Confidence, either in the banking system or the markets, is really about trust. Metrics like consumer confidence answer nothing more than the question, “How much do we trust the people running our institutions to create conditions for future growth?”

That being the case, you would think our leaders in government and industry might do a better job of maintaining our trust.

Trust is important. Our monetary system runs on trust, as does our representative form of government. Banks work because we trust them to not lose our money. The only way credit cards work is because the issuers trust us to eventually pay them back. A credit rating denotes how trustworthy you are deemed to be.

Money itself has value only if we are confident that it will maintain its value.

Given the centrality of trust in enabling the economy to grow faster, it must be cultivated. But, even though we need trust now more than just about anything else, instead of building it, we are destroying it as fast as we can.

Let me give you two obvious examples.

Look at the news from a certain angle, and you will see that at least 80% of it is an assault on our sense of trust. It focuses on the worst thing that could possibly happen. We trust Mother Nature to operate between certain norms of temperature and wind speed, but when she goes wild and destroys an entire town, it assaults our sense of trust – and garners all the emphasis on the news. And while we have thousands of dedicated civil servants and elected officials doing yeoman’s work each day keeping the garbage collected and the streets cleaned, when one loose cannon blows a million dollars of taxpayer money on a wild party in Vegas, he becomes the focus of our news attention.

Second, over the next five months we will be inundated with attack ads against all current and aspiring elected officials. Few of those ads will address policy issues. Many will say...
“you cannot trust the government.” Most will be designed to tell you “you cannot trust these people.” These ads will endlessly expose dirty deeds done years ago, and will ask, “Can you trust them?” The implication is, of course, that you can’t. In November, voters are asked to choose who is least untrustworthy. No matter who wins, the damage to our belief in our elected leaders is done.

The *National Journal* recently reported that the middle-American town of Muncie, Indiana, has lost all faith in its civic institutions. "In no one we trust" is its new motto. Small wonder.

We cannot function as a society without our civic institutions, and those institutions cannot function if we cannot trust them. But how do we cultivate a collective sense of trust? If political parties, elected officials, the captains of industry, the wealthiest citizens, and the media do not feel it is their responsibility to maintain or cultivate a sense of trust in civic institutions, who is left to do it?

You can get a short term benefit by saying “you can’t trust my opponent,” and you can keep people seated through commercials by saying “stay tuned to find out what horrific event just happened in your neighborhood,” but at some point, there has to be a reckoning.

Money is not just a piece of paper; it has an emotional underpinning. Economic recovery hinges on a resurgence of trust.

Those who use power and influence to promulgate negativity have to be held accountable. It’s not good enough to excuse this behavior by claiming the other guy is worse. Our lack of trust has to be addressed, as collective confidence is essential to the economic recovery, as well as to the functioning of a democratic society.

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