

A question of principles

The loss of trust, both between people and between companies and institutions, is one of the fallouts of the crisis.

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By [Josep Maria Rosanas](#)

Everything was going fine – or so it seemed – until we started to discover reasons for distrust: the collapse of a bank here, government intervention there. The bubble burst when investors saw part, or even all, of their savings vanish into thin air. Immediately, financial institutions, particularly banks, began to distrust one other. The possibility that the other party might hold toxic assets caused lenders to demand interest rates way above those set by central banks. Since banks were short on cash to lend, companies that were heavily financed by the banks could not obtain sufficient credit, they were unable to make payments and the trust of their suppliers was depleted in turn. And so it went, like dominoes, until confidence in our financial system was finally toppled.

This occurred more than a year ago, but we are still living with the effects of this lack of confidence in the system. Now might be a good time to discuss the foundations of trust, its value and the methods used to build and maintain it. What lies behind trust? Can we calculate its economic value? How is it generated and how is it destroyed? Can it be rebuilt? These are the kinds of questions that we will try to answer in order to shed light on the current situation, which has been so marked by the loss of trust.

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Josep María Rosanas

Emeritus Professor in the Accounting and Control Department. His areas of specialization include cost accounting systems, management control systems, economics of organization and management and organization theory.

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