. In this, we argue that it can be considered as a laboratory of institutional learning (Dini and Kioupkiolis 2014) – first, at the local level and, then, at a larger scale when other regions look to it as an endeavour worth replicating.

Finally, we wanted to test whether Sardex could be interpreted as a 'Zelizer circuit'. Overall, the answer is Yes since four out of five conditions are met. Also a sixth condition, usually difficult to apply, is present in Sardex. Mutual awareness is key to the perceived identity Sardex is promoting among members and over the territory.

As a final remark, we find Sardex very illustrative along several dimensions going from economic and social innovation to the influence social and political values have on market structures. It is growing in importance and scale and we will follow it closely.

ACKNOWLEDGEMENTS

The authors are grateful for the partial support for this work provided by the EU projects COMPARE/EINS (CNECT-288021) and OpenLaws (JUST/2013/JCIV/AG/4562).

REFERENCES

- Anthony, D (2005). Cooperation in Microcredit Borrowing Groups: Identity, Sanctions, and Reciprocity in the Production of Collective Goods. *American Sociological Review*, Vol 70, 496–515.
- Berger, S and Piore, M (1980). *Dualism and Discontinuity in Industrial Societies*, Cambridge, England.
- Bagnasco, A (1979). *Le tre Italie. Le problematiche italiane allo sviluppo economico*, Bologna, Il Mulino.
- Barbagli, M and Santoro, M (2004). *Le basi morali dello sviluppo*, AM&D Edizioni, Cagliari.
- Bottazzi, G (1999). Eppur si muove. Saggio sulle peculiarità del processo di modernizzazione in Sardegna, Cagliari, Cuec.
- Coleman, J S (1990). *Foundations of Social Theory*. Cambridge, Mass: Belknap Press.
- Collom, E (2005). Community Currency in the United States: the Social Environments in which It Emerges and Survives, *Environment and Planning A*, Vol 37, pp. 1565-1587.
- Crenos Territorio (2014). Appendice Statistica, 210 Rapporto sull'Economia della Sardegna, <http://crenos.unica.it/crenosterritorio/>
- Dini, P and Kioupkiolis, A (2014). Community Currencies as Laboratories of Institutional Learning: Emergence of Governance through the Mediation of Social Value, Inaugural WINIR Conference, Greenwich, London, 11-14 September.
- Evans, M S (2009). Zelizer's theory of money and the case of local currencies, *Environment and planning*, Vol 41, pp. 1026-1041.
- Fligstein, N (1996). Markets as Politics: A Political-Cultural Approach to Market Institutions, *American Sociological Review*, Vol 61: 656-73.
- Fligstein, N (2001). *The Architecture of Markets: An Economic Sociology of Twenty-First-Century Capitalist Societies*. Princeton: Princeton University Press.
- Gomez, G (2013). Balancing Growth and Solidarity in the Argentine Community Currency Systems (Trueque), paper prepared for the UNRISD Conference Potential and Limits of Social and Solidarity Economy, 6–8 May 2013, Geneva, Switzerland
- Granovetter, M (1985). Economic action and social structure: the problem of embeddedness, *American Journal of Sociology*, Vol 91, No. 3, pp.481–510.
- Hodgson, G (1988). *Economics and Institutions*, Cambridge: Polity Press.
- Indergaard, M (2002). The Bullriders of Silicon Alley: New Media Circuits of Innovation, Speculation, and Urban Development. In J Eade and C Mele (eds.) *Understanding the City: Contemporary and Future Perspectives*, Oxford: Blackwell, pp. 339-362.
- Indergaard, M (2004). *Silicon Alley: the rise and fall of a new media district*, New York: Routledge.
- La Repubblica (2012). Vivere (bene) senza denaro. http://www.repubblica.it/tecnologia/apps/2012/01/20/news/moneta_km_zero-28478109/
- Lodde, S (1998), Invidia e imprenditorialità. Alcune note sul ruolo delle emozioni nello sviluppo economico, Cagliari, available at <http://veprints.unica.it/324/1/98-5.pdf>
- McCarthy, J D and Mayer, N Z (1977). Resource Mobilization and Social Movements: A Partial Theory, *American Journal of Sociology*, Vol 82, pp. 1212-1241.
- Mote, J (2004). Sometimes Connect: Circuits and the Culture of Social Networks. Paper presented at the 2004 Annual Meeting of the American Sociological Association, San Francisco, August.
- North, P (2005). Scaling alternative economic practices? Some lessons from alternative currencies. *Transactions of the Institute of British Geographers*, Vol. 30, pp. 221-233.
- North, P (2007). *Money and liberation: The micropolitics of alternative currency movements*. University of Minnesota Press, Minneapolis & London.
- Ortiz, J (2004). Networks, Circuits, and Hierarchies: The Argentine Global Barter Market, 1995-2003. Paper presented at the meetings of the Society for the Advancement of Socio-Economics, Washington DC, July 8-11.
- Ostrom, E (1990). *Governing the Commons: The Evolution of Institutions and Collective Action*, Cambridge University Press.
- Pacione, M (1997). Local Exchange Trading Systems as a Response to the Globalisation of Capitalism, *Urban Studies*, Vol 34:1179–1199.
- Pigliaru, A (1959). *La vendetta barbaricina come ordinamento giuridico*, Milano, Giuffrè.
- Pinna, L (1971). *La famiglia esclusiva: Parentela e clientelismo in Sardegna*, Bari, Laterza.

- Polanyi, K (2001[1944]). *The Great Transformation: the Political and Economic Origins of Our Time*, Boston: Beacon Press.
- Portes, A (1998). Social capital: its origin and Applications in Modern Sociology, *Annual Review of Sociology*, Vol 24, pp. 1-24.
- Powell, W (1990). Neither Market Nor Hierarchy: Network Forms of Organization, *Research in Organization Behavior*, Vol 12, pp. 295-336.
- Powell, W and DiMaggio, P (1991). *The New Institutionalism in Organizational Analysis*, Chicago: University of Chicago Press.
- Putnam, R (2000). *Bowling Alone*, New York, Simon & Schuster.
- Seyfang, G (2002). Tackling social exclusion with community currencies: Learning from LETS to time Banks, *International Journal of Community Currency Research*, Vol 6.
- Sirigu, P (2007). *Il codice barbaricino*, Davide Zedda Editore.
- Tibbett, R (1997). Alternative Currencies: A Challenge to Globalisation? *New Political Economy*, Vol 2:127-135.
- Triglia, C (2001). Social capital and local development, *European Journal of Social Theory*, Vol 4, N 4.
- Ufficio Studi CGIA Mestre (2014). Comunicato - Aumenta il rischio usura per famiglie e imprese, <http://www.cgiamestre.com/wp-content/uploads/2014/08/COMUNICATO.pdf>
- Uzzi, B (1996). The sources and consequences of embeddedness for the economic performance of organizations: the network effect, *American Sociological Review*, Vol. 61, pp. 674-698.
- Velthuis, O (2005). *Talking Prices. Symbolic Meanings of Prices on the Market for Contemporary Art*, Princeton: Princeton University Press.
- Tilly, C (2005). *Trust and Rule*, Cambridge: Cambridge University Press.
- White, H C (1981). Where Do Markets Come From? *American Journal of Sociology*, Vol 87, pp. 517-547.
- Zelizer, V (1995). *The Social Meaning Of Money: Pin Money, Paychecks, Poor Relief and Other Currencies*, Basic Books.
- Zelizer V (1999). Multiple Markets: Multiple Cultures, in *Diversity and its Discontents*, N Smelser and J Alexander (Eds.), Princeton: Princeton University Press.
- Zelizer, V (2005). Circuits in Economic Life, Working Paper, University of Milan, http://www.socpol.unimi.it/papers/2009-06-26_Viviana%20Zelizer%20.pdf