

## Building civil society through finance: the Ethical Bank in Italy

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*Abstract:* This paper deals with «ethical finance» in advanced societies. The first part consists of some theoretical considerations focussed on the relationship between finance and the civil sphere in European societies. Here we argue that the most innovative phenomena in this domain are represented by an increasing number of organizations operating *inside* the financial system, while *emerging from* the sphere of civil society. Such «ethical investors» may introduce momentous redefinitions of empirical and theoretical borders between «public», «private», and «third sector» spheres of society. The second part presents the results of a recent case study conducted on the «Ethical Bank» (EB) active in Italy since 1999. EB is analyzed with regard to why and how it was born, what its aims are, how it organizes, and above all what culture it tends to express. The main characteristics of EB are. 1) in a structural perspective: a peculiar network organization involving actors bearing diverse interests and identities; the creation of new «civil markets». 2) In a cultural perspective, a «new spirit of money», that we call «plan<sup>2</sup> oriented money». We argue that EB will fully develop its potential for socio-cultural change insofar as it articulates a «civil meaning of money» comprising relationality and responsibility.

*Keywords:* ethical finance, civil society, civil association

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<sup>2</sup> We have decided to translate the original Italian word "progetto" as "plan" when it is referred to the theory of "La cité par projets" by Boltanski (1999); everywhere else, we will translate it with "project" as referred to a more technical aspect [translator's note].

## Introduction

### *The problem: what it means to study the Ethical Bank, and why bother*

This essay deals with a particular entity within the Italian nonprofit sector, the Ethical Bank (EB), which is a rather unique phenomenon in the wider domain of ethically oriented finance not only in Italy, but in Europe<sup>3</sup>. The essay is essentially focussed upon this subject matter, which it approaches as a case study, yet it pulls some different threads together. On the one hand, EB represents an original way to mix economic rationality and social responsibility, which involves specific problems and prospects concerning the evolution of the economic system in advanced capitalist societies. On the other hand, its interest lies in illustrating a broader tendency which is gathering strength within the so-called Third sector in Italy; in this perspective, EB can be seen as highlighting a path along which the Italian civil society may be developing, or declining, depending on how scholars stand about the whole matter.

The two issues can be kept together by a very general question underlying our argument: how is it possible to create civil society through finance? The question sounds particularly provocative, now that our notorious big crisis seems to have called into question all easy going approaches to “business ethics” which once used to boast the nearly obvious harmony they found between the two substantives composing their label, sometimes with indulgent, condescending ingenuity. However, we can anticipate that our answer to that question won’t be one of sheer denial or hard-nosed scepticism. On the contrary, EB demonstrates how reality is always more nuanced and its edges are less cutting than most theoretical models consider it to be.

Correspondingly, as regards civil society and the development of the Third sector in Italy, we hold that understanding the future of the Italian nonprofit sector entails focussing attention on the so-called “hybrid” forms that are currently emerging, and studying what forms of reciprocity they work out and accomplish.

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<sup>3</sup> This may sound as an unwarranted overstatement, considering the relatively crowded landscape of “ethical banking” and “ethical finance” in Europe, yet the entities included in this broad category are really quite diverse from a sociological viewpoint, and EB still stands out as an experiment exhibiting original characteristics. For an overview that grants at least some support to this thesis see the website of FEBEA, the European federation of ethical and alternative banks ([http://www.febea.org/en/11\\_ethical\\_finance.html](http://www.febea.org/en/11_ethical_finance.html)).

This is no undisputed statement in the scholarly world. The theory of the Third sector in the Italian society is currently facing an apparent dilemma: on the one hand, it seems by now definitely impossible to treat this phenomenon as residual and dismiss it as a side effect of the longstanding “crisis” of the welfare state. It is clear that its many forms – associations, social enterprise, voluntary organization, etc. – constitute the expression of deeply rooted social needs and cultural orientations. On the other hand, those authors who were the first to grasp the *originality* of the Third sector (Donati 1978; 2000) are currently struggling with the defective way such originality is unfolding. Empirical research is showing that Third sector organizations are powerfully attracted towards organizational principles and forms of governance that are typical of the State or the market. To make matters worse, even the way they reflect on their identity seems to be lacking symbolic autonomy (Donati, Colozzi, 2004). To make a long story short: the nonprofit sector is working, but its relevance for social change is decreasing as it is not living up to its innovative promise – or at least, as it is not corresponding to the scholars’ expectations.

This theory rests upon a basic assumption that we may call a “genetic” view of the Third sector. It regards the whole complex associational domain as the offspring of a single “original core”, articulating profoundly rooted, and often repressed, social and cultural needs. This “pure” form then has to come to grips with the various spheres of society with which it interacts, thereby differentiating into the various kinds of associations we come to call “Third” sector – by reference to the dominant poles of State and market<sup>4</sup>. From this point of view the whole problem of civil society, insofar as it finds expression in these associational forms, consists in organizing its interrelations with the other “sectors” of society in such a way that the “original core” be preserved and not exceedingly distorted or mismanaged. Consistently, hybridization is regarded as a highly problematic phenomenon that can only produce *residual* forms, and its meaning for civilization processes is dismissed as mere *isomorphism*. If civil associations (and voluntary organization, social enterprises, etc.) are shaped into state-like or market-like forms, they won’t produce “civility”. In this case, their collision with the other spheres of society produces a fallout of contaminated, hence uninteresting social forms.

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<sup>4</sup> This is the thesis Pierpaolo Donati holds in much of his seminal work. A recent, clear-cut formulation is to be found in Donati and Colozzi 2004, pp. 10-54.

This theory is very important. To its credit, it has been the first to provide a brilliant account of the new forms the Italian civil society was developing, to prove that they were neither historical residuals, nor sheer side effects of the deficits on the part of the national welfare system, and to put forward an interpretation of what their meaning could be as to their possible “civilizing” effects. Internally consistent as this view may be, we deem its basic assumption rather problematic. It seems more useful, and more consistent with empirical data, to assume the Third sector was born as an originally *plural* sphere of action, growing from different regions of society, and from different civil traditions and cultures<sup>5</sup>, which tended to engender correspondingly different organizational forms. This thesis is still compatible with the broader interpretative framework that theory offered, but highlights the original diversity of the civil cultures involved and emphasizes *emergence* as the key explanatory concept.

As a consequence, the meaning and future of Third sector organization does not primarily depend on their “inherent qualities”, but on the outcome of their interactions with their various environments in time. More to the point, “pure” forms cease to be the only interesting objects of study, and hybrid forms can hardly be seen as a residual category. The dynamics of hybridization exceeds isomorphism, which of course still exists, and hybrid forms cannot be downplayed as simply “misleading”. Defining the Third sector genetically as an emergent reality allows to deny that it is derived from something else, hence amounting to a residual phenomenon, but does not compel to crystallize its qualities, and reduce its meaning, into pre-given and supposedly archetypal characteristics. From this vantage point, the challenge is now to study the complex chains of action involving different identities and organizational principles, inter-organizational and inter-sector relationships, and resulting in new social forms, in the assumption that solidarity and reciprocity can emerge precisely from those grey zones we call hybrid, maybe for lack of better knowledge.

It is in this conceptual and empirical landscape that our study finds its meaning.

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<sup>5</sup> To support this claim we could mention the fact that associational élites do not express a civil culture that appears to be reducible to a unified symbolic framework. This is especially so with regard to economic orientations, within a field we may refer to as “civil economy”. On this point see Maccarini, 2002. As regards voluntary organizations see at least Rossi and Boccacin 2004.

*An outline of this essay*

With this said, the specific aim of this article is to study the Italian “Ethical Bank” (EB) in sociological perspective. From this angle, emphasis goes on why and how it was born, on its structures, its development and goals, and on the culture it tends to express. All of this will be observed *in relationship* with the idea and practice of “civil society”.

There is a general hypotheses guiding our analysis, that we prefer to state here at once, and it goes as follows: the Ethical Bank represents an attempt to shape a new kind of *relationship* between society and its economic (particularly financial) sub-system, elaborating a new code of *rationality* performing a *re-entry* of socio-ethical responsibility in economic operations.

Let us first explain our specific approach to this study. Our attention focuses on the *relationships* between *finance*, *ethical sphere*, and *civilization processes*: choosing Ethical Bank as a case study means observing an effort to *restore* such relationships, with all its prospects and problems. The problems implied by such an effort should not be underestimated, in that it apparently contrasts with an opposite historical trend, seemingly quite difficult to reverse, whereby money stands *exactly* as the symbolic medium *in charge of cutting* the connections between civil society and economic action, and more generally, between economic and social patterns of action<sup>6</sup>. Georg Simmel’s well-known, categorical statement about the *adiaforical* character of money constitutes, to but it bluntly, the essence of the modern culture of money. *Pecunia non olet*. Such a statement is almost necessarily met with mixed feelings: on the one hand, it is possible to treat it with a certain distaste, whilst its descriptive strength will still have to be admitted. Money is a neutral, impersonal, *colorless* symbol, causing the homogenization, (ethical) *neutralization*, and de-personalization of social relations; moreover, it colonizes, “quantifies” and commercializes ever wider areas of social and individual life. The current globalization processes, and the present crisis, lend massive evidence to this view of money. Is this really to be regarded as the only, ineluctable result of the historical process? Even beyond conventional wisdom, sociological research has to date met with great difficulties in trying to counter such a view. This appears quite clearly in the overstatement vitiating the attempts to question it – remarkable and

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<sup>6</sup> The evolution to which we hint at will be described more analytically in section 2.

authoritative as they may be. In fact, those who have engaged in the enterprise<sup>7</sup>, although they claim to have falsified Simmel's theory, usually end up with more modest insights: namely, that money takes on some sort of *symbolic meaning* to people, which characterizes and somewhat "colors" it, conditioning its usage and accounting systems. However, this just amounts to saying that some people earmark their money in their daily life in such a way as to mix "purely" economic meanings and a purely economic rationale with other considerations. However, such a fact does not in itself touch upon economic processes, and its relevance for the economic subsystem, for other subsystems, and for society at large remains to be demonstrated.<sup>8</sup>

Therefore, while still obviously conceiving of money in strict connection with culture, our approach points to a different direction:

(a) Firstly, we will observe the *modern culture of money* – shortly, ideas about its nature, use and function – *in its systematic* (i.e. non-random) *relationship* with economic/financial *activities* and with the necessary structural *couplings* between economy and society. From this point of view, one can observe that the present transformations of money and its culture both generate and imply changes at the level of economic culture and of the structural couplings of the economic subsystem with other subsystems and society at large.<sup>9</sup>

<sup>7</sup> We obviously refer here to the well-known contribution of V. Zelizer, 1997.

<sup>8</sup> Even taking the chance on an irriverent comparison, we will remind here that even Uncle Scrooge (the typical industrial magnate of the American imagination) has his "number one" that *is not worth* the other *cents* to him. This symbolization results from an individual and fully respectable feeling, pointing out from the *psychological* point of view: we each may keep in a drawer the first earned coins or the first wage packet, perhaps with an old photo. This does not change anything for the *economic subsystem of the society*, indeed not even in the *economic and social behaviour*, neither of Uncle Scrooge, nor of the other subjects. For a concise, clear and representational criticism to the importance of Zelizer's "discoveries", see also Wuthnow 1996, p. 139: «It is not enough to recognize that money takes on different meanings in different situations. Anyone can plainly see that a dollar placed in the offering plate Sunday morning means something different from one placed on the horses Saturday night. Nothing of great importance derives from this insight.» All these critics does not concern only Zelizer, but they should be intended as an impulse to relativize the issues of a recent approach to money from the point of view of "*cultural studies*" (for a report, see exactly Wuthnow 1996).

<sup>9</sup> Obviously, in this article we simply propose to present a *case study* on Ethical Bank, not to structure a theoretic model of the social change accountable to the interlacing between structure and culture in the conversion of ideas and of the economy/society relation. For a recent approach to this problem, see Boltanski, Chiapello, 1999.

(b) Moreover, we assume that a relevant cleavage does actually exist in our society and in its culture between money and any ethical restraint or consideration whatever, and that this also involves a sharp dichotomy between money and non-monetary values. We believe this premise cannot be underestimated. The lucid conceptualization of this conflict is, in our view, where the still vital aspect of the great contribution of classical thinkers lies (Marx, Simmel, Weber).

(c) Finally, we assume the relationship between economic life and moral concerns in western societies to be not totally “neutral”; on the contrary, we consider this to be an increasingly problematic sphere of action. Granted, since the end of the XIX century money has been conceptually differentiated from ethical concerns that might restrain its use<sup>10</sup>. But on the other hand, the present situation – even in “the heart of the world finance empire”<sup>11</sup> – appears confused and contradictory. In spite of the continuous push of “savage” or “barbarian” capitalism, the relationship connecting economic life with the research of deeper human values is not being cancelled at all, but it’s really tending to become an ever hotter issue.

To sum up: on the one hand, the economic way of thinking tends to swallow our whole intellectual skyline, while on the other hand many people urge for “moralization” in various spheres of social life: work, social policy, management, school<sup>12</sup>.

One must, however, wonder if all of this “being concerned” can ever make any difference. Is a re-integration of financial activities within social relationships *tout court* really possible, or is it nothing more than wishful thinking? Does the “corrupting” force of money, and the resulting conflict, depend on some sort of irresistible and *natural* “hidden energy” of money? If it were so, all efforts to establish a new relational coupling between civil society and the financial subsystem – like that represented by Ethical Bank (EB) – would be doomed to failure. The present essay tries to explain why it’s rational to believe it’s not, and to put some empirical flesh on the

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<sup>10</sup> On these aspects, we resume the considerations basically shareble of Wuthnow 1996. Above all, see chapt. 3 and 6.

<sup>11</sup> Namely the United States of America. The expression here is quoted from the Italian title of Dorn 1998.

<sup>12</sup> An element in this field is the growing demand of better possibilities to harmonize professional business and family. For these empirical facts, we refer to the researches (*Economic Values Survey*) of Robert Wuthnow (see for instance Wuthnow 1992, 1996).

theoretical bone of the argument by referring to a particular organizational case.

The above premise allows to put the present study of EB in its wider social and sociological context, and to grasp its ultimate relevance. Studying the EB<sup>13</sup> means to observe an emerging social phenomenon which is trying to produce serious innovations about the modern symbolization of money and the corresponding professional practice, thereby tentatively giving birth to a cultural innovation in the field of economic culture and of the relationship between economy and society.

The basic relevance of such a phenomenon for a theory of the *processes of civilization* can be summarized in the following three points:

(i) this cultural innovation is somewhat *internal* to the economic-financial system, and operating within it, *while simultaneously originating* from the sphere of civil society (considered in its organizational bulk, i.e. the third sector) (Bicciato, ed., 2000). One major point in our study consists of the effort to outline the very form this peculiar connection is taking up;

(ii) as it is widely believed, it is precisely from the inner processes of the global financial subsystem that some of the deepest challenges to civilization and to the very idea of a “civil society” are coming;

(iii) in the last place, “ethical investors” like EB may contribute to triggering an important process, through which a real and autonomous public *accountability* of civil society and its collective actions could emerge. By this we mean that *particular* civil associations could be more and more developing *universalistic* normative orientations, supported by some form of restraint institutionalized and guaranteed by civil society itself<sup>14</sup>.

From a methodological point of view, the present case study of EB has a mainly *idiographic* meaning, but it also bears the *heuristic* purpose of generating more general ideas and hypotheses about the evolution of the link between economic-financial system, economic culture, and processes of civilization in a complex society. Now let us outline a short summary of the paper and of its main lines of argument.

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<sup>13</sup> More in general, of the various phenomena describable as examples of “ethical finance”. In this contribution, we concentrate on the Ethical Popular Bank in Italy. We will come back elsewhere on this subject, for a more general consideration.

<sup>14</sup> For an outline of this idea in the domain of welfare systems in advanced societies and a comparison with the rational of lib/lab “internal markets”, see Donati 2000.

In the present section we've been issuing a general statement about the empirical and theoretical starting point of our work, the formulation of the problem, and the basic reasons why we hold the EB "case" important. In section 2 we shall provide an account of the main steps in the differentiation process of the economic subsystem in modern western societies, in order to point out the "typical" *relational coupling* between economy and society that has been growing in contemporary societies, and the related problems (2.1 – 2.4). We will also show that there is a specific *symbolic structure* corresponding (and contributing) to this stage of the *structural* development of world capitalism, and to this peculiar *state* of the economy/society relationship. We will devote particular attention to the elements of such a symbolic structure concerning money – its nature, use, and functions (2.5). This rather long theoretical section is intended to set the stage for the following interpretation of what practices and cultures EB produces in its everyday work.

Sections 3 and 4 make up the empirical part of the essay, in which we present the main results of the case study. Section 3 provides the fundamental information necessary to understand EB: why and how it was born, who wanted it, what are its purposes, how it organizes and works, and most of all *what culture it is able to elaborate*. This analysis is essentially based on internal documents and literature. Section 4 completes the previous one with some in-depth interviews submitted to some EB managers and leaders. Attention is here focussed on three broad areas: in the first place, we've been wondering how the management of this organization makes sense of a set of mostly economic themes, that we held essential for an understanding of the subject matter; furthermore, we have analyzed and evaluated the EB *working arrangements*, particularly as regards the ways and *criteria* used for credit and investment decisions. Finally, we studied the EB management and leadership's vision of the *future*, that is what they wish and what they foresee about it.

Such themes correspond to a particular rationale, that can be illustrated by reference to the old parsonian AGIL scheme. By selecting the areas above we meant to observe EB as a complex system whose survival depends on its capacity to differentiate itself from its environment, both structurally and culturally. Thus, the problem of investment corresponds to the *adaptive* relationship with the economic environment of the system; the problem of selecting and deciding where its credit should go and what projects it should support corresponds to the issue of *specifying the mission*,

i.e. of the concrete goals of the organization; the problem of organizing the shareholders' territorial network corresponds to the issue of inner *integration*. Finally, the theme of social report and of visions of the future relates to the problem of *maintaining* the EB *identity* in time.

After that analysis, section 5 summarizes the main argument, formulating some concluding remarks – though partial and provisional – about the EB specific operations and its possible meaning for both economy and civil society.

### **The differentiation of the economic subsystem and its consequences on society**

#### *Time as the basic economic problem*

In this chapter we will shortly examine the differentiation process of the economic system and its consequences on society. Here we conceive of economy as a subsystem of (western) society that has undergone a process of *functional* differentiation in the course of social evolution. This approach cannot go without an explanation. Thus, we ask the following question: what is the social *problem* to which the *differentiation* of an economic system must respond? Why does society need something like *economy*? Mainstream theories in sociology and economics usually hold the *rational* structure of action, the development of *money*, and *scarcity* to be the basic problems on which one could define economy. This line of thought, however, has to face some relevant theoretical and empirical problems: a) the concept of *rationality*, conceived of as a specifically economic norm of action, is a rather recent semantic acquisition, finding full citizenship in the scientific debate not before the XVII century, and in strict connection with the concept of economic *interest* (Hirschman 1979; Swedberg 1996); b) some forms of economic exchange do exist even before the invention of modern *money*; c) the concept of *scarcity* does not represent at all some sort of basic ontological entity from which economy can be deduced. In the

face of these real *epistemological obstacles*, it appears more interesting to change our perspective and to ask «what functions are met by the fact that society develops the rationality of the means/ends relationship as decision making principle, money as institution or scarcity as problematic scheme, and that it confers strong effectiveness to these elements by differentiating them as systems in their own right » (Luhmann 1970, 238). Therefore, we must *call* the very concept of economy *in question* right from the start, by wondering *why and how* it comes that western society has selected a particular semantics of *rationality*, has developed the institution of *money* like no other civilization, and has used the relational scheme of scarcity in order to differentiate a sphere of action that from a long period had remained “embedded” into patterns totally different from those of modernity and of capitalist market economy (Polanyi 1968; 1983).

An important piece of evidence to answer these questions is to be found in Luhmann, and concerns the problem of *time*. Luhmann writes (1970, 238-239): «in the last analysis, it seems that every economic activity does not concern needs whose bounds are well determined and delimited, but the possibility of putting off a decision about the satisfaction of needs, while already making such satisfaction sure in the present, and of exploiting the useful time saved»<sup>15</sup>. Sociological attention should then focus on the motivation or the agreement to *give up consumption* in the *present*, with the aim of a better satisfaction of *future* needs. Time stands as the central issue, conceived of as a moment of postponing, waiting, non-actualization of a possibility – namely, that of the immediate consumption of a given resource. This problem of satisfying future needs is *common* to any kind of human society. The organizational *forms* of *economy* and its stage of differentiation are, however, very different, because the differentiation of economy as a social system progresses in time by means of molecular innovations deviating from taken-for-granted social expectations. The western social system has differentiated a subsystem endowed with the

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<sup>15</sup> In the same way Parsons assumed, some decades before, the economic function from the crossing of the *time* variable (distinguished in *instrumental* value – the processes building resources for a *future* use – and *consuming* value – the processes using/consuming these resources in the *present*) with the *spatial* one (systemic relations bordering on the outside, namely on the environment, and systemic relations regarding the internal organization of the system). In the American sociologist's opinion, the economic function should be deduced from the crossing of "external" and "instrumental", and the economic subsystem realized the function of production, transformation, distribution of the environmental resources for the whole society.

function of performing “economic” tasks: it has created an economic subsystem that is able to *take time*, to develop its peculiar rationality (costs/benefits), and to steadily provide for the future satisfaction of its needs (which, by the way, become *ad hoc* creations to “satisfy” production). What we have said up to now apparently takes for granted that we are in presence of the necessary social conditions to put off the present satisfaction of needs without risks: only after this necessity has been met it is possible to observe the historical and evolutionary *differentiation* of an economic system. In the absence of that very first guarantee about the present, no differentiation of an economy in a modern sense can be observed, because it isn’t possible to develop neither a specific economic rationality, nor a monetary arrangement, nor the market institution. The differentiation of economy is therefore to be regarded as a multifariously conditioned and thus highly improbable process.

*The economy of primitive societies and its first stages of differentiation*

We can only sketch the morphology of economic organization in primitive societies, in order to define some *evolutionary leaps* necessary to the differentiation of the economic system. In primitive societies the economic functions are performed in the context of multifunctional social institutions; that is, they are “rooted” in family and political, religious and military structures: one can describe economy as a “total social fact” innerly involving religious, family, moral, and other aspects. Societies are tiny and segmentary, there is no concentration of the use of violence in the State, and the political control is given up to lineages and clans (Parsons and Smelser 1956; Dalton 1978). The guarantee that needs will be satisfied depends on supply *accumulation*, inside the paramount issue of *maintaining* social relationships oriented to the principle of reciprocity (Malinowski 1973; Mauss 1965). We might say, quoting a famous sentence by Louis Dumont (1984), that in this kind of society the relationships among people are more important than those between *people* and *things*: here we are dealing with “holistic” societies, still ignoring the individualistic ideology, and in which the economic sphere is nearly undifferentiated from the rest of society. Economy is thus embedded in society, as regards both political and social economy, that are socially and politically controlled. Most relevant of all, these societies are neither structurally nor culturally programmed for *economic growth* (Rappaport 1980). One of the first “mechanisms” of differentiation seems to have been

the creation of markets, that is the emergence of internal environments of the economic subsystem in which participants could observe and coordinate themselves reciprocally in order to exchange goods and services. This means they could use exceeding supplies to gain new utilities. Medieval markets can be subdivided into two categories: 1) neighbourhood markets; 2) intermunicipal and long-distance export markets. Such markets took place in big cities, and were controlled by municipal authorities representing the corporative and commercial oligarchies: therefore, they were already differentiated from the dominant domestic economy, but still strictly connected with the political subsystem. Following Weber's well-known lesson (1993), it is just the development of the western city that gave birth to the bourgeoisie and to the market as a steady place for the regular exchange of goods. In this case, only direct relationships to the consumer are involved. A further form of market is the *fair*, where relationships among merchants develop; the *stock exchange* will follow. Thereafter (XV-XVIII centuries) a more self-regulated market emerges, but it won't include neither land nor work as commodities. Only in XVIII and XIX century societies is economic activity split from the rest of society, becoming the affair of a self-regulating mechanism of commercial exchange ensuring distribution by a price system only. Markets are grounded on the introduction of a new possibility, i.e. that of legitimately denying the *relationship* between person and thing: one thing can pass on to other possessors and the possessor can change the things he owns. This arrangement results in the *de-personalization* of merchant *relationships*, now needing nothing else than specifically economic information (e.g. evaluations of a religious, friendly, political and moral kind are excluded). The only relevant information about the partner of the exchange concerns his ability to pay (liquidity), i.e. his *economic* reputation (Luhmann 1970). The birth of markets accelerates the invention of a symbolically generalized medium of exchange – i.e. money – which is the much functionalized symbol of social *relationship* itself (Simmel 1984). Market formation remains for a long time the only differentiation mechanism of economy: markets will long remain institutions of rather marginal importance for the structure and culture of a still mainly domestic economy. Only when *production* too is increasingly differentiated in the form of the firm – thereby becoming independent from the household and dependent on the market – will the idea of a totally autonomous economic system begin to emerge. At this stage, economy is divided in *firms*,

*markets*, and *families*, the latter starting to become consumers and dependent on the job market: this configuration of the economy will be exploited in all its potentialities in the course of industrialization.

*Monetary economy: the economic subsystem from autonomy to self-reference*

Economic operations are now based on the binary code: *able/unable to pay*, and are made almost totally indifferent to moral criteria. As a result of this, the economic operation only depends on a calculation of its payback. This means that the form of rationality that is peculiar to economy tends to follow as a rule that of maximizing profit in order to reinvest and to increase the capital. Once a means, profit soon becomes the end of the economic process. In this sense we can say that economy is no more aimed at producing goods or creating employment: it drifts away from any other rationale than that of making; thereupon it becomes not only autonomous, but finally self-referential. Before the full development of the monetary mechanism, the economic subsystem had been structured through the code of *property*, that is through the difference between *having/not having* a given good. In this context, each participant in the economy found himself – with respect to others and to things – in the position of possessor or non-possessor: this in turn made the possibilities of exchange and the circulation of goods considerably easier. This resulted in the development of property law and the evolution of contract law. Nevertheless, property would subsequently prove too restraining a form to govern a volume of exchanges that was to grow exponentially (Manfrè 2000). Without a codification of property through money, the ultimate differentiation of the economic system from the rest of society would have been impossible, because it would have remained too strictly connected with the political system. Only with money overlapping the distinction paying/not paying to that of having/not having, can goods, property, and even work become *commodities*, that is (at least virtually) amounts of money, and can scarcity pass from the goods to the money necessary to buy them (Colozzi 1998). In the perspective of monetary codification, one has or does not have a given amount of money, while *payment* is the transformation of having in not having. If property is still too tied to the natural limits to subdivision inherent in the material objects, money is a far more flexible medium, that can be de-composed, re-composed, and transmitted in the most different ways. To give only an example: those who pay don't give any information

about where their money comes from; those receiving a payment don't need to explain what they are going to do with it, and they are free to use their money immediately and for any conceivable purpose. The system can work without a memory and without any extra-economic restraint. From a cultural point of view, in its lack of memory money expresses some sort of *antiauthoritarian* power, amounting to an immanent criticism of the hereditary principle (Accarino 1999). Money destroys traditions, and with them everything *ascriptively* and unflexibly personal that remains in social relations. For this reason, money is the real symbol of modernity, that is of the age of the uprooting of every ascriptive pattern. The modern money is the highest instantiation of the power of freedom and emancipation from pre-modern legacies.

Thanks to this process of abstraction, money allows the exchange processes to become reflexive: through exchange, one can get other given possibilities of exchange. Money also becomes reflexive: one can pay a given sum having first borrowed it at a given interest rate. In this sense the cost of money begins to be more decisively important than the cost of things. To sum up, we could maintain that in the present situation *payments* are the specific operations of the economic system. Each payment produces a certain ability to pay in those who receive it and an inability in those who effect it: the latter must then regenerate their paying possibilities, if they want to remain inside the economic system. It is in this new configuration of a properly monetary economy that the function of intermediation performed by the banks and the financial market come to the fore. In a monetary economy, the initial and the final act have to do with sums of money, that is with an unqualified buying power. The banks connect those who are ready to lend money for an interest to those who need money to perform their activities. And here the issue of *time* is brought back at the centre of attention. Luhmann notes that «it's up to the banks to provide economy with continuous liquidity: they allow payments even where firms and domestic economies do not have the necessary means, or else when these would prefer not to mobilize invested money, even if they could in fact pay. With the help of the banks we arrive, then, at a difference between material values or readiness to work, on the one hand, and financial resources, on the other hand, which is enough for the system's autopoiesis» (1994, 206).

*Liquidity and credit in the financial economy: making the system irresponsible to society. The criteria of inclusion/exclusion from credit*

In contemporary society the economic subsystem undergoes a further differentiation into one *centre*, some *peripheries*, and some inner *environments*. The *centre* is made up of the global financial markets, in turn differentiating into stock exchanges, central and commercial banks, mediating subjects, and their clients. The *periphery* consists of the economic *activities* like production, exchange, services, work, etc.; the economic subsystem's inner *environment* is represented by the markets, that is by those spheres of action where actors can observe each other "in action" through the prices. The centre lives on the demand of credit coming from the periphery, and of the latter's accumulation of liquidity: the periphery lives on the capacity the centre displays to give and take credit, and to make commerce possible by means of promises of payment. The new way to conceive of modern society in terms of its economy will then be as a financial society, and/or credit society. Any economic event can be understood as a result of a credit. Only the centre is really economically active on a global scale, which means it is not oriented to the difference between internal and external markets, like regional firms are. Only at the centre the monetary mechanism finds a self-reflexive application. The centre represents *self-reference*, e.g. by its orientation to national currencies and to speculation, that is to money itself, while periphery represents *hetero-reference*, that is the system's relational coupling with the other spheres of society, with the *motives* and *needs* that guide economy (Luhmann 1997). One of the most impressive consequences of this mutation is that the centre becomes *dangerous* for society, insofar as it is more and more difficult to control. Susan Strange (1998) notes that the financial markets operate in a way that is totally independent of their productive periphery, thus escaping any possible control by national and international authorities: then huge "threats (of economic instability) without enemies" arise. Many big, globalized financial operators don't feel any more *responsibility* towards the periphery of the system, i.e. the system of production, work, and occupation. The speed at which money circulates and most of all the new, enormous possibilities of *speculation* emancipate the centre's pattern of action from that of the periphery. To complicate matters come the new, "derived" financial instruments, which were invented to protect the big multinational firms from value fluctuations, and to immunize the system from the risks of instability. In fact, they are now

becoming the main factors of speculation. The economic system doesn't have an immunitarian system that can save it any more (Capling and Crozier, 1998). Economy is presently a «system built up in a self-referential way, circular and strictly closed, provided that it both assumes and creates liquidity (and thus a gain of money) when it effects payments» (Luhmann 1986, 126). For *liquidity* we mean the capacity to return and to remunerate of what has been received for a given period of *time*. As it is now apparent, the core problem of this new evolutionary stage of the system consists of the fact – as many observers have outlined – that the evolution of its centre is steered by endogenous factors, with almost no connection with the periphery, and it influences all markets in a predominant way.

There are two main consequences of this new configuration: 1) the *payback* remains the only criterion of economic *rationality*; 2) serious problems arise in the relationship between the system and its environment. As regards the first point, after noting that «this economy can be defined capitalistic if and insofar as it connects payments with a recovering of the payant's liquidity, thus it primarily decides investments from the point of view of their payback» (Luhmann 1986, 130), it is necessary to reflect upon the consequences this criterion will have on the economy.

In this perspective, it is clear that the capital market, and thus the whole system of financing and credit – on which economy has come to be grounded – develops its own singular criteria for *inclusion* and *exclusion*. Only those entities that can guarantee their future liquidity are included in the credit system. The *goals* and *modes* of production, like the *consequences* of that kind of activities, are not taken into consideration, unless they seem to be useful instruments to increase the liquidity of the indebted party. The fact that a firm produces goods that are *useful*, *useless* or even *harmful* for society, and that it does this in more or less legal or culturally legitimate ways, and finally, what *consequences* this will have on the social environment, all of this is no more regarded as a problem for the economic system. A second problem arises, in connection with the former: namely, how can capital be either *persuaded* or *compelled* to invest in such ways as to (1) create jobs, and (2) finance firms that produce goods and services useful for the collectivity and not harmful for the human, social, and natural environment of economy. Moreover, (3) how can we persuade or compell capital to refuse credit to firms that don't respect some minimal ethical requisites, etc. By making liquidity its absolute criterion, financial

economy becomes *incompetent* and *irresponsible* as regards all problems exceeding such a pattern. To put it in other words, and to summarize it all, the human/non-human distinction seems to have become irrelevant within the borders of the economic subsystem (Donati 2000).

*Capitalism and its symbolic pattern in the world of networks*

*Capitalism and the levels of system building*

We have examined above the evolution of economy and of its relation with society in the perspective of system differentiation and of the institutionalization of symbolically generalized media of exchange. Is this evolutionary path *the one and only* way empirical evidence shows? And consequently, is this the “ultimate” fate (as far as it works) of economy and society in the age of advanced capitalism? The picture we have shown above retains a relevant descriptive effectiveness. It is, however, interesting to observe things from the perspective of the other levels of system building, namely organization and interaction. They allow a peculiar empirical evidence to come in sight.

(i) *From the organizational point of view*, the mentioned evolution (sections 2.1-2.4) ends up (to date) with the transformation of the capitalist productive structures from “fordism” to “post-fordism”. We are not going to provide a detailed analysis of the “post-fordist” configuration, which stands as the re-structuring and re-deployment of capitalism on a global scale (Boltanski e Chiapello 1999). What must concern us here is that in the 1990s a longstanding re-elaboration of the cultural representations of economic process and firm management comes to the fore, that is coherent with such a re-deployment and brings it to its last effects.

In these symbolic patterns, *network* becomes the essential keyword. Firms are conceived of as “slim” forms made up of networks of diverse, *plan oriented teams*, coordinated through network, non-hierarchical patterns. Such teams are held to be basically oriented to customer satisfaction and to the total mobilization of all workers, that are invited to “share the dream” dreamt by the leadership (the *vision*). The good manager becomes “the man of networks”, personal relationships being given a new positive relevance. The sharp distinction between firm and private life – a conquest for the Sixties – begins to be regarded as an obsolete, inhuman (and inefficient) character of firm bureaucracy. What appears peculiar of the “human factor” in the firm has changed its nature: the focus now goes on creativity, feelings, and emotions vs. technical calculability.

(ii) *From an interactional point of view*, research has come to show that there is increasing social demand for a cultural re-elaboration of the weight and value the economic dimension should bear on individual and family life.

Therefore, we emphasize that through the new organizational and interactional configurations a drive emerges to re-integrate the sphere of individual and social values with that of economic activity. And this tendency seems to come, at least partially, right from professionals working at the advanced economic fields of global capitalism, conceived of as a “city of networks”<sup>16</sup>.

*Is a “spirit of capitalism” still existing? Looking for an emerging symbolic pattern*

The above considerations make for the following hypothesis: that the “neutral” and “irresponsible” evolution of financial economy (2.4) presently co-exists with other tendencies, which can be observed when one assumes different observing perspectives (at the meso- and micro-social levels). What we would like to emphasize is that the structural dimension of the economic subsystem doesn’t go without a culture of its own. To put it in more “classical” terms, capitalism has its “spirit”, i.e. a culture that is relationally coupled with and *not* (only) *superstructural* to the economic activity in its strictly operational patterns. Therefore, culture both *legitimizes* and *transforms* economic structures. Weber saw this as the set of ethical motivations inspiring people in their actions oriented to capital accumulation, though in themselves external to the inner logic of capitalism. Thereby our approach regards capitalism as not totally self-referential, but on the contrary it holds the latter *can* perform self-transformations *in response* to the “human” concerns formulated by and within a cultural system (at least partially) guided by some sort of civil society.<sup>17</sup>

<sup>16</sup> It should be noted how this methodology is really close to that of the “morphogenetic cycle” theorized by Archer (1995). Obviously, it is not possible to observe from now on if the organizational and international “deviations” of experience of Ethical Popular Bank will produce some morphogenetic or morphostatic effects on the economic system.

<sup>17</sup> It may be object that Weber himself, already at his time, considered capitalism as completely independent from this “spirit” and founded only on the skill of spontaneous and automatic auto-regeneration. In short, there would be no need that the men involved in that *would believe* in the *moral legitimacy* of their economic activity. We are already in the «powerful cosmos of the order of the modern economy (...), that determines today, with an

We must then ask *what is the symbolic pattern* of this “city of networks”, particularly its *normative* component. Of course, what we are dealing with here is a still provisional, dynamic and highly unstable pattern, which at present is full of ambiguities and quite open to diverse and even opposite developments. We feel, however, that its broad meaning can be grasped and summarized through the two terms-concepts of “network” and “project”.<sup>18</sup> The word “network” incorporates a quite dense conceptual and symbolic nucleus, that we won’t even try to fully analyze here.<sup>19</sup> It represents social life as a set of meetings and connections, that happen in time and are possibly re-activated, with subjects and groups placed at even huge (physical, social and cultural) distances. What calls for the connection is a *project*. It is the project that provides networks with a definite form and border (though always subject to change in time), and makes certain relationships irreversible. Our idea, then, is that this “world of networks” is giving birth to a normativity of its own. In this context, the *mediation* activity (i.e. creating ties and networks) takes on autonomous, *per se* value. Such a symbolic pattern produces its own evaluative principles and criteria, differing from those proper of a fordist world and not overlapping with the latter’s distinctions. First of all, primary importance is given to the concept

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invincible coercive strength, the lifestyle of all the persons born in this big mechanism (...). (...) Today, its spirit has run away from this cage – who knows if forever? In any case, the victorious capitalism, since it stands on a mechanic basis, does not need anymore this support.» (Weber 1991, 239-240). At this objection we reply, above all, that Weber interprets the socio-cultural dynamic of capitalism within the paradigm of the “routinization of the charisma”. It remains to be debated whether that paradigm is appropriate to catch the transformative dimensions of the social order incident to the culture. Moreover, it is unfair to attribute to Weber’s “big forecast” a finality that Weber himself did not intend to assign to it, if not within the close limits of the methodological (and *epochal*) validity of his historical-empirical study. In the same pages, he reminds also that: «No one still knows who, in the future, will live in that cage and whether, at the end of that enormous development, there will be any totally new prophecy or a powerful reborn of old thoughts and ideals, or *instead* (...) there will be a sort of mechanized petrification adorned with a kind of importance convulsively, spasmodically self-assigned.» (Weber 1991, 240-241). Obviously, we do not suppose any prophecy or powerful reborn, but it seems legitimate to us to try to detect the strand of a morphogenesis constantly transforming the culture of economy and society, and maybe opening – in a “molecular” way and without *grandeur* – a new era.

<sup>18</sup> Let a reference to Boltanski and Chiapello, 1999, chapt. 2 be permitted. On the concept of “plan”, used in the context of a reticular social world, see also Teubner 1997.

<sup>19</sup> For an introduction to the subject, see at least Donati 1991, chapt. 2, and Di Nicola 1998.

of “activity”, meant as the act of generating projects or taking part in them<sup>20</sup>. And because projects always imply meetings, the activity *par excellence* consists of *delving into networks and exploring them*, making people and things nearer in such a way as to create other projects. Life itself is here conceived of as a series of projects<sup>21</sup>. The serial connection among projects extends networks. As a result of this, “death” in this universe of networks is thus represented by *exclusion*. Excluded (dead) is he who neither has nor takes part in any project, and has given up exploring social networks. If this is the case, we face here the failure of the long-term project underlying all other projects: self-development. This obviously implies that everybody wishes to be connected and not to be isolated. *Trust* – being regarded as trustworthy in interpersonal relations, being endowed with social *credit*<sup>22</sup> – assumes a great relevance. “Excellence” in this universe means being able to fully commit oneself to projects, this in turn involving the capacity to be enthusiastic, involved, flexible, adaptive, autonomous, multifunctional, always open to new connections. The keywords are: availability, adaptiveness, and “lightness” (vs. rootedness). Being cosmopolitan *while simultaneously* being local, i.e. rooted in a given social context. A network declines when it ceases to expand, when it turns on itself, when it begins to serve some of its members only, not all.

The dynamics we have here roughly sketched are of a special interest to us, insofar as they draw the profile of a symbolic pattern that is emerging from and within the capitalist economic system. *Some* of its versions emphasize a quest for meaning and subjective autonomy in the activities of capitalist economy, formulating such goods in a fundamentally different way *vis-à-vis* that of modernity. We shall see *if and in what sense* the EB can be a part of this skyline and contribute with its own culture to working out the symbolic pattern in question.

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<sup>20</sup> Which is transversal compared to the distinctions work/unwork, dependence/independence, productive/unproductive, stable/unstable, interest/charity.

<sup>21</sup> In all areas: working, familiar, etc.

<sup>22</sup> On these subjects, see the recent theoretic reflection of Prandini (1998).

### **The Ethical Bank in Italy. What it is, what goals it has, and how it works**

#### *Structure and culture of an innovative economic organization.*

By “ethical finance” we mean *one kind* of economic institutions aimed at satisfying the right of access to credit. By “ethical investment” we mean the «selection and management of investments (shares, bonds, borrowings) as conditioned by ethical and social criteria» (Tagliavini 1998, 26). There are at least four different patterns of ethical finance we can distinguish, each differing from the others in some respects (see fig. 1).

As the above scheme clearly shows, the idea of an ethical finance is not totally new. Indeed, it would seem that the first bank mediators (e.g. Piety Mounts) were just born to perform socially oriented functions, such as protecting recipients from usury, funding economic entities strictly connected with local development, allowing artisans to buy rough matters, and give credit to consumption. In relatively recent times these functions were taken over by the ex-Casse di Risparmio, by Popular Banks, by the Banks of Cooperative Credit, etc. (see pattern B in picture 1). Nevertheless, due to the laws that have made privatization and the transformation in S.p.A. necessary for many banks, that kind of solidaristic and mutualistic patterns has been substituted by a merely economic rationale. In this sense, the big potential of benevolent funding those banks retained has been almost lost, their function having been transferred to the bank foundations, which however cannot provide credit. Pattern D is present in Italy with many initiatives, and represents a recent and minimalist model of ethical finance. This is the field of those ethical accounts or affinity cards showing an ethical character only in the moment of distributing the results of investments, but not in their allocation. The bank is committed to obtain the best financial result, investing in profitable economic entities, irrespective of any ethical criterion. Only at a second stage, the bank will put the interest extracted to charitable ends. Pattern C concerns a kind of funds that is quite developed in anglosaxon countries, and where shares and bonds are selected through both economic and ethical criteria. This procedure permits to fund economic entities that meet commonly agreed ethical standards. Pattern A represents the idea of an ethical bank, which we will now try to understand in detail.

EB is a Popular Bank that has got its permission to operate in December, 1998, and has started its activities in Padua, in March 1999. EB

is the result of a debate about ethical finance that has characterized part of the Italian non profit sector. The MAGs – non-profit financial cooperative societies providing credit to socially oriented subjects (social and cultural programs, third world cooperation) – were the first laboratory of the idea of an EB. The process was accelerated when the 1993 Bill “on bank and credit matters” came to forbid the gathering of savings (from physical persons) by cooperative societies performing financial activity, and allowed it to banks only. The MAGs were thus pushed to reflect upon a project on ethical finance that could be able to bring together third sector associations at a national level. On December 24, 1994, the association “Towards the EB” is founded, with the task of fixing the necessary steps of the project. On June 10, 1995 the cooperative society “Towards the EB” took off and began to gather the necessary capital to constitute the Bank (figure 1) its members were 21 non profit organizations, both religiously and non-religiously oriented, mostly from the world of cooperative societies and alternative finance<sup>23</sup>. In 1996 the society’s Board chooses to constitute the EB in the juridical form of a “Popular Bank”. On May 30, 1998 the necessary capital has been all gathered: the following step would be the first opening in Padua<sup>24</sup>. Thus, the idea of an EB was born from the project of non profit organizations reflecting on the social functions of money, finance, and enterprise, i.e. trying to question the kind of social ties and the social consequences produced by economic activity.

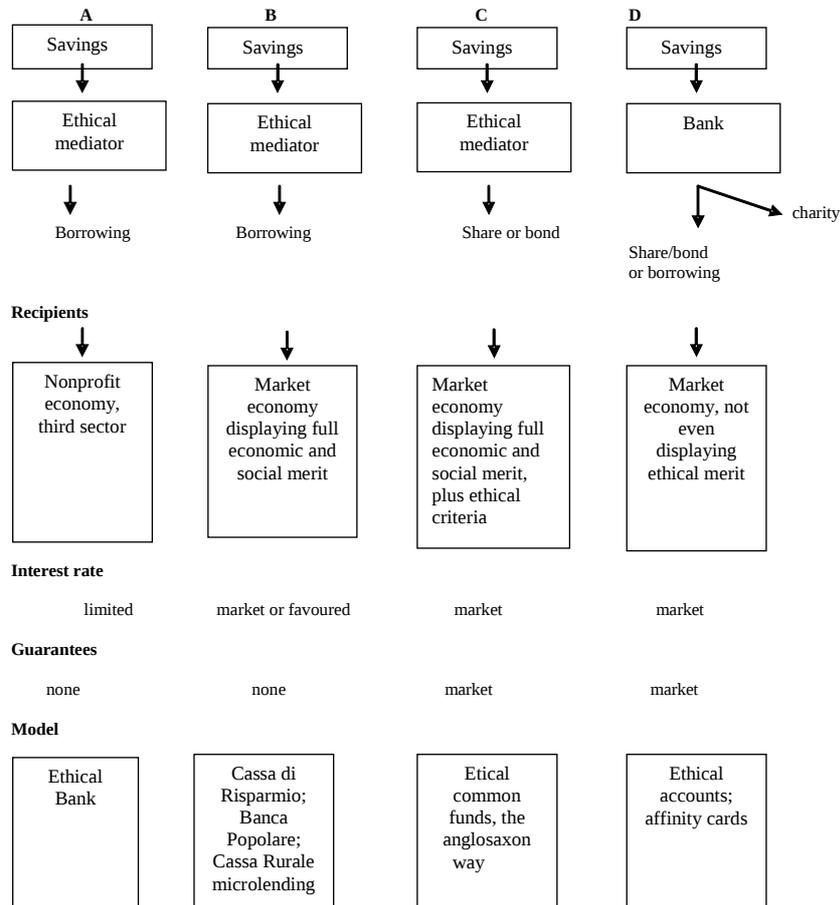
This discussion produces two basic results in the organizational culture of the parties involved: first, there are two things they become ready to admit, and second, there is a distinction they draw:

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<sup>23</sup> Charter members of Ethical Bank are: Acli, Agesci, Arci, Ass. Botteghe del Commercio Equo Solidale, Ass. Italiana Agricoltura Biologica, CGM, Cooperativa Oltremare, Cooperazione Terzo Mondo, CtmMag, Cuore Amico, Diocesi di Vicenza, Emmaus Italia, [Europe Conservation](#), Fiba - Cisl Brianza, Gruppo Abele, Janus, Mag 2 Finance Milano, Mag 4 Piemonte Torino, Mag Venezia, [Mani Tese](#), Overseas, Uisp, Ust - Cisl Brianza. Altre principali adesioni: A.N.P.A.S. - Ass. Naz. Pubbliche Assistenze, BCC Treviglio, [Banca Popolare dell'Emilia Romagna](#), [Banca Popolare di Milano](#), Banca Popolare del Levante, Banca del Salento, COSPE, CESVI, CIMI (Istituti Missionari), CISL Nazionale, COSPE, Confcoop. Provincia di Milano, CSI, Cuore amico, Fondazione Cassa Risparmio PD e RO, Fondazione P. Vismara, Greenpeace, Ist. Diocesano Sostentamento del Clero-Brescia, Ist. Suore Missionarie della Consolata, Italia Nostra, [Legambiente](#), Lega Cooperative Prov. Bologna, LIPU, ICS, Rivista Nigrizia, WWF Italia.

<sup>24</sup> In addition to the office of Padova, EB now has other seven branches.

Table 1. Some patterns of ethical finance. Source: Tagliavini (1998, 27)



- 1) they admit that societies' development and welfare cannot give up monetary economy. This first awareness indicates that EB doesn't oppose capitalism in general, but assumes a critical position towards its common rules;

- 2) they admit that leaving the use of money to traditional financial institutions cannot but legitimate the idea of an economic development that won't always serve human fulfillment: keeping out of the economic system is a decision bearing negative consequences on the very possibilities of a "human" economic development. "Isolationist" or "secessionist" utopias are thus refused;
- 3) among the processes of wealth production and distribution they distinguish between those exclusively oriented to profit and those bearing a solidaristic goal.

These are the very general premises on which EB was born, as an institution aimed at the creation of a new kind of relationship between clients having *awareness* and *responsibility* concerns about the use of their money and those entities that need credit for projects that can be defined as producing a *common good*. On the one hand, the mission is to use money and financial activities as instruments for human development; on the other hand, to work out an economic culture regarding as its absolute value, not profit, but the creation of a value added for the development of a civil community. More exactly, the EB mission consists of giving access to credit to subjects mainly (but not exclusively) placed in the domain of social (i.e. non profit) economy, that is to firms, persons and projects evaluated in their capacity to produce social values<sup>25</sup>. The mission is to stimulate the competencies, skills, and autonomy that are necessary to take up social and economic responsibilities; to guarantee subjects giving putting their savings in the EB as regards management efficiency and a use of money that be consistent with ethical expectations; to respect the environment and the cultural particularities of local contexts; to pioneer a new idea of bank, conceived of as a meeting place based on the values of transparency, solidarity, and democratic participation.

The operational structure of the bank corresponds to its culture. Its juridical profile (as a Popular Bank) allows it to operate at a national level.

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<sup>25</sup> Ethical Bank currently has 220,000,000 euros in total assets, 22,000 partners, and 1,300 companies funded, in many fields such as: associations; cooperatives; foundations; NGO; Ltds.; one-man companies; small cooperatives; natural persons. The financed intervention areas have been: socio-medical services, educational ones, fight against the social exclusion and working integration; environmental protection and preservation; cooperation to development, international voluntary work, fair and charitable trade; quality of life, promotion to sport for everyone and cultural ventures; overdrafts to natural persons basing on particular agreements, loan on the honour.

It is loyal to its principles of cooperation and solidarity in that it favours a wide diffusion of its shareholders and privileges democratic decision making and participation. The Board will examine the proposal of each new member, and can express a negative opinion. Juridical persons, for profit societies of any kind, and any type of associations and entities operating in forms or activities contrasting with the inspiring principles of EB are not admitted. The essential organs of EB are the Assembly, the Board, and the Syndicate. Moreover, EB has constituted an Ethical committee composed of clearly reputed people. This committee has a consultative and proposing function, and works as a representative organ of ethical guarantee; its mission is to stimulate EB to develop within the ethical principles written in its Statute. Finally, the *Probiviri* committee has the task to solve conflicts between EB and its members, and among members alike.

#### *EB and its institutional aims*

EB has general aims that are common to any Popular Bank. It has then specific aims of its own, sanctioned in art. 5 of its Statute: «the Society is inspired by the following principles of ethical finance: 1) the ethically oriented finance is sensitive to the non-economic consequences of economic actions; 2) credit in all its forms is to be regarded as a human right; 3) efficiency and sobriety are components of ethical responsibility; 4) the profit made out of possession and exchange of money must be a consequence of activities oriented to the common good, and must be fairly distributed among all the subjects contributing to its realization; 5) the highest standard of transparency is a basic requisite of every ethical finance activity; 6) participation of both members and clients to the choices the Society makes is to be favoured; 7) an institution that accepts the principles of ethical finance will orient its whole activity through such criteria. The Society has the aim of managing the financial resources provided by families, women, men, organizations, any kind of societies and institutions, using their savings to promote the common good of the collectivity. Through the instruments of credit activity, the Society aims the gathered resources to socio-economic activities endowed with a social, environmental and cultural utility. It will lend special support to human, social and economic promotion activities for the most disadvantaged people and areas of the country – particularly by supporting non profit organizations. Moreover, special attention will be devoted to the women's

and young people's initiatives of autonomous and/or entrepreneurial work, also by means of microlending or microfinance instruments. Any financial relationship will be excluded with those economic activities that represent a direct or indirect obstacle to human development, and that contribute to violate the basic human rights. The Society performs an educational function in favour of clients and recipients of its credit, enhancing the former's responsibility to get to know the destination and modes of employment of his money. As regards recipients, they are encouraged to develop his autonomy and entrepreneurial skills with vision and responsibility».

*Structural and cultural particularities of EB*

The function of a bank is to provide the economic actors with liquidity through its funding activity. Banks usually ground their normal operations on economic criteria about the use of the borrowed (and lent) money. The only things that matter are paybacks and the recipient's liquidity. No other information is necessary or required. Now, EB radically transforms this pattern. The three subjects taking part in the process, i.e. *saver*, *mediator*, and *recipient* stand in a new kind of relationship, and have to display quite singular qualities. Let us start with the saver. Savings are the "rough matter" of a bank, and it has to manage them in the best possible way. The saver giving its savings to EB has a further concern: that his/her money be used consistently with his/her private ethics, as based on the values of justice, solidarity, and peace. At the moment of gathering, EB allows savers to choose among the following typologies of employment: 1) social cooperation and voluntary organizations; 2) environmental organizations and biological agriculture; 3) cooperation to third world development; 4) fair and charitable trade; 5) cultural initiatives; 6) no preference. Moreover, savers can define the interest rate to be calculated on their savings, ranging from zero to a maximum fixed by the bank. Thereby the bank can reduce its costs and can, thus, offer better conditions to its recipients. The second actor in the process is the *mediator*. The Bank must give organizational priority to the principles of inner and outer *transparency*, members' *participation*, and economic *democracy*. It has the task to decide whom to finance, that is who will be provided with *liquidity*. EB has to date decided to fund mainly, but not exclusively third sector organizations. Other activities are also contemplated, e.g. funding those entities that seriously risk social exclusion, or that produce cultural or environmental goods, and broadly speaking everything supporting a sustainable development, both human and natural. The EB doesn't even exclude for profit firms which demonstrate to be pursuing social goals (directly or indirectly). The Bank is also considering to increase its financial activities in favour of Southern Italy, because that area suffers of a major lack of credit. At any rate, the middle run goal is that of providing a rather wide range of services. EB is studying to realize new ethical investment funds, and other products in the domain of banking and insurance. Moreover, the Bank is gradually striving to acquire the adequate skills to operate in the field of financial intermediation, consulting, fund raising, and closed funds, and to work as a merchant bank, to develop project finance, and private-oriented finance.

*Four innovative structural characters*

In order to better highlight the singularity of EB, let us develop a more detailed analysis of four structural aspects which we consider particularly important to understand why and how EB is innovative in its sphere of action: these concern employment selection, liquidity management, territorial organization of members, and the social report.

a) *Employment selection, i.e. how to make an investment “ethical”*. EB concedes its credit mainly, but not only to non profit and civil economy organizations which operate in the following sectors: 1) health service, education, initiatives against social exclusion and access to working opportunities for weaker subjects; 2) environmental and cultural goods safeguard; 3) cooperation to development, international voluntary organizations, fair and charitable trade; quality of life, sporting and cultural initiatives for all. The Bank primarily considers two aspects of the recipient: 1) financial liquidity (financial enquiry); 2) social and environmental effects of the projected activity (ethical enquiry). Recipients must declare that they have not started any activity that is in contrast with the aims of EB. More specifically, recipients must not be involved in: 1) weapons production and commercialization; 2) economic activities with apparently negative environmental effects; 3) use and development of sources of risky energy sources and technologies, for both man and environment; 4) activities implying exploiting child work, violations of human rights, contempt of contractual guarantees for workers; 5) scientific research activities that conduct experiments on weak or non-guaranteed subjects; 6) exclusion of minority groups or of whole categories of the population; 7) direct relationships with political regimes that are notorious for their violations of human rights or seriously responsible for environmental damage; 8) commercialization of sex; 9) gambling. After verifying this first declaration, EB submits recipients to an ethical enquiry. Therefore, the traditional *economic enquiry* every bank conducts is here joined by a *social enquiry*, aiming at a detailed analysis of the possible consequences the proposed activities will have on human development, common good, and natural environment. This analysis is conducted on the basis of *indicators and standards of evaluation* strictly connected to management concerns and to social goals. Thus, conceding a credit implies a procedure involving particular *inclusion* and *exclusion* criteria. The

ethical enquiry is based on an analytic instrument called the “VARI model”<sup>26</sup>. This instrument starts from a definition of nine basic values the recipient must demonstrate to respect: 1) inner democratic participation; 2) inner and outer transparency; 3) equal opportunities; 4) respect for the environment; 5) social quality; 6) respect for working conditions; 7) emphasis on voluntary work; 8) a spirit of solidarity; 9) territorial connections. These standards/indicators appear in a survey recipients must answer and sign, as a self-certifying statement of their position. As a guarantee, this document is to be signed by a non profit organization chosen among the members of EB or by one local circumscription of members<sup>27</sup>. The evaluation process thus implies an active role on the part of recipients, who are called on to discuss with the Bank about what they could possibly do to increase their performance from the relevant point of view. A negative evaluation stops the process. It is very interesting to note that the evaluation process also takes into account the information that can come from the territorial circumscriptions about the recipients’ ethical reputation.

b) *Liquidity management, i.e. how to make employment “ethical”*. The opportunities for an ethically consistent employment of EB liquidity has been the object of a research promoted by its Board in 1999. However, none of the examined ethical funds has shown to respect all the above criteria of exclusion. Therefore, the Board, supported by the Ethical committee, has promoted further study about what economic subjects and governments do respect the human and natural environment, and can therefore be trusted by the Bank to represent consistent solutions to the problem. Associations and movements involved in responsible

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<sup>26</sup> The acronym VARI stands for “values, requisites, indicators”.

<sup>27</sup> On further investigation on the inquiries so far realized, it emerges that the reasons bringing to a refusal of an authorization of credit (28% of the demand) have been: 1) insufficient or unreliable accounts; 2) lack of skill of financing’s refund (insolvency); 3) bad reputation of the client; 4) not very clear or blameworthy social purposes; 5) adverse opinion of the ethical committee; 6) juridical form not eligible for funding at the moment. It should be underlined that the majority of the financings realized up to now is not assisted by real or personal guarantees. That means that the payees have been mainly selected according to logics pertaining to the economic-financial and ethical good quality of the projects. A further interesting element is that Ethical Bank always tries to head for the potential payee to communicate and dialogue in order to build a relation supported by a common culture.

consumption have contributed to the research<sup>28</sup>. This has led to the project of a joint venture between EB and Italian and international ethical finance groups in order to guarantee an ethical management of liquidity.

c) *Organizing members on the territory, i.e. how to generate a social subject.* The EB territorial organization is one of the most interesting points in question. It has been conceived to create and spread an ethically oriented economic culture, to permit the active participation by EB members, to enhance both inner and external communication, to draw some sort of “ethical map” of the territory, and above all to evaluate and communicate about the ethical reputation of recipients. The institutional role of groups of members locally organized on the territory (art. 37.4 of the Statute) is to help the Board in the pursuit of collective goals. The territorial organization has a complex and multifarious function: it makes meeting an aggregation moments easier, among members and between members and the Bank; it can put forward suggestions and opinions regarding individuals and organizations who contact EB. Moreover, it promotes a better knowledge of the candidates to official charges in the Bank, and provides diffused information about its activity. It supports and promotes EB activities; promotes the culture of ethical savings; constantly and continuously examines the territory, in order to discover ever new needs to which the Bank might give adequate response; tests to what extent do the Bank’s activities receive the consensus of the members and the various territorial entities. Finally, it promotes the members’ participation to the Ordinary and Extraordinary Assemblies.

A founding element of the members' association is the *local circumscription*. It is composed of all the members of the Bank who live in a given territory. The circumscription has to elaborate a *local plan of development* articulated with the double level of association and communication. The local circumscription creates a committee and a coordinator. The *local committee* mobilizes for the realization of the social and cultural activities of the local circumscription. To make it easier, it nominates an inner coordinator. The local committee may also locate, inside or outside itself, those elements that will have the responsibility of the specific activities promoted by the local circumscription, all of this as a

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<sup>28</sup> Meanwhile, it has decided to invest on: 1) Italian government bonds; 2) EU government bonds; 3) bonds of overnational corporates (\*); 4) B.O.C., B.O.P. and B.O.R (bills floated by local corporates) aimed at social activities (\*); 5) bond issues of partner banks for specific undertakings (\*); 6) bonds issued by the Post. Legend: (\*) to verify each time.

consequence of specific formative paths promoted by EB. The formative path has a strategic role; through the training occurs the valorisation of the human resources, the emersion of a common identity, the knowledge of the other actors of the project. The costs of the controlling functions are reduced by substituting them with trust-breeding workings. So it deals with the functions geared to the creation of a social subjectivity. The second structural level of this organization is represented by the Area Committee, which is the sum of all the local coordinators. Four big areas have been detected for a better territorial organization: North-east, North-west, Centre, South and islands. The main task of the area committee is to coordinate all the EB activities (social and cultural ones) on the territory. The area committee nominates an own coordinator who should coordinate all the territorial activities.

d) *Social Report and other tools of report, or rather how to reflect and control its actions.* Last of all, let us analyze the reasons of EB's social report. It should be drawn up every year together with a financial balance sheet and it should be useful: 1) to understand the role of everybody's own activities in the society; 2) to create a tool to relate the initial requirements with the final result; 3) to show the conviction that the company's main aim is to create surplus value for the community rather than create mere profit; 4) to use the social balance as an element useful to the development of democracy and inner transparency; 5) to show the assumption of responsibility of the bank and the clients in the financial area; 6) to verify the congruity between targets and handling choices; 7) to elaborate a social strategy. Together with the social report, EB has created some other tools to control and direct its own conduct: it is the case of the Ethical Committee, the Ethical behaviour code and the promotion of the financed persons. In our view, these are real instruments of reflexivity inside EB, causing inner identity, recognizability and outside accountability. The reference values subordinated to these tools are the ones of democratic participation and of transparency towards society. EB makes itself fully visible from outside to assume responsibility and to bind itself to its public identity.

#### *Semantic elaboration*

By now EB's semantic, that is the elaborated, memorized and transmitted culture, is rather identifiable. It concerns a cluster of ideas almost always born in contrast to the logic observation of contemporary monetary market economy. Analyzing the internal documents, the projects

and the inner debate giving life to EB, we are able to make a plan (table 2). On the left column, we have a list representing the characteristics given by EB's members to the logic of market economy; on the right one, the self-assigned characteristics as economy and civilized finance. It should immediately be underlined that, in the protagonists' very opinion, the general model of monetary market economy is not brought into question by the contrast between the values of the two models of economy and finance.

EB's protagonists do not theorize new economic models or the end of a "tout court" economy; indeed, they promote a *radical afterthought of its processes, of its aims and of the necessities which need to be satisfied through it*. The distinction between "uncivilized economy and finance" and "civilized economy and finance" may be represented as a *re-entry* happening at the primary distinction between monetary market economy and its "other" (economy without market, economy without money, planned economy, et cetera), just on the market economy hand.

The peculiarity of this semantic lies in complicating and in making a problem of economic modern semantics. In Modernity, economics are observed in three various ways related between them (Laville 1998). Firstly, there is a *trading monetary and commercial economy*. This "first economy" represents the realization of the differential process between the society and the economic subsystem. It symbolizes the emancipatory forces freeing from traditions and from the roles ascribed, the "outburst" of freedom of initiative and of the private appetites, the production of contingency, the system's flexibility and adaptability to its inner and outer environments. Secondly, Modernity observes a "second" *no-market trading monetary economy*.

Table 2. *Civilized and uncivilized semantics of economy and finance.*

<i>Uncivilized economy &amp; finance</i>	<i>Civilized economy &amp; finance</i>
<b>Characteristics of a not-civilized financial economy</b> - Money as an absolute aim; money turned to the past; money as a strength deconstructing the social link; dead money - Speculation - Independence from real economy - Maximization of individual profits - Credit as a source of riches - Indifference for environmental consequences - Exaggerated competition	<b>Characteristics of a civilized financial economy</b> - Money as an instrument; money as opened to the future; money used to build the social link; alive money - Financing of the real economy - Promotion of the development and support to projects of social utility - Maximization of the common good - Credit as an instrument of social empowerment - Responsibility for environmental consequences - Collaboration and charitable competition

<ul style="list-style-type: none"> <li>- Free and absolute market</li> <li>- Trading globalization</li> <li>- Model of development creating exclusion</li> <li>- Creation of competing multinationals</li> <li>- Uprooting from territory</li> <li>- Concentration of riches</li> </ul>	<ul style="list-style-type: none"> <li>- Charitable market</li> <li>- Globalization of solidarity</li> <li>- Model of development creating inclusion</li> <li>- Creation of company networks and alliances</li> <li>- Rooting in the territory</li> <li>- Distribution of riches</li> </ul>
<p><b>Characteristics of a not-civilized Bank</b></p> <ul style="list-style-type: none"> <li>- Administrative separation between deposit contracts and employment contracts</li> <li>- Loss of an ethical statutory declaration</li> <li>- Mainly lucrative aims</li> <li>- Mission: optimization of effectiveness and efficiency in the monetary intermediation, in the payment systems and in the financial innovation</li> <li>- Pre-eminence of financial capital</li> <li>- Anonymous financing</li> <li>- Analysis of the economic and financial situation</li> <li>- Unconcern of the client's project unless it is a merchant bank</li> <li>- Credit to economically strong subjects</li> <li>- Unconcern of money's origin</li> <li>- Loss of information about money's investment</li> <li>- Untransparent organization</li> <li>- Loss of ethical commitment of employments</li> <li>- Saver's delegation to commercial ethic and privatization of its ethic</li> <li>- Shareholders are worth</li> <li>- Maximization in the short of: 1) handling's result; 2) patrimonial substances; 3) return on high-risk capital</li> <li>- Creation of wealth to increase the capital and maximize the very short-term profits</li> <li>- Patrimonial securities</li> <li>- Deontology</li> <li>- Search for the highest and short-termed monetary profit</li> </ul>	<p><b>Characteristics of a civilized Bank</b></p> <ul style="list-style-type: none"> <li>- Ethical commitment binding deposit and employment contracts</li> <li>- Statutory declaration of ethical aims</li> <li>- Mutualistic and socially helpful aims</li> <li>- Mission: exercise of monetary intermediation based on ethical aims and according to the declared ethical and charitable values</li> <li>- Pre-eminence of human capital</li> <li>- Selected financing</li> <li>- Social and ethical inquiry</li> <li>- Interest in the client's project which must be "public orientated"</li> <li>- Credit to destitute subjects considered as a boost of confidence</li> <li>- Saver's assumption of responsibility</li> <li>- Constant information about money's investment</li> <li>- Transparent organization</li> <li>- Ethical commitment of employments</li> <li>- Responsible saver who wants to see his personal ethic reflected</li> <li>- Persons are worth</li> <li>- Pre-eminence of maximization of the ethical balance in the average-term, hence of the planned social-ethical aims</li> <li>- Creation of environmentally friendly riches respectful of future generations</li> <li>- Personal securities and securities of category and community</li> <li>- Elaboration of a positive ethic</li> <li>- Maintaining of money's value and look-out for social investments</li> </ul>

It is about the economy directly controlled and managed by the Government symbolizing the controlling strengths of inequality produced by the first economy, the adjustment function and the function of redistributive equity imposed on privates by the collectivity. The "third" form is the one of a *no-monetary trading economy* whilst production, trading and goods-and-services' distribution is assigned to the mutual and donation principles. The semantic of EB seems not to belong to any of these three economic models. It differs from the first one because it elaborates the notion of profitability within the one of ethicalness and social liability. It differs from the second one because it does not limit itself

to a redistributive logic; instead, it creates riches and it develops an entrepreneurship not controlled by any politically recognized centre. It differs from the third one because it does not do a sole use of the mutual and donation principles, but it uses money and the market logics. In this sense, the semantic of EB seems instead to symbolize a kind of economy relationally redefining the modern borders between public and private, egoistic and altruistic, profitable and non-profit, according to an efficient and effective logic or to a solidarity one, et cetera. The innovation of the phenomenon on examination should be sought in this mixing again of values. In terms yet to confirm, we may say that EB belongs to that kind of social process aimed at the creation of "social companies", a term sounding to a modern as an oxymoron. In confirmation of that, it should be reminded that today a vast discussion about the nature of EB is taking place: it would be liked to make it become a bank for everyone instead of a third sector one, a tool (and not an aim) for developing an alternative economy; a bank wanting to stay in the market but not belonging to it. These characteristics of Ethical Bank will be now analytically examined and "challenged" through in-depth interviews.

### **Ethical Bank and the elaboration of a civilized culture of finance**

Now we may complete the analysis of the previous section with the informations taken from some interviews with preferred witnesses. The thematic areas around which the discussion has been organized concerned self-representation, the judgment on some general themes of life and economic culture, some executory and organizational aspects and a judgment on the balance and the future perspectives of EB. The structuring of the questions within these areas reflects a clear analytical organization<sup>29</sup> that consists in focusing the attention on the following aspects: the practical aims set by EB, its inner identity, the resources and the internal organization needed to pursue its aims. In concrete terms, the references and the dimensions in the answers have all interlinked closely and in a hardly extricable way. Nevertheless, we will try to distinguish themes and subjects from the analytic point of view, organizing the exposition as

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<sup>29</sup> As we have said at the end of section 1, this kind of organization is based on the AGIL scheme and it reflects its analytical dimensions. For further information on this scheme and its methodological-analytical utility, see Donati 1991.

follows: in section 4.1, we will talk about the (current) specific addressee of EB and of its main aim. In section 4.2, we will expose the answers concerning the identity of EB; finally, in section 4.3, we will give some attention to the internal executory and organizational criteria and to the relating problems. This latest part appears relatively less developed, most of all because it has been yet reconstructed in great detail in section 3.<sup>30</sup> Here instead, we will underline the essential points (for instance, the credit-attribution criteria) and the ones considered as a problem by those asked.

*The specificity of the "mission": "to whom" does the Ethical Bank give credit*

First of all, EB detects some areas to finance, areas improving the quality of life and, in general, having a positive effect on the territory. This entails that there is a production of a social benefit, namely solidarity and not only mutuality. Some of those asked insist to clarify that in the future EB could and would come more and more in that field (not immediately of solidarity). For instance, to support the subjects in special situations (as migration, usury problems or one-income families). EB already indirectly helps micro credit because it finances the associations giving micro credit. Some others adopt a definitely less careful approach detecting right here the biggest directrix of EB's development<sup>31</sup>. Shortly we will be more precise about it. At first, we must linger over the very basic point: we have asked those interviewed to tell us *to whom does EB mainly addresses*. Actually, it is a well-known fact (compare with section 3) that, above all, it currently finances "social private" associations. However, the question has been useful to start a remark on this choice and on its perspectives of development. Thus, it emerges the inner debate of EB. Indeed, none of those asked has any doubt: in a complex society, the social private is like the generative matrix of EB and of the common-good-oriented acting, socially and ethically responsible. But in future, it will be necessary to

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<sup>30</sup> Clearly, it comes to a kind of information compared to which the material proves to be adequate and lower is the surplus value of a gathering through deep interview. The semantic subject is different; the interview permitted to clarify and enrich the analysis based on the information and the literature.

<sup>31</sup> "For now, Ethical Bank does the third sector, but it should go towards this huge field. We have just started to finance the members. And little by little, we have to open up to the small private, to the immigrant, etc., to all those who could not find credit. For instance, the immigrants, people who did not go to the bank for fear that they would be mistreated..." (interv. 3).

expand EB's activity quite beyond the borders of the social private. Nowadays, EB already watches out for some social needs emerging from the "territory" (for instance usury, compare with interviews 3 and 4) but, according to those asked, it is a problem which will emerge more and more. So it deals with the detection of the development directrix.

"Of course, for now we finance the third sector. Then there is a debate inside the EB, namely people say: does the ethical discriminant represent the legal reason or the socio-environmental aim? (...) I would like to widen to subjects as, for instance, the organic farming association. (...) The *non profit* world is not enough for a real alternative." (interv. 1)

"Being a cultural undertaking, we could not put forward a too much difficult opening proposal. So we address to the third sector. It is easier, in the third sector, to understand if you are producing a social benefit. For strategic reasons, we must think that the unease to which we have to respond does not come only from the third sector." (interv. 2)

"For now, we lend money to the third sector. But just because today the banks address themselves only to the high level, a great space opens up to the small one, a space that in general does not interest the banks and that costs them too much. They are only projected to *investment banking, corporate*, etc. (...) So a whole new field does open, not only an ethical one, but the small in general: micro-company, atypical worker, etc. In fact, I think that EB should stand firm in its ethical nature that does not resolve itself only in the *non profit* juridical form. If you help someone to find a job, there is a highest ethical reason." (interv. 3)

As shown above, two possible trend lines seem to stand out, although within a common sensibility. The first one develops "opening" to not private *collective* actors, according to their ethical-social importance. For instance, the companies (*for profit*) developing organic farming, not using transgenic elements, having an optimal environmental impact. The other one, instead, enhances first of all the "small" field, even if it is confirmed that EB should maintain its ethical characteristic. In this direction, a possible role of EB in covering a market more and more dropped out by "traditional" banks is underlined.

Both of the lines have in common (i) the clearing of the juridical "barrier" for the credit attribution and (ii) the idea that EB's aim consists in the *opening of new markets*, some of them rising specularly at the operation

of *exclusion* from the banking system of a potential clientele's part. The *difference* between the two options – fundamentally not alternative between them but evidently assuming different priority evaluations – consists in the *concrete interpretation of the "ethical" principle* that lies at the bottom of EB's very identity. Of course, to finance the micro-companies means to help a person to get a job, this having an undoubted ethical value. However, let us observe that there is a conflict between a more "traditional", workly and egalitarian point of view of the common good, and a more stressed "reflective" one, oriented to condition in a more exigent way the very form of the company, its eco-compatibility, etc. On the other hand, the consciousness that the juridical reason (*non profit*) is neither necessary nor sufficient to ethically qualify any marketing activity maybe suggests a general border movement: the idea is that an ethical investor could *observe* (and mutually *promote*) a certain action "style" even in the "traditional" market and its logic, thus contributing to cause "hybrid" entities on the symbolic level.<sup>32</sup>

*The identity: "what" is the Ethical Bank.*

Needing to widen the field from the concrete *targets* to the ultimate aims (namely, to EB's identity and its profound *raison d'être*), we will get informations from two complementary perspectives. The first one deals with the projection of the interviewees as regards the future and EB's critical challenges. The second one consists in the opinion of those asked on aspects, phenomena and events of the economic area, showing EB's inner identity by the way it distinguishes itself from other phenomena.

*Ethical Bank and the future.*

Between all the opportunities, everyone indicates the model's exportability and the willingness to join the international networks. As already told, there is obviously the matter of the credit opening to other subjects.

But it is more interesting than any hope to see what kind of challenge do the interviewees see in the future. The difficulties quoted are essentially of two kinds. On the one hand, it deals with the management of its own fragility in front of the imaginary and the expectations created by the bank

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<sup>32</sup> EB itself is a "hybrid" organizational entity, being a *bank* born and *constituted* essentially by the social private and also by some members coming from other fields (compare with sect. 3)

itself. EB cannot "give money to everyone" and this has to be managed at the image level.

The main problem is the one of complexity. It has two faces: the external one and the internal one. First of all, it seems difficult inside to manage all the complexity shown when it deals with the control of all the variables that EB actually has. From the inner point of view, it complicates matters: for instance, because of the different perspectives between the centre and the members in the territory. Then there is a basic issue: EB is a "rising" organization starting to set its first distinctions. Here is the question: if and to what extent will EB be able to "exceed" the personal experience of everyone and "create" its own executory culture, letting emerge its own "subjectivity", not being restricted to repeat that of other less innovative organizational realities (for instance, the aiding ones). The question arises as the challenge of the *differentiation*.

"To this day, we were in a rising state; there was no distinction between members, directorate, ethical committee, employees, etc. Now, the bank distinguishes itself as it develops. It has been a political and technical experience. We are able to keep together these two aspects thanks to a bank growing as a bank (with technicians and executives) and a much ideologized assembly. For the moment there is the rising state, a concentration of energies and efforts towards the same aim. But, the battle ended, someone starts to say: I have taken more chances, I do the most difficult job, etc. The interests become more complex. These are the problems to face." (interv. 3)

Then there is the complexity of the external environment. Seen from this angle, the peculiar ambivalence of EB comes to the surface. On the one hand, it is and it feels, to all intents and purposes, as a part of the financial system. Therefore, it should not be seen as an aid agency, it should stay in the market without generate incongruous expectations with its nature as a bank. On the other hand, the interviewees have the consciousness to try to introduce a peculiar "graft" in the financial system and they are afraid of the ""rejection" on the part of the "traditional" finance<sup>33</sup>.

In short, EB's identity from the interviewees' point of view coincide with the challenge of creating a proper but "alternative" bank: because it is

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<sup>33</sup> "We are quite aware of ourselves, of our smallness and of the fact that the other banks could sweep us away in the wink of an eye. That is why we have started keeping a low-profile, even if we could have made more. In some sense, we are afraid of growing too fast. We must be realistic..." (interv. 4).

able to give options and access to whom is excluded from the normal credit circuits; because it is able to promote the entrepreneurship "open-eyed to the future"; because it generates and puts into circulation an innovative economic culture; because it realizes a non-sectorial and non-solidarity ethically oriented credit model.

#### *Ethical Bank and its environments*

The interviewees' considerations and opinions on some aspects, phenomena and subjects of the contemporary economic field help to understand the difference between EB and "the others", so to better qualify its peculiarity.

(i) A first aspect to consider is the opinion emerged from the interviews regarding the (presumed) *intrinsic ethicalness* of the market economy. Through this judgement, the role assigned by EB's protagonists to their proposal emerged quite clearly. A first general consideration is that the interviews have projected a quite close image of EB's identity. The diverse nuances that we will stress have surely manifested themselves in the context of an essential unity of intents and of a strong concentration on the general aim of "make the Ethical Bank". Therefore, they do not represent the individuation of "strong" stressing line but only different accentuations. That does not mean that there are no significant differences between the interviewees, but that everyone has strongly interiorized, beyond the individual views, the common "line" to maintain. A first useful connotation emerging from the subject proposed may be observed straight along the axis *individuality/relationality*. There are some who underline the importance of the *choice*. The capitalism and the market economy have an undeveloped ethicalness that consists precisely in offering more and more (individual) choices. The inner contradiction characterizing the current trend is that the actual system practically denies these possibilities<sup>34</sup>. Coherently, EB's identity and role consist in capitalizing and developing that seed of ethicalness active on the market, rather than to build "alternatives to financial capitalism". In the same way, the control of the financial behaviour – in the interviewees' opinion – fails of the openness

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<sup>34</sup> The same logic reflects itself on the evaluation of the role and the significance of fair and charitable trade. "Fair and charitable trade is not against consumerism. Instead, we capitalize on consumerism... Actually, we enter a niche with a high propensity to consume. You know... the basket from Bangladesh... well, you can manage without it. Like the high propensity to save gives EB an advantage". (interv. 1).

necessary to permit to everyone to exercise its choice. Openness is the most emphasized aspect, with the precaution to intend it "seriously", not as a marketing form or as the "comprehensibility of the drawing account" and so on<sup>35</sup>. Opposite to this symbolic *continuum*, there is someone who emphasizes the relational aspect as a figure of the ethicalness of the financial activities – and its lack as a sign of moral decay<sup>36</sup>. The theme of relationality clearly emerges here at all levels: at the interaction level, as a "human" form of everyday life; at the systemic level, in the sense of the integration between economic and "human" needs. The language of "responsibility"<sup>37</sup> is used on the subject. It should be noted that, here too, the reference does not go to a "fundamentalist" alternative to capitalism but to an inner development. The aspect positively caught does not refer to the choices but to the "social function" and to the response (responsibility) to the territory needs given by the "old" capitalism yesterday more than today<sup>38</sup>. The control system fails, here too, because it does not cast light on the diverse entities (for instance, the ethical founts of commercial banks and EB's proposals), but also because of the political actors' dependence on economic subjects. There is also somebody who catches the aspect of relationality not as "mutuality, reciprocity", etc., but as mainly referred to "location", to the banks' function (*not* of EB but of the banks in general) of helping a well-defined territory to develop and to increase the value of the

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<sup>35</sup> "Not like the current trend of the easy-to-read bill, the simplified drawing bill, etc. Instead, there is the need of a strong communication on where does the invested money end." (interv. 1).

<sup>36</sup> "Today it's difficult to talk about capitalistic ethicalness because, as long as there was a connection with the other persons, there were some typical values of the general social context. But today... the relational dimension disappears, thus leaving little room to ethicalness (...). There's a lack of common reference values and of human relationships, there's a lack of a culture capable of putting together economic and human progress" (interv. 2). "To encourage synergies between people... let the best energies emerge. (...) In banking business not many people do that." (interv. 4).

<sup>37</sup> "Besides, the economic progress is more and more detached from the human one. The irresponsible lowering of costs shuffle off on the whole society and this... this is the problem" (interv. 2). Also compare with interv. 4.

<sup>38</sup> "There is (...) a global levelling of the nation cultures. For instance, the north-east goes economically well, but there is a bigger scholastic withdrawal in Belluno than in Palermo. And in the Peccei's it is different from the capitalism of Olivetti (...), from the lombardic-piedmontese industry that could have some reference values". (interv. 2). "I have travelled through all the Aspromonte (...). There are realities of societies, of associationism that no one knows..." (interv. 4).

entrepreneurial resources, etc. (interv. 3 and 4). In general, the negative judgement concerns the development imbalance, the precariousness induced by it and - depending on the accentuations - the negation of individual options or the breaking of significant relations caused by it (compare also the symbolic matrix quoted on section 3). Wishing to focus the answers, EB's key-word is, according to someone "to give options", according to some others "to create relations".

This aspect allows us to highlight another interesting point. Here it should be underlined in detail the theme of *access* and of *credit*. To give options, "to give alternatives to the saver", is useful in the final analysis:

"to give credit to the underprivileged with economic credibility but without "social credit". We take advantage from the market's good things to propose more differentiated options (...)." (interv. 1).

So, EB's role is marked by the creation of a different credit circuit based on *other* criteria (curiously, the "normal" financial system would not exclude anyone basing on economic criteria, but basing on typically "social" ones!). It should immediately be observed the interesting distinction between two credit "types": the economic one and the social one. There is somebody who has economic credibility but who has no "social" credit. In this sense, EB represents an alternative "network" for somebody who, for *social* reasons<sup>39</sup>, is excluded from the normal credit circuits.

(ii) The same themes emerge where EB's challenge toward monetary economy should be clarified. In other words: EB does or does not bring the monetary economy into question; is it, in a certain degree, a threat to its functioning? Here too, the elements standing out are the credit access and the negotiation power, both of them geared to thwart the social exclusion. In short, EB's alternative is partly based on a *different "credit" idea* and on the credit attribution to someone who does not have it. In other words, it deals with the creation of a different "credit" circuit, of a different trust range with different selective criteria. However, this idea is always

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<sup>39</sup> "Ethical Bank as a challenge... *Pecunia olet*, very much. It may change the social and the power shape. (...) A crucial aspect is credibility. Today, credible is someone who obtains credibility by the most recognized financial institutions, not someone who produces riches. (...) With Ethical Bank, several subjects access the credit; it gives power (like negotiation power) to subjects that did not have it before". (interv. 1).

accompanied by the more "traditional" idea that EB is useful to the *recovery* of the social function of the finance. EB would even be "one of the attempts put into action by the financial system for the species survival" (interv. 2). An attempt produced from *the inside* by the same economic-financial system. So, seen from all angles, it is the same advanced capitalistic society that allows this kind of initiatives as an inner niche. Their "alternative" nature consists in *keeping the contingency opened*, in not giving up to explore all the ways (ethically "available") inside the capitalistic market configuration. Here too, there is someone who most stresses the aspect of the ideal tension, of criticality and of the education to responsibility in the everyday choices.

(iii) A last note is added if we consider EB protagonists' judgement as regards the "ethical" funds proposed by the other banks. Among the interviewees, the ones coming from a banking experience adopt a slightly more conciliatory stance but, after all, everyone observes that these financial products are "humanitarian" ones rather than "ethical" ones – because they do not guarantee anything about money's investment but only the beneficial destination of a part of it<sup>40</sup> - and they claim correct information regarding this aspect.

The judgement on the micro credit is different: in someone's opinion, that kind of experience is not excluded a priori but nowadays it regards the developing countries. The first experiences are springing also in Italy, sometimes also from people committed in EB. As for the diffusion or the possibility of collaboration, it is not only a matter of time. Anyone who underlines the variety of context where the micro credit is born and has been developed does it to emphasize that EB represents an innovative social credit model: the access is important; from this side, the micro credit realizes the same purpose. What matters – we could say, *what could produce civilization* – in the context of an advanced society is not only to solve a problem of absolute poverty, but also to create or to promote a well-defined action and relation style, of men between them and with the environment: EB projects to promote an enterprise movement organized in a participatory and eco-compatible way<sup>41</sup>.

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<sup>40</sup> Or they offer inadequate guarantees on the control rigour and/or on the parameters used. This is not the best place to enter into details concerning the large presence of "ethical funds" even in the Italian market.

<sup>41</sup> "For us the access is fundamental, but there is not a reason of the poor people and a fault of the rich people. Anyway, we should produce in a bearable way. In that way, we are

*The operative criteria: "how" does Ethical Bank lend and invest money*

Another very important point regards the credit concession criteria. We have yet analyzed (sect. 3) the model "VARIOUS" used to realize the ethical inquiry, EB's peculiar characteristic. We have asked the interviewees the *fundamental* criteria for a financing assignment and, in particular, *which relative weight* is assigned to *subject, plan, solvency* and to any *other* criterion. We have also promoted the theme of the difficulties encountered during the inquiry's practical realization.

We may put two considerations forward. First of all, as ever, some nuances within the frame of a substantial approval may be done. For someone, the *plan* is the most important element, for the others – who also underline it with strength – the stress falls more on the *subject* and on its social credibility in the territory.

"The most important thing is the plan. We give founding also in property-real securities' absence. (...) The important is the plan tenability, its ethical solidity, the rootedness in the territory of the organization demanding the financing, that is the network which is at their disposal, so the plan reliability" (interv. 1).<sup>42</sup>

"Solvency is important, but plan and credibility are more significant. If I have a good plan and some good subjects which pursue it, so solvency becomes secondary. (...) In short: trustworthy subjects, recognized in the territory, provided with social credit and entrepreneurial abilities (namely a valid plan)." (interv. 2).

"The knowledge of the subject is essential. If it is an existing reality, together with the territorial groups, we may have a good information on what it does. The credit results from the confidence it has been able to build. (...) In general, this is the origin of the bank. I lend you money if I trust in you. And... who is new... the evaluation is a little bit different. (...) You start little by little, you verify if things go on, and so on. Sure enough, you ask some more guarantees." (interv. 3).

Here a very important fact is pointed out, namely the credit enjoyed in the territory. The rootedness in the territory, the confidence enjoyed, hence the availability – in the final analysis – of the extended and cohesive social networks. Doubtless, it is the case of an element that lets think at the

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critical towards micro credit, even if the situation in the West is different from the developing nations' one". (interv. 1).

<sup>42</sup> The same tenor of interview 4.

reticular-planning configuration described in section 2.5. At the same time, the question arises of the *exclusion*. Talking about EB's role and identity, we reported the idea of the "double circuit", to give access to someone "reliable but who does not receive any credit". However, if you stress the importance of the subject compared to the plan, the risk is that EB's operations simply "confirm" the degree of inclusion of the subject at issue (though *in these particular networks* to which EB is *sensitive*) and that they would make difficult a take-off of new realities. Instead, the accentuation of the importance of the project seems to proceed in the less "traditional" and more "susceptible to the exclusion" direction (from *any* social range).

The difficulties of the inquiry are expressly and honestly admitted. The idea is that, first of all, the political choice must be clear (namely, the original idea of making an ethical inquiry) and that the practical realization should "mature". Here the matter of costs but, most of all of the *time*, rises to the surface; it seems to condition forcefully the possibility to realize just these most innovative handlings and operative features. The ethical (or socio-environmental) inquiry "costs", both for the handling and estimative references and for the time demanded. The effective plans' improvement, and the tutelary offer to improve them, strongly qualify EB's idea but, at the same time, they highlight its greatest difficulties. It is interesting to observe what answers you should refer to:

(a) on the one hand, you think of *computerizing* the evaluation process, making it automatic as much as possible. It deals with the application of a *software* capable of "think" the several model's requirements and allow or ease a quick evaluation of the projects;

(b) on the other hand, members' network in the territory and their participation to the estimative process is getting stronger.

Sure enough, the two trends are not sharply alternative; on the contrary they may be pursued together. However, from the symbolic point of view, they are indicative of two possible "development ways" for EB. One consists in standardizing and simplify more the relations with the payees; the other one draws to a different organization of the relational configuration, implicating and, in a way, mobilizing all EB's elements. Sure enough, both of them have their merits and their faults, but they correctly indicate the root problem posed by *time* to EB as well as to all the economic actors.

EB's relations with its environment have a further problematic implication regarding the handling ethicalness of *its own* liquidity. In sect.

3 we have already shown EB's job geared to overcome this obstacle. Here we are simply interested in pointing out an echo of the current inner trend. Up to now, the direction has been that of a great caution in the investments. Most of all, another dilemma should be noted: the attitude swings between the tendency to create a "niche" and a "closed circuit", and to assume a more "open" attitude. Sure enough, each possible attitude has its risks. The closure is likely to limit EB's potential and to give it a "moralistic" and conflicting characterization; on the other hand, the "opening" cannot imply the sacrifice of EB's primary needs from the point of view of the selective criteria.

## Conclusions

The conclusions we draw – definitely incomplete and interlocutory as they surely are – may be articulated in two dimensions: structural and cultural. From the structural point of view, we may still distinguish between an internal and an external perspective. We will treat them separately in sections 5.1 and 5.2; then we will turn to culture in section 5.3. From these points of view, we will put forward some hypotheses in order to define EB's possible contribution to the Italian civil society.

### *The networking organization: the relation between company/members/clients*

Seen from the *internal* organizational and operative angles, we may conclude that EB introduces a series of innovations, all of them more or less directly referable to the *type* and the *relationality form* that they propose. We briefly linger over the following ones:

(a) *members' network and Ethical Committee*; the role of the members (and the role of their territorial organization) is an extremely active one, widening well over the assembly, at least in two directions. First of all, the control of the directorate's actions is almost accurate and it goes as far as to evaluate the single cases. Moreover, through the territorial groups, there is a participation at the same time of the (preliminary) evaluation. Together with the presence and the keen participation of the Ethical committee – that is well-informed of all the Bank's activities, that formulates judgements and that writes up a report on the directorate's conduct – it constitutes a peculiar "network" of subjects and identities involved in the elaboration of an

economic culture, through the evaluation of concrete cases and the adoption of well-defined actions and organizational solutions;

(b) *criteria for the authorization of credit*: the socio-ethical inquiry. This is a quite peculiar aspect of EB. The ethical inquiry (or socio-environmental, referring to the criteria and the indicators used) also involves a particular relation form between the Bank and the founding asker. Inasmuch as it is technically possible, the idea is that of a sort of "tutorship" to watch and improve the plans introduced. So, the *plan* becomes the fundamental crux of a relational connection and of mutual observations;

(c) *current account holders and the yield choice*; even as regards the current account holders, the relation type is a particular one. The "range of options", about which we have talked for a long time, finds here its expression in the possibility of choosing diverse yields and diverse options for their own relation with EB. Ideally, the relation tends here too to "personalize" and to "fill" with a significant communication.

The process' reticularness represents a strong point and an innovation. There is a tendency to gradually construct a cultural and institutional context from which an ethically oriented "subject on money" is produced. From this point of view, the "civil" – beyond the specific contents and the positiveness of each financing – could consist in the enrichment of the institutional *framework*, by which an economic culture for the whole society is elaborated and introduced in the public field (compare with Wuthnow 1996). From this side, even the "parasitical" character – structural and semantic – of the social private organizations compared to the market monetary economy, may find a disclaimer in this subject. EB may considerably reduce the dependence of the social private on the State and on the market, not only from the close operative and financial autonomy point of view (namely, as a financing source not tied to the axis State/market logic), but also from the semantic elaboration one. We will explain it in the following section 5.3.

#### *The creation of civil markets*

As for the action of EB towards the *outside*, a further possible contribution of EB to the civilizing process points out starting from the question: does EB intend "to civilize" the monetary economy or rather "to

create civil markets"<sup>43</sup>? In the light of what we have observed, EB may be denoted as a "*discovery*" and "*creation*" of new "*civil*" markets rather than a building attempt of an "alternative" *in contrast* with the financial subsystem. Instead, it may cause a "contagion" pushing the whole financial system to "discover" other possibilities offered by the monetary market economy, though keeping (also symbolically) an absolutely pluralistic position. Such activity may be told "civil" thanks to the credit authorization criteria that it includes, but also due to the fact of *creating inclusion areas, operating with a non-aiding and non-"solidaristic" (of charity) code but with a merchant and technically "banking" one*, where the traditional banking system tends to create exclusion. Here, the "civil" consists in the capacity to "see" subjects and needs to fulfil (a market), where the banking system tends to see only deficit and "non-bancable" subjects (generally too expensive, so to avoid). Such markets could be defined as "civil" ones also basing on the *relation kinds* between the economic subjects realized on their inside. We will get back to this subject in sect. 5.4.

*Money for plans and the "relational" semantic as a "new spirit of money"*

From the cultural point of view, basing on our observations, we may try to catch – at least, in an approximate way – what kind of monetary semantic is elaborated through EB's activity. Table 3 may be a useful tool to summarize the subject. Through it we will try to provide a *synthetic*, logically formalized representation comprising the symbolic code we had detected and reconstructed in table 2 (section 3). We have distinguished between a "modern" and an "hyper-modern" (or contemporary) stage in the Western society's development (and of its economic system), and we have hypothesized the presence of two wide kinds of semantics, that of money as an "end in itself" and "as an instrument". These last ones deserve an explication. Through them, we only intend to distinguish between an "unqualified" (absolute, with an end in itself) and a "qualified" way to symbolize money.

Considering that, according to a consolidated sociological idea, a basic effect of money and of the development of the monetary economy is a sort of "liberating" impulse, we have distinguished this latter effect in an impulse to "freedom from" (release, breaking-off a link) and to "freedom

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<sup>43</sup> The two expressions go between quotation marks, because we are suggesting here some clearly "stipulative" definitions, by which we try to conceptualize the ideas emerged from the research.

for" (the directing of the released energies towards a chosen "free" aim). In this way, we obtain an articulated scheme: in modernity, the "unqualified" semantic swings between a consumerist-hedonistic trend and a symbolization of money and of the financial activities as a realization of a full release from the ascribing links. On the one hand, the "qualified" one brings to the mundane asceticism that was typical of the middle-class "protestant" society (*à la Weber*), on the other hand to a "radical" refusal of money as ethically "impure" and impervious to salvation. In the "hyper-modern" phase, on the "unqualified" hand we have the prosecution and the taking to extremes of the previous tendencies: consumerism comes to a higher qualitative refinement of the "care of oneself", while the money and the ease produced by it tend to symbolically detach from work (Dodd 1994). On the other hand, money "as an instrument" is symbolized in a form very similar to the "radical" modern one, *but at the same time* the idea of "money for plans" emerges. With this expression, we intend the symbolic modality corresponding to EB's *ideal* and to its way of acting in the financial field, as we have described it during the analysis.

Tab. 3. Hypothesis of classification of the semantics of money.

		<b>money as an end in itself</b>	<b>money as an instrument</b>
"Modern" society	"freedom from"	releasing from personal links	"radical-integralist": luxury, pleasure, "prostitution", "Devil's dung" vs. impersonal donation, charity ("doesn't know the right hand...")
	"freedom for"	material goods: consumerism (industrial phase)	"lay": intrasocial ascesis (non-consumerism, saving, investment)
"Hyper-modern"	"freedom from"	Breaking-off of the working link:	"neo-radical": "pure" voluntary

society (contemporary)	"freedom for"	money as a "passive enrichment"  "refined" consumerism & "care of itself"	work vs. profit and globalization  "neo-lay": money "for plans"
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Now, if we read the table in the light of the classical simmelian thesis concerning money effects on the "spirit's life", we obtain an interesting result. In the "modern" semantic field, *all of them* involve the "empty, impersonal, transitory" social relations typical of the monetary economy theorized by Simmel. For instance, both consumerism and the intrasocial ascesis obviously entail an individualizing push. After all, we may say the same about the "pure donation" semantic (charity). If anything, the breaking-off concerns the ethical evaluation of the meaning of money and of the human economic activities. In the hyper-modernized society, we observe – just through EB – *a different breaking-off*: the unqualified semantics carry life's individualization and monetarism to extremes. Instead, on the other hand, we distinguish between the ones who still<sup>44</sup> "radically" oppose to the capitalistic system on the whole and as such (the "logic of profit") – that should be thwarted with the typically allocational logic of the donation as expressed by the (so-called) "pure" voluntary work -, and the others who adopt a stance (that we name "neo-laical", by *analogy-and-difference* with the intrasocial ascesis) of *entering in the system of the monetary economy and that of the handling and the "exploitation" of money "for plans" to create new and different civil markets*.

That does not have only the (immediate and common) sense that money may be "well used" according to purposes (precisely, the plans), most of all it does have another meaning: money assumes a "civil meaning" *if and when it mediates plans that entail and constitute "full", personal and lasting*

<sup>44</sup> The word "still" used here has no estimative value. We do not intend to say that this kind of semantic is an "old" outdated one, a disappearing or obsolescent one, nor that it would be nice or convenient if it was like that. "Still" has here an exclusively temporal meaning, indicating a (tendential) unvariation: namely, we simply observe that the semantic of a well-defined "pure" voluntary work basically remains between the categories of the modern "radicalism".

relations between individual and collective<sup>45</sup> subjects. If we assume the perspective of the involved "type of relations", we produce a distinction that considers from the same side both the "unqualified" and the "radical-qualified" semantics, from which a "neo-laical-unqualified" semantic comes out. At that point, the hypothesis becomes the one that EB is accomplishing its "civil action" as a difficult "hybridization of semantics". Its "non-modernity"<sup>46</sup> consists also of this.

*What is "civil" about the Ethical Bank: relationality and responsibility*

To conclude: we have started with the hypothesis that EB represents an original form of structural coupling between economic system and society, and that it is trying to introduce an economic culture alternative to the "modern" culture of money. The hypothesis has been defined in sect. 3, where we have stated that the semantic emerging from EB's activities does not seem to be part of none of the three typical forms of Modernity; instead, it seems to complicate and "hybridize" all these forms, according to peculiar methods. We have also clarified the nature intrinsically ambivalent and "irritating" (for the modern distinctions) of EB as a civil (banking) organization. Ethical Bank is born as an association of private social associations, *that however* has the goal to create a *bank*. Through the dialogue between its constituting identities and interests, it creates and acts an idea of *money and credit as a social relation*, that connects EB and its debtors and that may be *civil* if and because (a) it selects and promotes "civil" subjects and plans, namely respectful of a series of shared social values, and (b) it civilizes these plans, promoting its transformation respectful of these values and requirements. Doing it, EB tends to create a social subjectivity (Donati 2000) "made" with the relations that link the Bank's centre with the members' territorial networks, and that includes the several subjects that *meet EB on the occasion of the plans*. Starting from this *civil network*, also a public range could emerge, ethically qualified,

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<sup>45</sup> Here takes root also the importance of the concept of "plan" for a theory of the so-called "relational contracts" and that of a universalism or "reticular" one. We venture here to refer to Maccarini (1999).

<sup>46</sup> Together with the perspectives, also the problems are considerable. Does the Bank really succeed to change the relations caused by monetary transitions (see, for instance, the development problems of the socio-environmental inquiry)? What kind of complexity does this guiding idea entail?

capable of structure a "subject" (neither state-controlled nor commercial) on money and finance.

Be that as it may, as a general rule Ethical Bank draws on the *social accounting* that puts out a challenge to cause a big "sense inversion" of the civilizing processes. Today, they seem to need the mobilization of huge reflective energies in order to trace the various rings of the action chains, with their relating impacts and effects.<sup>47</sup> The "civil" may be here identified with the attempt to skip from the social practices based on the principle of "exemption" to the "responsibility", right through the key-symbol of that exemption: money. But with that, we refer to more elaborate problems and more general challenges, really exceeding the ambitions of this case study.

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<sup>47</sup> Evidently, the fact remains that this goal is not (*cannot* be) pursued "coming back to the immediate" (de-differentiating the society), but rather *always adding* new institutions, new *mediations* in the process and in the social structure.

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