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## **The “Sheep Rush” phenomenon and the level of social trust during the financial crisis 2008+, the COVID-19 pandemic and chosen armed attacks in the 21st century<sup>2</sup>**

### INTRODUCTION

The aim of the article is to show the impact of the sheep rush on the economy and the level of social trust during the 2008+ financial crisis and the COVID-19 pandemic. A complementary examination will focus on the impact of herd behaviour during the war between Russia and Ukraine and the military actions between Israel and Hamas in 2023, which have spread throughout the world. The impact will be examined in the areas of property, oil and gold markets. The period under study is 2006–2023. The research hypothesis is that the analysed crises and the behaviour of the sheep drive multiply the increase in the prices of property, oil and gold. The detailed hypothesis states that the level of society’s trust in the market environment determines the scale of the sheep market. The research method is a comparative analysis of literature on the subject and macroeconomic data. An overview of the process of economic, pandemic and military turmoil along with its consequences will illustrate the described issues related to the creation of the phenomenon of herd and market panic. The examined issues are extremely crucial from the point of view of social inequalities in the event of sudden changes in social trust and also economic changes in terms of prices of key investment assets.

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## FINANCIAL CRISIS

The term crisis comes from the Greek language – crisis, which means a turning point, a breakthrough or a decisive moment (Kopaliński, 1994, p. 289). In economic terms, a crisis is an economic phenomenon consisting of a downturn expressed as a decline in production, investment, consumption, decreasing national income, rising unemployment, shrinking markets and people's standard of living (Siwiński, 2011, pp. 11–12).

The most important financial crises of the 20th and 21st centuries include:

1. The Great Depression (1929–1933);
2. The currency crisis in Mexico, Argentina and Brazil (1970s and 1980s);
3. The Asian financial crisis (1997);
4. The global financial crisis (2008–2011).

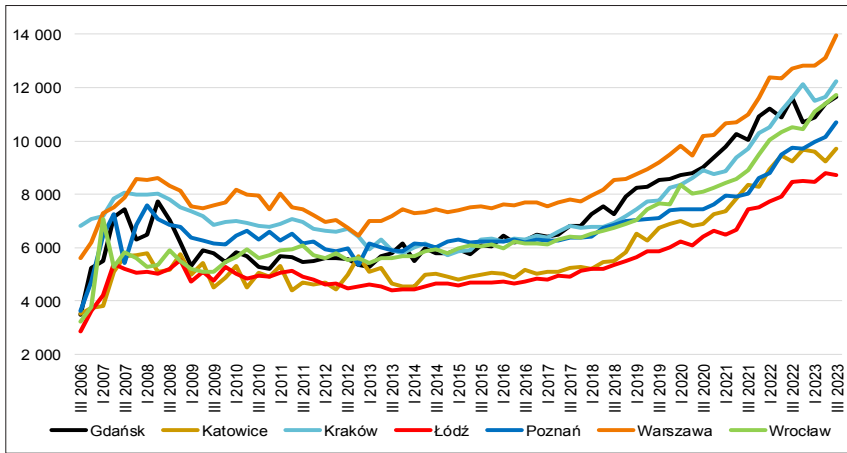
The recent economic crash, which greatly shook the global financial markets, caused disturbances and increased uncertainty throughout the global economic system (Mitręga-Niestrój, Puszer, 2008, p. 5). Despite the economic collapse occurring in the United States, the crisis turmoil spread to other continents at a very fast pace. The emergence of an economic crisis can have many origins. Referring to the example of the recent crash, a pattern of negative turmoil can be presented based on five elements.

These include (Józwiakowski, 2015, p. 9):

1. the emergence of new proposals/investment offers;
2. expansion of credits;
3. speculation;
4. the emergence of a dangerous situation;
5. economic collapse.

At the beginning of the 21st century, the Federal Reserve System lowered the interest rate from 6% to 0.25%. Such a colossal change in the price of money on the market was a key element in the emergence of the crisis. The indirect message about the low cost of mortgage loans had a very quick impact on citizens' actions. Federal Reserve Chairman Alan Greenspan's credit expansion was expected to have a positive impact on the economy. However, this did not happen. The reform only helped politicians, who were able to increase social benefits for citizens for a short period of time to gain their support in elections.

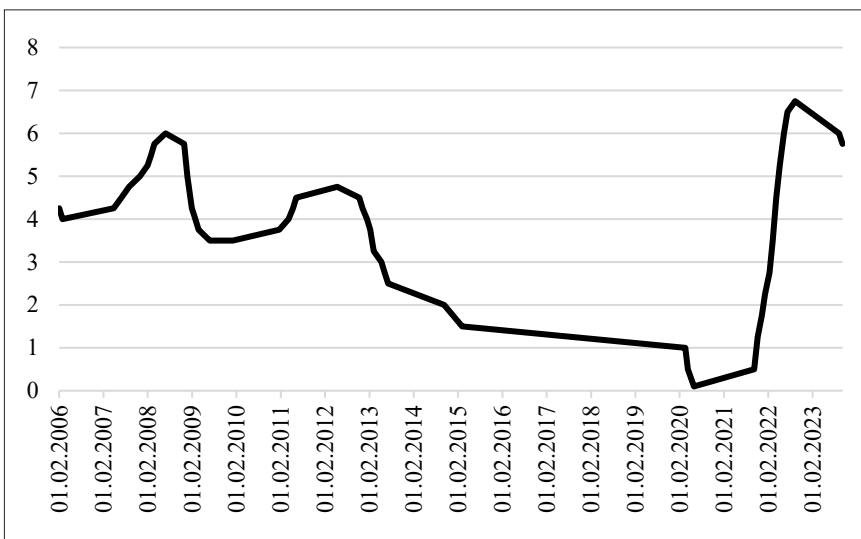
The analysed problem is so serious that the pressure of low interest rates and the potentially high availability of mortgage loans has influenced inflation and the creation of a bubble in the speculative property market. The situation in the American property market has been replicated like a domino effect in other markets, including Poland. The consequence of the low reference rate (i.e., less and less valuable money) has contributed to the increase in property prices in many cities, including Poland. The transaction price of 1 square metre of property on the primary market is presented in Figure 1.



**Figure 1. Price per square metre of residential property on the primary market in the 7 largest cities in Poland in the period from 2006 to 2023 (PLN)**

Source: own work based on the website of the National Bank of Poland.

The expansion of mortgage lending before the outbreak of the financial crisis led to a long-term trend of rising prices. Despite slight declines in property prices in many markets in 2009, the following years (from 2012) saw a continuation of inflationary pressures. The significant appreciation was not offset by the interest rate hike in 2021 (see Figure 2).



**Figure 2. Reference rate in Poland in the period from 2006 to 2023 (%)**

Source: own work based on the website of the National Bank of Poland.

The lowering of the requirements for obtaining loans has led to the unleashing of a speculative spiral. The mass acquisition of property has intensified the increase in the prices of these assets. In the press and media, an ironic slogan describing the expansion of mortgage loans (i.e., NINJA – *No Income, No Job or Assets*) (Jodko, 2014, pp. 57–58), which emphasised the lack of higher requirements in the possibility of obtaining financing for the purchase of property, became popular. The inability of the government sector to provide further assistance led to the collapse of one of the largest banks in the United States – Lehman Brothers (Ezrati, 2018). As the literature on the subject often indicates, the banking sector is a frequent channel for spreading crisis impulses (Olbrys, 2021, p. 1).

The context of economic crises is closely related to the concept of moral hazard. The term refers to economic operators who take risks at a high level because they are aware that the possible negative consequences of their wrong decisions will not be borne by them (Roubini, Mihn, 2011, p. 93). The presented definition refers to risky investment activities in which, among others, banks – and more precisely the entities managing them – were aware that the government sector would have to intervene in the event of problems according to the too big to fail principle (Onaran, 2017). In general terms of the crisis, it is worth noting the workings of globalisation. The unification of markets and the faster flow of capital and information until the outbreak of the recession were understood as synonymous with the structural development of the economy. The economic crash decisively changed the perception of the merging of economies into a single entity (Wojtyna, 2011, p. 23). The excessively rapid dynamics of the unification of individual sectors of the economy are now prone to create a domino effect. Turbulence in one market segment is rapidly replicating in other parts of the world. It is worth emphasising that the pandemic and military crises presented below are also determinants of the financial crisis or economic recession.

## PANDEMIC CRISIS

The pandemic crisis is a paralysis of the global economy, resulting in an economic recession caused by a significant incidence of disease. Pandemic-related infectious diseases impact people's health and lives, as well as economic and political changes. By their nature, they also influence the development of biological and medical sciences (Krajewska, 2020). Table 1 provides a summary of the most important pandemics in history.

**Table 1. Pandemics in history**

Year	The name of the pandemic
541–543	The Plague of Justinian
1347–1351	Black Death
1817–1824	The First Cholera Pandemic
1827–1835	The Second Cholera Pandemic
1839–1856	The Third Cholera Pandemic
1863–1845	The Fourth Cholera Pandemic
1881–1886	The Fifth Cholera Pandemic
1889–1893	Russian Flu
1899–1923	The Sixth Cholera Pandemic
1918–1919	Spanish Flu
1957–1959	Asian Flu
1961–present	The Seventh Cholera Pandemic
1968–1970	Avian Influenza
2009–2010	Swine Flu
2019–2023	COVID-19

Source: own work based on (Piret, Boivin, 2020, p. 2).

In the new era, pandemics have occurred very often and have become a permanent part of human history. The most dangerous are the plague epidemic of the fourteenth century and the repeated cholera epidemics. Since 2019, the global economy has been struggling with the COVID-19 epidemic, which is a dangerous respiratory infectious disease caused by the SARS-CoV-2 virus (WHO, [http](http://)). As a result of the coronavirus epidemic in 2020–2021, about 360 million people fell ill worldwide and more than 5.3 million died (Refinitiv Eikon). Counteracting the epidemic can be inhibited by appropriate medications and specific temporary restrictions (quarantine, isolation, restriction of movement of people, etc.). A substantive dialogue between national ministries of health and citizens should be an important part of crisis management. In terms of trust in the national executive, it is very important to ensure access to preparations that can prevent the spread of the epidemic. At the turn of 2020 and 2021, two types of vaccines were available – vector vaccines (produced by Johnson & Johnson and AstraZeneca) and mRNA vaccines (Pfizer & BioNTech and Moderna) (WHO). Equally important as the provision of medicines is a continuous dialogue with citizens and an attempt to respond to the dilemmas associated with the introduction of countermeasures. Communication on the pandemic crisis should objectively present up-to-date information related to the threat (scale of the problem, possible threats and current situation) and ways to prevent the crisis. At press conferences, the government should present essential actions it intends to take to prevent the

spread of the epidemic. Clear and comprehensible messages are an important aspect of building trust and peace of mind during crisis situations.

The occurrence of the pandemic serves as a specific test of society's trust in government sector units. In this context, trust is influenced by the speed of decisions made by the authorities and the extent of restrictions on public life and economic activities. The perception of risk related to the pandemic is lower when societies have greater trust in the government and higher when they have less trust in doctors and scientists (Devine et al., 2020, pp. 275–277). Home isolation and restricted movement during the pandemic have significantly impacted global economic productivity. The cessation of economic activity greatly exacerbated the crisis, leading to the bankruptcy of many enterprises and a rise in the unemployment rate. The decline in the World Gross Domestic Product during 2020–2021 exemplifies the significant impact the pandemic had on the economy (Adamowicz, 2021). The COVID-19 pandemic, unlike the financial crisis, has many more consequences, including changes in social, political, educational, economic and human security (Abodunrin et al., 2020, p. 13).

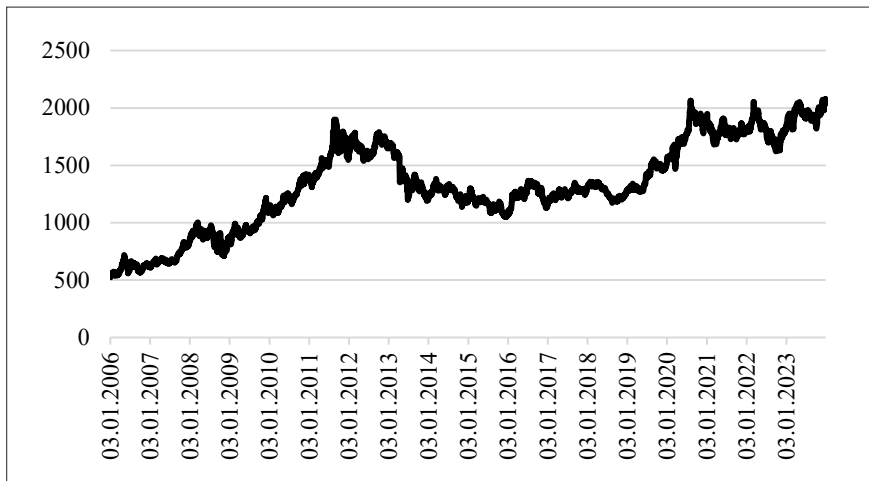
The pandemic period is a special time when the rationality of decision-making, coupled with growing anxiety, significantly dissipates citizens' trust in government and local government units. The increasing number of illnesses and deaths has had a significant impact on the cognitive assessment of government institutions, making them a lifeline. According to Dominik Schraff, the effect of fear is strongly related to political trust and the assessment of the economic condition during the spreading pandemic (Schraff, 2020, p. 1007). As the pandemic situation stabilises, the rationality of assessing the economic situation and the measures taken by government units increases.

Prudent management of crisis situations during the COVID-19 pandemic is also an opportunity to change citizens' attitudes towards government and local government authorities. In South Korea, during the pandemic, the tools and solutions introduced to combat the COVID-19 virus contributed to an increase in citizens' trust in the authorities, which was quite low in the country in general (Kye, 2020, p. 1).

#### ECONOMIC INDICATORS OF SOCIAL TRUST AND CRISES

A good barometer of calm and sentiment in the economy is the price of gold. In situations of financial crises and epidemics, the price of this metal increases significantly. This is due to the lack of trust in paper money, securities or cryptocurrencies. According to many economists, the decision to buy gold is related to behavioural biases, the history of gold as a currency, a safe haven and a storage function (Baur, McDermott, 2016, p. 63). The price of gold is not only

a reflection of geopolitical events, but also reflects global economic measures such as interest rates, inflation and the valuation of stock exchange indices (Madhika et al., 2023, p. 1255). The public acquires large quantities of bullion in a short period of time, which causes its price to rise rapidly; see Figure 3, which illustrates the market panic associated with the financial crisis, the COVID-19 pandemic and the war between Ukraine and Russia.



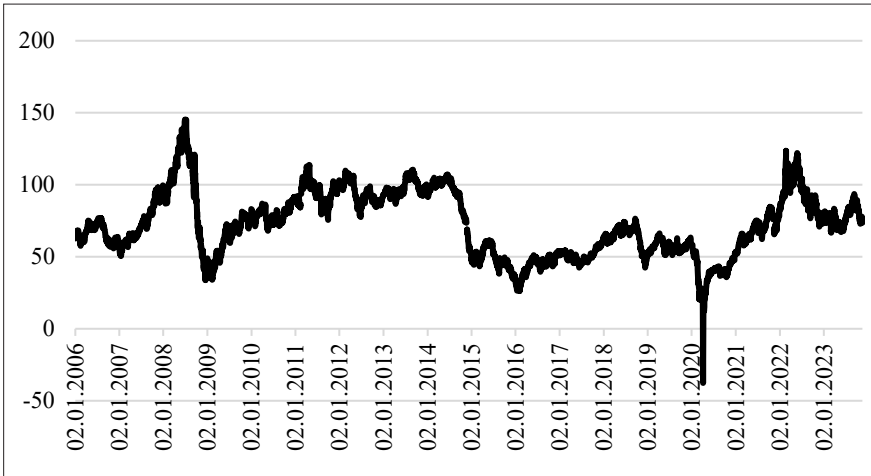
**Figure 3. Gold price from 2006 to 2023 (USD/ounce [oz])**

Source: own work based on (Refinitiv Eikon, [http](http://)).

The first major increase in gold prices is related to the collapse of Lehman Brothers in 2008. From 2008 to 2012, the price of the raw material increased by over a \$1,000 (USD) per ounce. During this time, confidence in international finance weakened significantly (Beckmann et al., 2018, p. 663). In the short time since the first cases were announced in Wuhan (November 17, 2019), the price of gold rose from around \$1,400 (USD)/oz to over \$2,000 (USD)/oz. The decline in the price of this precious metal in the following months was synonymous with an improvement in the epidemic situation. The outbreak of the war in Ukraine in February 2022 led to a corresponding increase in the price of gold, demonstrating how strong a protective asset gold is. A return to the appreciation of the gold price could also be observed at the end of 2023. The situation was caused, among other things, by the outbreak of Israel’s war with Hamas, which began in October 2023. An indirect determinant of the situation described was, of course, the tightening of monetary policy in the world’s largest economies (Financial Times, 2023).

Another example of a herd during the recent pandemic was the significant decline in the price of crude oil and commodity futures. The lack of demand for oil at the beginning of the pandemic, combined with a sharp slowdown in the

global economy, led to a significant anomaly. Crude oil futures contracts with the obligation to physically collect the commodity (contracts with delivery in May 2020) had a negative price (Ahonen et al., 2022, pp. 1–3). The problem with the storage of the raw material and the low demand for crude oil led to a situation where the owners of the analysed futures contracts had to pay nearly USD 40 extra for each barrel in order to sell them (see Figure 4).



**Figure 4. Crude oil futures price from 2006–2023 (USD/barrel)**

Source: own work based on (Refinitiv Eikon, [http](http://)).

This situation exposed significant speculation on oil by people who are not interested in the physical commodity and the strength of the herd of sheep, which was expressed in a negative selling price. In the history of the world economy, there has never been a time when the price of a commodity could be negative.

#### SOCIAL COMMUNICATION AND TRUST AS THE BASIS FOR THE DEVELOPMENT OF SOCIETY

The level of trust is not solely a determinant of life satisfaction or the level of happiness experienced (Xu et al., 2023, p. 1). Creating an environment based on trust is extremely important in the context of feeling safe. Trust is a capital as important as financial resources. Social relations are an important component of social connections and the economic level. Communication is the transmission of mental, intellectual and emotional content. It is an important social process, determined by the number and nature of the participants in the process (Kudra, Olejniczak, 2014, p. 11). A specific type of communication is the contact between



government bodies and citizens. It is very sensitive to the content, contrast and character of the statements. The importance of this message is crucial in the context of trust during crises (economic or epidemic). Communication between the two parties is an important component of building trust. It is also impossible to clearly say whether a high or low level of trust is good or bad. According to some researchers, people trust even when their profit expectations fall below their risk tolerance level (Dunning et al., 2012, p. 686).

Despite the common belief that one should be very careful in one's relationships with other people, the majority of society places a lot of trust in the people who belong to their immediate environment and with whom they have daily contact. According to Francis Fukuyama, trust is a culturally determined value. The level of trust in a society characterises the level of prosperity of a given country and its ability to achieve its goals. It follows that countries with a low level of trust tend to achieve a lower economic result than countries with a high level of confidence. Trust can be characterised as a social value that has many functions, among others (Miłaszewicz, 2016, p. 86):

1. plays a role in most interpersonal relationships;
2. is the foundation necessary for the creation of social relations;
3. social integration, stability and democratic development;
4. is a social good to be protected and cared for;
5. is an essential factor for the coordination of human actions.

In addition, R. S. Dwivedi emphasises that trust affects the effectiveness and efficiency of all processes carried out in a given organisation (Bugdol, 2006, p. 30). This is an extremely important element in the era of globalisation, which exerts pressure to maximise the productivity of market actors.

Piotr Sztompka characterises trust in a very essential way. According to him, trust is the most valuable type of social capital (Sztompka, 2007, p. 71). Trust, especially generalised and institutional trust, must be treated as a common asset that has the character of a public good. It is the basis of social life, ensuring the efficiency and effectiveness of activities aimed at the good of society (Miłaszewicz, 2016, p. 86). Trust in government entities or financial institutions in society is variable and depends on the economic and social situation. In Poland, high inflation meant that in 2022 there was a lack of trust in the Central Bank among 52% of respondents, and when the macroeconomic situation stabilised, the lack of trust fell to 39% of respondents in 2023 (CBOS, 2023).

Social trust is an important component of life that holds society together. There are two types of trust: specific and generalised (Schilke et al., 2021, p. 239). Both are important and create bonds of interpersonal relationships. The level of trust is tested during various types of crises. Strengthening social trust is possible in many ways. Literature research shows that reducing inequality is key to establishing the rule of law and facilitating interpersonal understanding (Knack, Zak, 2003, p. 91).

Social communication between citizens and the government sector plays an important role. The scope of communication in public administration includes four basic levels (Serafin, 2013, pp. 136–137):

1. communication with the environment;
2. internal flow of information;
3. collecting, processing and archiving messages;
4. how messages are made available to citizens.

In social communication, in the context of crises, it is extremely important that the information provided to citizens is reliable, true and presented on an ongoing basis. Misleading the public can have a negative impact on the economy and citizens' confidence. The Greek government, by misrepresenting information about the state of public finances, led to the financial crisis of 2008 and a decline in the confidence of many investors. From an economic point of view, the ability to raise capital by issuing bonds in such a situation is seriously hindered.

In the context of crises, it is also important that pejorative information is communicated with reason and calm. Countering panic is just as important as mitigating the effects of the crisis itself. Crisis hysteria can disrupt proper communication and undermine trust in government entities.

Changes in public trust in governments and politicians are spreading across almost all industrial democracies. The cyclical nature of this state of affairs most often occurs among people with high education and a relatively higher social status (Dalton, 2005, p. 133). The level of trust in business entities depends on one's function in society. In general, the public should be inclined to trust the so-called "entities of public trust". The list of professions concerning this group by way of a statute is presented in the Constitution of the Republic of Poland. It includes such professions as lawyers, doctors, nurses and psychologists (Constitution of the Republic of Poland, 1997). Financial institutions, such as banks, are also entities that are endowed with social trust to a greater extent than other commercial entities. However, as a result of the strong development of capitalism, globalisation and financialisation, these structures are subject to transformation. The occurrence of economic crises caused by excessive consumerism, maximisation of profit at all costs or disregard for the risk of undertaken operations affects the level of trust in economic and governmental entities. The current situation shows that improperly used credit of trust granted from time to time to public commercial institutions or political entities may become a non-repayable loan that destroys the economy and social relations. Often, the short-term desire for profit of such entities is not combined with the long-term concern for sustainable economic growth and minimising the risk of a global crisis.

Trust, in the context of economic or pandemic crises, is expressed in a sense of security. Security is one of the basic human needs (Maslow, 1943, pp. 370–396). The state and its representatives, such as the Council of Ministers, should be

the foundation for the protection of citizens in the event of an emergency. The lack of influence or control of state authorities over crisis situations contributes to the growth of frustration and uncertainty in a given country. Therefore, communication between the two parties is very important. Taking into account the nature of the message from government institutions and one of the features of interpersonal communication (i.e., irreversibility) (Frączek, 2012, pp. 119–121), it should be emphasised that well-thought-out and logical message transmission is crucial.

### THE LEVEL OF TRUST IN THE CONTEXT OF CRISES

Trust can be considered on many levels. It is extremely important to define mutual trust between the citizens of the state and the governmental and economic spheres. The focus of this approach is the level of the business cycle, which determines the level of changes in the values and resources in question.

Crisis have an indirect impact on the decrease in citizens’ trust in state or political institutions (Zdyb, 2009, p. 800; Cole et al., 2021):

1. inefficiency of financial and economic supervisory authorities, law enforcement authorities, consumer protection and competition authorities;
2. poor condition of the health service, lack of protection for life and health;
3. ineffective prevention of the spread of crises;
4. ineffective measures to counteract the effects of crises (unemployment, inflation, an increase in the number of infected individuals);
5. involving financial entities, such as banks, in an attempt to maximise profits at all costs, often undertaken at high risk;
6. difficulties in ensuring access to medicinal preparations;
7. inability to systemically regulate legal solutions in relation to state and commercial institutions;
8. ineffectiveness in protecting individuals using the services of financial institutions;
9. a lack of effective recovery plans after the crises have subsided.

Among the key elements that have been mentioned, attention should be paid to the level of security of citizens and their assets. In the context of security, effective healthcare and a stable pension policy are highlighted. The lack of effective action at the beginning of the coronavirus pandemic in many countries resulted in frustration, helplessness and fear among societies. In such situations, the level of trust in state institutions decreases very quickly.

Financialisation, understood as the growth of the financial sector in relation to other areas of the economy, contributes to reducing the level of stability of the world market (Davis, Kim, 2015, p. 203). The enormous dynamics of the emergence of new financial instruments only seem to increase the possibilities of risk redistribution. The high rates of return offered encourage investors to place

their wealth in a variety of assets. CEOs of financial institutions want the flow of financial assets to be as high as possible, which is why they allow the introduction of various instruments, including high-risk ones. Citizens, trusting government institutions that by definition should take care of the availability of safe instruments and not be subordinated to the lobbying of international institutions (which only want the highest possible volume of transactions), often invest in assets that later become the subject of speculation. This was evident in the 2007 crisis. Mortgages, which became toxic instruments, had a devastating impact on the entire financial and economic system (Barret, Maloney, 2018). The collapse of the banks resulted in the loss of assets placed as deposits by citizens. Insufficient guarantee systems have contributed not only to the multiplication of household losses, but also to a decline in trust in the state, government institutions and businesses (Frejtag-Mika, 2015, p. 44). According to many researchers, social trust is subject to changes along with institutional changes. Social trust may influence decisions regarding high-risk financial assets (Ma, 2024, p. 174).

It should also be remembered that when describing the recent economic crisis of the early 21st century, one cannot only mention the danger of mortgage loans. In parallel to speculation on the property market, risky derivatives have also been created. A large number of investment funds have decided that the great demand for loans is also an opportunity to interest clients in other assets – including toxic ones. Options, futures, swaps and hybrid instruments constituted successive levels of financial pyramids (Jodko, 2014, p. 58). The situation described has multiplied the feeling of a lack of interference by government institutions or political groups in the growing risks faced by the economy.

A situation in which the state, which is the foundation and synonym of security, does not protect its citizens but contributes to their impoverishment and bankruptcy has a very negative impact on interpersonal relations, social integration, the perception of democracy and attitudes towards one's country. The occurrence of an economic crisis devalues relationships based on trust and a sense of security for government authorities (Cowen, 2012). The presented problems, dependencies and consequences of the impact of the economic crisis on the level of trust in economic institutions or political institutions constitute an area for further analyses and attempts to perceive the matter of trust.

The end of an economic or pandemic crisis is not currently synonymous with an increase in production, employment, investment or other inherent economic indicators. An essential element of the recovery from the economic meltdown is rebuilding trust and ensuring the health and safety of citizens. Recreating authority for economic and financial institutions, state bodies or public trust entities is an overriding challenge for the entities presented (Zdyb, 2009, p. 800). Without fundamental changes in the areas presented, we cannot talk about the development or flourishing of the economy.

When analysing the level of social trust, it is extremely important to take into account many factors such as cultural issues, religion or the level of reproductive development of a given country (Sakib et al., 2023, p. 1). The aforementioned elements can be important shock absorbers in the context of crises.

Since the end of 2019, the spread of the COVID-19 epidemic has had a significant impact on the level of security of citizens of most countries in the world. The difficulty of counteracting the new situation meant that the sense of anxiety and fear of losing one's health and life increased at a rapid pace. Trust in national authorities has been put to a severe test. The daily updating of data on cases and deaths made it difficult for governments to make rational decisions. The deterioration of the situation and the difficulty of solving the problem had a negative effect on the level of trust in government units. The sense of security of citizens is inherent from the point of view of economic moods, i.e. planning of investments and consumption. The uncertainty and fear of the future inhibit the possibility of rebuilding national economies after a recession caused by the economic crisis or the pandemic.

Social trust is a complex aspect of the dyadic relationship between two entities. Trust plays an important role as a channel for information flow (Adali, 2010, p. 150). In turn, the rationality of decision-making is as high as possible if the individual has as much knowledge about a given area as possible. Concealing information creates information asymmetry, which may be pejorative. There is also an important relationship between information asymmetry and the cost of financial capital (Lambert et al., 2012, p. 1). We can also point out a more significant relationship here, which includes information asymmetry and social capital.

In a crisis situation, the implementation of a proper information policy by governments is an important component of building trust. Inconsistencies between the messages and the actual state of affairs can have a devastating effect on the relationship between citizens and the government. Well-thought-out recovery plans, along with sensible government communication, are effective countermeasures in times of recession.

#### CONSEQUENCES OF A LOSS OF PUBLIC TRUST

The multitude of threats associated with economic and epidemic turmoil indicates an urgent need to take legislative action on health protection and the rules for the functioning of business entities. The lack of security in many spheres of economic activity leads not only to a decrease in the security and legal interests of citizens but also poses a huge threat to the economic order. It is not only about corporate governance issues in situations of various types of crises (Taylor, 2006,

p. 497). The idea is to rebuild trust in the entities responsible for creating economic growth and those supervising the functioning of the market as a whole.

In the era of globalisation and intensive movement of people, the occurrence of an epidemic state in one country can spread throughout the world. An example is the coronavirus pandemic, which began in Wuhan and quickly spread to all countries of the global economy (UNSD, [http](http://)). Managing restrictions and counteracting the epidemic is extremely important. The lack of appropriate tools can lead to the tragic consequences that took place in the past (e.g., the death of two-thirds of the inhabitants of Europe during the plague epidemic in the 14th century).

Contemporary economic crises indicate that the belief in the rational and honest behaviour of economic entities is overly optimistic and is a far-reaching simplification (Zdyb, 2009, p. 804). Irrational behaviour in the economic sense occurred as early as the seventeenth century. An example of such an event was Tulipomania. The process involved intensive trading in tulip bulbs, which led to the creation of speculation (Garber, 1989, p. 535). The demand for these plants in the Netherlands grew rapidly from 1636. Along with the dynamics of demand for flower bulbs, the price increased. The precedent was so great that the price of onions was equal to the value of property. The speculative bubble burst when the price of tulips was unable to rise further (van der Veen, 2012, p. 4). A very large number of investors recorded colossal losses, squandering their fortunes or life savings, having only tulip bulbs that were no longer worth anything. We are dealing with analogous behaviour reminiscent of a herd of sheep, full of unreasonable and quick decisions. The desire to make a profit at all costs overshadows a common-sense approach to risk, investments or capital allocation. The origins of speculation lie in the similar behaviour of a large part of society, causing speculative bubbles in which an increase in price is not accompanied by an increase in the value of assets (Kaldor, 1939, pp. 1–2). An example of analogous behaviour in the 21st century is investments in cryptocurrencies. In such situations, it is extremely important that economic entities can be protected by established regulations, safeguards and the active involvement of government entities, whose priority should be economic stability and governance. Unfortunately, it must be stated that deliberate dishonesty of financial or economic institutions is increasingly often the cause of economic crises. The greed of CEOs or directors of huge corporations, combined with the frequent passivity of state authorities, creates an environment of economic dishonesty. Moreover, the occurrence of crises in the economy does not eliminate the repetitiveness of the presented behaviours. Very often, after the market situation stabilises, financial institutions are not willing to change their decisions and goals, again being characterised by moral hazard. Maximising profit at all costs is a permanent goal of most large financial institutions.

## CONCLUSIONS

Trust is one of the most vital values that unites society and a sense of security. Social communication between the market environment and citizens is a key determinant of building trust. Economic and pandemic crises, together with military actions, constitute a strong cause-and-effect link between the loss of trust in economic institutions and national authorities. The types of crises presented are determinants of fear, which is often expressed in mass, similar actions constituting a domino effect. From an economic point of view, ineffective management of such situations leads to appreciation trends in key investment assets (property, gold and crude oil). Poor communication between the government sector and citizens contributes to the deepening of crisis situations and the difficulty of recovering from recession. Changes in the level of social trust as a result of various types of crises vary and depend on factors such as education and wealth. The awareness of economic or government entities about the possible consequences of dangerous activities, such as co-creating speculative bubbles or releasing toxic assets, is a serious obstacle to creating trust between the government sector, business and society. The occurrence of a pandemic crisis or warfare, in addition to the health effects, results in most cases in the same consequences as in the case of an economic crisis. The process of losing trust in government entities is also analogous. The effectiveness of crisis management and guaranteeing the health and life of citizens are the main determinants of maintaining public trust in the state. The sense of security of citizens is crucial from the point of view of economic sentiment regarding consumption planning and investment. The lack of stability in this respect is evident in the significant price amplitudes of, among others, oil and gold.

In crisis situations such as economic recession, the COVID-19 epidemic or wars, society largely acts on its own, trying to save its assets. At this time, the safe-haven asset is gold, the price of which is a barometer of the situation. On the other hand, the decline and stabilisation of the price of gold indicates the stabilisation of the situation and the return to the norm from before the unrest. Proper communication between the government and citizens is at the core of post-crisis recovery. The way out of the economic or pandemic crisis is not only about actions aimed at increasing production, investment, trade, employment or the quality of healthcare. It is much more important to rebuild citizens' trust. This is not an easy task and requires more time than the increase in the productivity of the economy. A good final summary of the issues discussed is a quote from the Polish writer, Karol Bunsch – “It is easier to rebuild a destroyed city than a destroyed trust” (Bunsch, 1971, p. 27).

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### *Summary*

Economic and pandemic crises, along with military actions, constitute a strong cause-and-effect link between the occurrence of society's loss of trust in the market environment in the 21st century. The occurrence of unfavourable situations is often related to the “Sheep Rush” phenomenon. The lack of regulations and effective tools to prevent and counteract market turmoil increases the mood of anxiety. Many consumers and investors, in a situation of ignorance and chaos, begin to imitate emerging market trends. In times of crisis, many citizens begin to buy gold, which increases in value with high demand, highlighting the scale of the unfavourable situation. The gold market responds to social unrest related to various types of crises. In this case, the appreciation of gold is sudden and the price trend is not short-term. The occurrence of a negative price on the crude oil futures market during the COVID-19 epidemic in May 2020 or the exceeding of the maximum historical limit of \$2,100/ounce of gold in December 2023 illustrates the extremes of herd behaviour, which is based on panic. In turn, the inappropriate monetary policy of the United States based on a low interest rate in 2006 caused a global financial meltdown and continues to exert strong inflationary pressure on the property market around the world, including in Poland. The description of macroeconomic events in the 21st century well illustrates how important it is for market entities to trust each other and the market, as well as to make reasonable decisions. Otherwise, we usually deal with a market collapse and a domino effect. The sheep rush process is vital from the point of view of social and economic inequalities due to the impact of such behaviour on the prices of analysed goods and the level of international trust.

*Keywords:* financial crisis, gold, epidemic, sheep rush, social trust.

## **Zjawisko owczego pędu a poziom zaufania społecznego podczas kryzysu finansowego, pandemii COVID-19 i wybranych działań militarnych w XXI wieku**

### *Streszczenie*

Kryzysy gospodarcze i pandemiczne wraz z działaniami militarnymi stanowią silne powiązanie przyczynowo-skutkowe występowania utraty zaufania społeczeństwa do otoczenia rynkowego w XXI wieku. Występowanie niekorzystnych sytuacji związane jest często ze zjawiskiem owczego pędu. Brak regulacji i efektywnych narzędzi do zapobiegania i przeciwdziałania zachodzącym zawirowaniom rynkowym wzmaga nastroje niepokoju. Duża część konsumentów i inwestorów w sytuacji niewiedzy i chaosu zaczyna naśladować tworzące się tendencje rynkowe. W sytuacji kryzysów duża część obywateli zaczyna nabywać złoto, które z dużym popytem zyskuje na wartości ukazując skalę niekorzystnej sytuacji. Z kolei działania militarne wiążą się z nagłą aprecjacją ceny nie tylko złota lecz i ropy naftowej. Wystąpienie na rynku kontraktów terminowych ropy naftowej ujemnej

ceny w trakcie epidemii COVID-19 w maju 2020 roku czy przekroczenie maksymalnej historycznej granicy 2100 USD za uncję złota w grudniu 2023 roku pokazuje ekstrema zachowań stadnych, których fundamentem jest panika. Z kolei niewłaściwa polityka pieniężna Stanów Zjednoczonych oparta na niskiej stopie procentowej w 2006 roku wywołała światowy krach finansowy i stanowi ciągle silną presję inflacyjną na rynku nieruchomości na całym świecie, także w Polsce. Opis makroekonomicznych zdarzeń w XXI wieku dobrze ilustruje jak ważne jest zaufanie podmiotów rynkowych do siebie i rynku oraz rozsądne podejmowanie decyzji. W przeciwnym wypadku mamy do czynienia zazwyczaj z załamaniem rynku i efektem domino. Analizowany proces owczego pędu jest ważny z punktu widzenia nierówności społecznych i gospodarczych w kontekście wpływu takich zachowań na ceny badanych towarów i poziom zaufania między jednostkami.

*Słowa kluczowe:* kryzys finansowy, epidemia, owczy pęd, złoto, zaufanie społeczne.

JEL: G01, G11, G18, G15.