

## Chapter 8

# Poverty and Prejudice

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The realities of poverty are striking, but certainly not uncommon. Malnourished children with distended stomachs, small and crowded dwellings without running water, and people walking among heavily armed military personnel are but a few of these stark images. Promises of economic development have yet to materialize for the vast majority of the world's citizens, despite an unprecedented growth in the global economy (Isbister, 2001, p. 3).

Poverty does not persist because there is a scarcity of resources,<sup>1</sup> nor does poverty exist because some societies have inefficient economic systems, lack natural resources, or because poor people lack ambition. Poverty is a product of human social relationships because social relationships determine how people distribute resources. In fact, social aspects of relationships set the structure for economic exchanges. The way that people assign and distribute things of value depends on both how integrated or segregated their relationships are and how powerful they are in relation to one another (Prilleltensky, this volume). In this chapter, we will show that how much or how little people value others in relation to themselves is a fundamental cause of poverty, and that basic aspects of social relations, including prejudice, power, violence, and inter-group dominance, work together in the creation and maintenance of poverty.

We define poverty as a lack of access to resources necessary to meet basic human needs. Like many others, we recognize the following as such needs:

<sup>1</sup> Indeed, a small proportion of the world's military budget could feed and provide health care to everyone throughout the world. In the 1990s fully 3% of the world total production was spent on military production (Isbister, 2001). Additionally, war (e.g., assembling and maintaining armies, development and production of weapons) is estimated to cost 180 times more than peaceful efforts including education, healthcare, and food (Sloan, 1999).

nutrition, health care, shelter, clothing, sanitation facilities, and clean water. Because we are social psychologists, we also know that people have fundamental social and psychological needs: to belong (e.g., Baumeister & Leary, 1995), to have valued social identities (e.g., Tajfel & Turner, 1986), and to grow, develop, and realize their potential (e.g., Maslow, 1954; Rogers, 1951). Poverty can be created by limiting people's access to the means of meeting these basic needs, i.e., by depriving people of education, by fomenting prejudice and violence, and by restricting certain freedoms (e.g., meeting and assembly).

Throughout the world, economically poor people have a great likelihood of suffering from poor health, inadequate education, malnutrition, disrupted family and community life, fewer options, marginalized identities, and exploitation, all of which may be interspersed with fear of violence and warfare (e.g., Isbister, 2001, p. 17). Such hardships indicate that basic human needs are not met, and are thus taken as the chief indicators of poverty (e.g., Prilleltensky, this volume). Whereas people who have some value (e.g., arable land, marketable skills, training, health, education, prestige) may trade it for other forms of value (e.g., food, income, goods, services), people who have little value not only suffer its lack, but also have little to offer in trade relations with others. This is the fundamental reason that forms of poverty (e.g., economic, prestige, health) tend to be compounded in some people, while forms of wealth are compounded in others. Hypothetically, exchanges can redistribute value among people, but when resources are distributed unequally to begin with, those exchanges are unlikely to create egalitarian relationships or to result in a more even distribution of value. In the remainder of this chapter, we elaborate on some of the social barriers that can prevent people from distributing value evenly in social exchanges. Finally, we use this analysis to suggest methods of reducing global poverty.

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Western media are replete with negative images of poor people (Bullock, Wyche, & Williams, 2001). It is also the case that middle-class people the world over blame poverty on character deficits of poor people (Furnham, this volume). In many cultures, there is overt bigotry against the poor and against low-power groups who are associated with poverty (e.g., untouchables in India; gypsies in Europe; Indigenous peoples in much of the world). Therefore, poverty is potentially stigmatizing because stereotypes of and prejudice against people who have features associated with poverty (e.g., lack of hygiene, illness and disease, hard manual labor, lack of education) are both common (Cozzarelli, Wilkinson, & Tagler, 2001). Prejudice against other groups who are needy (e.g., children, women – especially pregnant women, people who are ill, handicapped people) is also common (e.g., Glick & Fiske, 2001).

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These studies suggest that well-off people may become prejudiced against poor or otherwise disadvantaged others (e.g., those who are needy) as a way of distancing themselves psychologically (Lott & Bullock, 2001; Lott, 2002). Such prejudice serves as a barrier that helps to prevent powerful people from entering into close relationships with members of stigmatized groups or needy others. By sustaining segregation between rich and poor, prejudice against “the poor” prevents the exchange of resources between them. Segregation also prevents the development of inter-group empathy, and thus sustains group-based prejudice.

Prejudice against the poor also increases the likelihood that exchanges that do occur will maintain inequalities, because prejudice can reduce the value of both poor people themselves and what they have to offer. For example, both demeaning stereotypes that dehumanize, and envious prejudice that implies that others are undeserving, help legitimize discrimination against and exploitation of others. Poor people are demeaned and said to be undeserving for having to work at “undesirable” jobs most commonly performed by marginalized groups (e.g., agricultural labor, cleaning, care of children or the sick). However essential it is, work that is performed by poor people is often so undervalued that it is paid very little or not at all. As a result, the range of opportunities that are available to poor people is extremely limited and produces little in the way of economic returns and advancement. Thus, the double-bind of prejudice against the poor leads to both restricted options and ultimately to restricted power.

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Poverty is also a symptom of power inequalities. Since Marx and Engels (1846), social scientists have been accustomed to thinking of power as control over the means of production of value, which can include both production of exchangeable material (e.g., food, manufactured goods, energy) and the social determination of what is valued through ideology. But this description of power can be augmented with the contemporary insight that power is not just something one holds, but rather something one has or does not have in relation to others (Foucault, 1980). Thibault and Kelley’s interdependence theory (1959; Kelley & Thibault, 1978) elaborates how material control translates into social power.

People may exchange particular resources for other resources they want or need so long as they have access to both resources and to social networks in which resources can be exchanged. In such exchange relationships, there are four basic sources of power. First is *freedom from need*. Those who are able to meet their own basic needs and still have resources left over (surplus) are in an enviable, high-power position of being able to enter into exchange relationships with others

without risking becoming needy through such exchanges. This is one reason why such exchanges may turn out to the advantage of the least needy party.

Surplus leads directly to another form of power: *freedom not to enter relationships*. If a party has what it needs without exchanging with others, then that party is free not to enter any exchange relationships with others. Ironically, then, the poor who have less to offer to others are more compelled to enter into exchange relationships with them. Those with surplus to exchange, having more freedom not to enter particular relationships, also then have more *freedom to set the price for exchange*, or the price for entering into a relationship. This third form of power can translate into both greater control over the conditions of the negotiation or relationship and greater ability to set the price of the thing to be exchanged.

Finally, because those with surplus have less need to be in exchange relationships, they also have more *freedom to exit* relationships than others. Leaving such relationships or threatening to leave them is a means of exerting power. Having less freedom to exit a relationship also has the potential to increase the price that one party is willing to pay to maintain an exchange relationship with another. Therefore, those who have no choice but to remain in a relationship are increasingly vulnerable to being exploited.

It is well known that control over scarce resources engenders more freedom to set the price of exchange, but from both the Marxist and interdependence theory perspectives, power is also influenced by how exchangeable resources are. Clearly, those in possession of highly exchangeable resources, such as those that are widely desired (e.g., food, petroleum), widely recognized as having value (e.g., gold), or highly portable (e.g., US dollars), have more freedom to enter exchange relationships. Conversely, if a resource is desirable but cannot be exchanged for other resources that meet basic needs, it has relatively little value, and possession of that resource does little or nothing to increase the freedom to enter exchange relationships. More starkly, one cannot eat gold, drink petroleum, or use coffee beans to cure pneumonia. If one does not have means to exchange these resources, controlling them is of no benefit, and actually may result in poverty.

The potential for exchange of positive value is not the only means by which power between individuals or between groups is enacted. Violence is a form of destructive power, and the threat of violence is an exercise of power that is potentially separate from resource control. Dominant groups are especially likely to use violence against subordinates, especially when subordinates have used violence. Moreover, dominant groups often escape sanction for overuse and abuses of violence (see Sidanius & Pratto, 1999, Chapter 8, for a review).

But, despite their efforts, more powerful groups do not hold a monopoly on violence. Indeed subordinates commit violence against other subordinates more than they do against dominants (see Jackman, 2001; Sidanius & Pratto, 1999, Chapter 9) because organizational arrangements such as segregation fence dominants off from

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contact with subordinates and because subordinates' behavior is closely monitored and severely restricted. In addition, people who are relatively powerless in other ways (e.g., in terms of respectability, politically, economically) may use violence to attempt to increase their power relative to others. Violence has been an important tool in instigating many liberation movements. And although the use of violence is sometimes effective in serving as a catalyst for change, it always carries a heavy price for both perpetrators and victims. Acts of violence committed by subordinates are disproportionately and harshly punished by dominants. A clear and tragic example of this disproportionality of violence is evidenced in the current violence between Israel and Palestine. Between September 2000 and March 15, 2002, 1,184 Palestinians as compared to 343 Israelis were killed (Omestad & Derfner, 2002). Additionally, when subordinates use violence, dominants brand them as dangerous and irresponsible. Thus, the use of violence may undermine liberation movements by delegitimizing them, and also by demonizing and vilifying subordinates. Demonization and vilification of subordinates provides powerful justification for further violence and coercion by dominants.

## Group Membership

Though interdependence theory and Marxism emphasize resource control, we assert that material resources and commodities are far from people's only source of value. Of central importance to our analysis of group prejudice is social dominance theory (SDT). This theory centrally asserts that humans have a basic tendency to form group-based social hierarchies. A fundamental principle of SDT is that one's social identity and membership in socially recognized groups is itself either a resource or a cost, having either positive or negative value. Because cross-gender group divisions can take myriad forms (e.g., religious, race, nationality, ethnicity, colonial status), but are consistently associated with both power and status, we refer to such group distinctions in general as "arbitrary-set." Therefore, membership in (or exclusion from) arbitrary-set groups, where one group is dominant over others, is in large part what defines the extent to which one has value and access to resources necessary to meet needs.

## Social Dominance Theory: An Integrative Approach to Power and Prejudice

Thus far, we have shown that poverty is linked to group membership, linked to group power, and linked to prejudice and other group-relevant ideologies. As such, social dominance theory (Sidanius & Pratto, 1999) is a useful tool for understanding poverty because it addresses how resource control, violence, and ideologies

sustain group-based dominance.<sup>2</sup> Central to our analysis are several of the basic conditions that set the stage for the emergence and sustenance of systems of group-based hierarchy. Firstly, surplus is one cornerstone of power differentials. In fact, all societies with economic surpluses are structured as group-based hierarchies that are based upon membership in (or exclusion from) arbitrary-set groups (Sidanius & Pratto, 1999). Secondly, within these societies, individuals have different levels of social dominance orientation (SDO), which we describe as their desire for non-egalitarian, hierarchical relationships between social groups, and their overall tendency to view inter-group relations as a zero-sum game. Thirdly, we saw that group-based prejudice and other ideologies (e.g., capitalism) not only help segregate people into groups, but they justify discriminatory inter-group behavior. The social relationships that form (or are avoided) as a result of membership in arbitrary-set groups, individual differences in SDO, and group-based prejudice and related ideologies are the cornerstones of social and structural inequality. Social dominance theory views ideologies as legitimizing myths that offer reasons and justifications for methods of assigning and distributing value, even those that are grossly unequal (Sidanius & Pratto, 1999; Sidanius, Levin, Federico, & Pratto, 2001). As predicted by social dominance theory, such social ideologies have been shown to incite individuals to discriminate against the needy (Pratto, Tatar, & Conway-Lanz, 1999; Pratto, Sidanius, Stallworth, & Malle, 1994) and to legitimize discrimination by social institutions (e.g., Pratto, Stallworth, & Conway-Lanz, 1998). Because they are so strongly linked to culture, the worldviews and practices that define who people are, ideologies set up the faultlines for inter-group conflict that are triggered under social and economic stress.

Social dominance theory also provides two more insights about ideology and group power. Firstly, members of dominant groups have more opportunity not just to control value, but to *define* what positive value is. Secondly, and not surprisingly, dominant groups do so in ways that advantage their own groups, even when propounding ideologies that are not ostensibly linked to group membership (e.g., meritocracy or capitalism; see Pratto, 1999). This is fundamentally why dominant groups seem not only powerful but also legitimate. As a corollary, dominant groups also have the power to define negative value and to determine what behavior should be punished, and the form of that punishment (e.g., military action, economic sanctions).

### Contemporary Examples

Thus far we have detailed a theoretical position that identifies poverty as a function of prejudice, power, violence, and inter-group dominance. To illustrate

<sup>2</sup> For a detailed discussion of social dominance theory and how it differs from other social psychological theories of inter-group relations (including social identity theory and realistic group conflict theory), see Sidanius & Pratto, 1999.

these key theoretical elements and the utility of understanding poverty in this way, we will consider several examples.

***When Power Inequities Provoke Prejudice and Inter-group Violence:  
The Example of Rwanda***

By as early as the 1960s, Rwanda was a nation with deep and long-standing rivalries – faultlines – between different groups in its population. In particular, Belgian colonialist practices had contributed to the formation and maintenance of an arbitrary set distinction (based largely on social class) in which Tutsis were advantaged over Hutus.<sup>3</sup> During the late 1980s and early 1990s, Rwanda had undergone massive political and economic restructuring, including currency devaluation, a significant increase in inflation rates, and the setting of price limits on its coffee exports (Melvern, 2000; Uvin, 1998). The ability to grow and produce coffee was originally something that Rwandans had that was of value to international markets. In this case, members of dominant groups (International Monetary Fund, World Bank, those in charge of overseeing the International Coffee Agreement and setting prices, and other government officials) defined the parameters of exchange relationships and placed substantial limits on the demands for products of the Rwandans (in this case, the subordinate group) and by extension, determined the value of their resources. Suddenly, the value of their coffee crops was greatly diminished, and many Rwandans found themselves in positions of tremendous disadvantage, having little or no ability to enter into exchange relationships that were at all favorable to them (e.g., Chossudovsky, 1997).

In terms of interdependence theory, Rwandans found themselves in the greatly compromised position of having to face the freeze and/or lowering of coffee prices, despite their best efforts to control the supply and thus the surplus. As a result of the devaluation of one of their primary resources, and the economic instability that accompanied this time of upheaval, the government of Rwanda (and thus its citizens) had little choice but to accept World Bank intervention. This intervention brought numerous terms and conditions that ultimately led to the devaluation of Rwandan currency and an increase in inflation rates that left many Rwandans without the ability to meet their basic needs, particularly the purchase of food. The faultlines (based on arbitrary-set distinctions) between the Hutus and Tutsis were triggered as the Rwandan economy underwent restructuring based on mandates imposed by the World Bank (Chossudovsky, 1997; Melvern, 2000).

In considering this sequence of events, it is important to note that as the prices paid to Rwandan coffee farmers were frozen or drastically lowered, the demand for coffee in the USA and around the world was increasing. Thus, the motivation to lower prices of Rwandan coffee was largely to increase the profitability

<sup>3</sup> For a more detailed discussion of Belgium's role and the emergence of Hutu-Tutsi rivalry, see Des Forges (1999), Keane (1995), Khan (2000), & Melvern (2000).

of larger coffee companies and distributors. As a result, those with economic interests in coffee production realized impressive profits while at the same time, a nation that had been a significant contributor to the world's coffee economy was all but completely destroyed (e.g., Madeley, 1999; 2000). The consequences of this series of events included economic disruption, political disruption, inter-group violence, and ultimately genocide.<sup>4</sup> The power struggle during this period included extreme violence in which an estimated 500,000 to 1,000,000 Tutsis were brutally murdered (Isbister, 2001, p. 130). Thus, the exercise of power within exchange relationships, coupled with inter-group prejudice, has potentially massively harmful consequences.

***Developing Dependency and Making No Alternative a Good One:  
The Case of Somalia***

Somalia provides another example of how changes in the economy and agricultural production of a "developing" nation that were designed to meet foreign and industrial export demands had disastrous consequences. The probability of drought and low crop yields had long been a realistic threat to the people of Somalia. While the climate supported a fair amount of agriculture, it was quite unpredictable. The people and farmers of Somalia knew this, and in the past had met this potential threat with preparedness – in the form of maintaining adequate stores of food. However, the 1990s saw a change in that preparedness that had terrible consequences.

Before Somalia became involved in the business of agriculture intended for export, enough of the population grew crops so that the general population would have enough to eat, even in times of low crop yields, without having to become dependent on foreign food supplies (particularly grain). However, as agriculture, industry, and the basis of the Somali economy changed, so did the use of land. What was once a relatively self-sustaining economy (at least in terms of its agricultural production and food supply) had become increasingly focused on developing agricultural products for export. As a result of this shift in land usage, and as fewer and less locally useful crops were grown, the impact of drought became too great, which led to famine and violence. Though the 1992 United States military intervention in Somalia was purportedly intended to stop the use of violence, terror, starvation, and brutality of warring factions within Somalia, with the ultimate goal of ending the starvation of the Somali people, the result was still quite negative

<sup>4</sup> Our synopsis of the factors that precipitated the Rwandan genocide are meant to serve as examples and to provide a cursory discussion. For a more detailed analysis of the political, economic, and historical factors of the Rwandan genocide, see Destexhe (1995), Des Forges (1999), Keane (1995), Khan (2000), Malkki (1995), Melvern (2000), & Uvin (1998). For a discussion of social psychological factors that precipitate genocide see Staub (1989).

(e.g., Isbister, 2001, p. 207). Somalians suffered tremendously as they were relegated to the subordinate and powerless position of having to accept and depend on foreign intervention. They were displaced, victimized, and severely damaged (Chossudovsky, 1997). As was the case in Rwanda, the violence in Somalia left the population susceptible to hunger and malnutrition (e.g., Madeley, 2000).

Considering inter-group prejudice, the dynamism of power as suggested by both the social dominance approach and interdependence theory, and the use of violence, as three sources of social control, we can understand that as one of the poorest countries in the world, Somalia became a haven for groups committing acts of violence against the richest nations in the world (e.g., the Western industrialized nations). The Somali people had neither the power nor means to resist the occupation of wealthy and heavily armed groups. They were also unable to leave, and some Somalians may have even benefited (at least temporarily) by allying themselves with these powerful others.

Somalia's experiences illustrate an important implication of our theory for reducing and preventing poverty: societies need to prioritize meeting their own basic needs independently. Societies that are meeting at least some of their basic needs (especially food production) and who refuse to trade that resource for potentially more valuable items that must be exchanged with more powerful others (e.g., production of commodities valued by rich nations or foreign aid) have the advantage of independence. This independence makes them less vulnerable to the instability that is often the result of inequitable international trade relationships in which one group is dominant over others, the internal violence that often accompanies resource inequalities within a society, foreign military intervention, and the economic upheaval that results when the availability of goods locally is determined by decisions and actions of far-distant, dominant others who will not suffer from that upheaval (see McKibben, 2001 for a related discussion of choice of food crops in Bangladesh).

### **Dissecting the Components of Power: An Examination of Globalization**

At this point in the chapter, we will explicitly examine the relation between power differences and globalization. As we detailed earlier in our consideration of exchange theory, these forms of power include the ability to set the price for exchange, to choose from a range of alternatives, the freedom to avoid involvement in a relationship that does not maximize one's advantage, and the freedom to exit a relationship.

Multinational and transnational corporations (TNCs), by their very definition, have interests in several countries, and are faced with a multiplicity of obligations and tasks: the task of meeting the needs of their employees (an income),

shareholders (revenue), and ultimately their customers (goods and services). TNCs are also in the position of having to work within (or work to change) the parameters, rules, and laws, that are set by the various governments in whose countries they operate. Indeed, they have many masters to serve (for a detailed discussion of TNCs, see Madeley, 1999; Kozul-Wright, 1995).

As is commonly the case in business, TNCs have the expressed goals of making money for their shareholders by maintaining profitability and market expansion and domination. To this end, TNCs are able to obtain space, materials, and labor, from a number of prospective countries. By having a range of potential countries (read: exchange relationships) to choose from, and thus a wide range of potential alternatives, TNCs have greater power. They also have the ability to avoid entering into exchange relationships that are not maximally advantageous to them. In addition, TNCs often have the ability to set the price for exchange in those relationships that they do choose to enter (e.g., Isbister, 2001; Kozul-Wright, 1995). As a result, developing nations will make numerous concessions (including relaxing of labor laws and standards, environmental protection standards, and taxes) to win the "privilege" of becoming involved in an exchange relationship with a TNC. This trend has been dubbed the "race to the bottom" (e.g., Bhagwati, 2002; Sengenberger & Wilkinson, 1995).

In many cases, when a TNC settles in a particular country or region it draws its labor pool from the population. As the TNC experiences growth, the occupational profile and geographic distribution of the population necessarily changes as increasing numbers of people earn a salary from their employment with the corporation. This change may have many ramifications. People who gain employment with TNCs are often those who used to grow the food or make the clothes that they and many others in their community consumed. With employment, the people work for a salary that allows (and also forces) them to purchase food, clothes, and a number of other things that had previously been unavailable to them. For instance, many who take manufacturing jobs with the TNCs relocate from rural to urban areas (Isbister, 2001). In this instance, all involved seem to be benefiting from the arrangement, at least on the surface, and at least for the time being. However, the pattern of migration to meet the demand to fill these jobs has been linked to increases in poverty rates in urban areas. To understand why this might be the case, let us consider the impact of exit freedom.

If the leadership of a TNC becomes dissatisfied in its relationship with the government or people of a country, the TNC has a much greater ability to exit that relationship. Its resources and power enable it to relocate. As we had detailed earlier, the freedom to exit a relationship is a critical component of power. By exiting a relationship in which others have grown dependent upon their employment with the TNC, it is exercising a tremendous degree of power in a way that will necessarily have negative consequences for those involved in the relationship. As a result, those who were employed by that TNC, and who depended on it for the

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income that they used to feed, clothe, educate, and house themselves and their families are harmed.

Presently, there is little that compels TNCs with tremendous resource and political influence from relocating from country to country based on the most advantageous conditions for their bottom line. The cost of labor, materials, taxes, and transportation all factor into corporations decisions to establish production and/or distribution centers in a country. Therefore, in order to keep the production (and jobs) in a country, governments are potentially engaged in a conflict of trying to balance their own interests (e.g., keeping the population employed, keeping a stream of tax and trade revenue) with the interests of the corporation (e.g., lowering taxes, reducing trade barriers, loosening of employment and workers rights' laws). So while the very presence of a corporation might mean that a greater percentage of the population has employment, it does not necessarily mean that the government (and infrastructure) of the country is enjoying a comparable benefit in this relationship. New and greater forms of poverty may even be the result of this increase in power asymmetry between a TNC and a population. It would be foolhardy for anyone to accept globalization as a panacea for global poverty.

### **Human Solutions to the Problem of Global Poverty: What Our Analysis Suggests About Alleviating and Eliminating poverty**

As our discussion of poverty primarily focused on three features, namely prejudice, power, and inter-group dominance, we will now consider ways in which meaningful and sustainable change can be brought to bear on these basic aspects of human social relationships.

#### ***Prejudice Reduction***

Social psychologists who have been concerned with developing effective methods of minimizing prejudice and its harmful consequences have developed several models that can be applied to the effort to eradicate poverty at both local and global levels. First, fundamental economic changes, and changes in power relations, must not trigger group faultlines through any form of threat, whether that threat is realistic, symbolic, or stems from uncertainty. If there is the perception of conflict based on scarcity of resources (either real or perceived), the efforts to invoke change will only serve to heighten the perception of group conflict and could have grave consequences, as was the case in Rwanda. Second, as was originally specified in realistic group conflict theory (Sherif, 1936, 1966), it may be helpful for separate groups to recognize a superordinate goal. Recognition of a superordinate goal will provide groups with a reason to cooperate and work together, rather

than to compete. A superordinate goal will allow group members to share in the benefits of success and to develop more positive inter-group attitudes and positive interdependence. Having a superordinate goal could also reduce the “zero-sum” game mentality that is often involved in inter-group relations and which leads to inter-group discrimination and mistrust. Finally, working toward a superordinate goal may lead to a re-definition of in-groups and out-groups, and can ultimately have positive impact on the very nature of exchange relationships.

The common in-group identity model (Gaertner, Dovidio, & Bachman, 1996) posits that in order for prejudice reduction between groups to be lasting and meaningful, the groups must necessarily shift their boundaries. Again, this is difficult, but there are a number of causes that potentially affect all of Earth’s inhabitants. To get dominant groups interested in better relations with the poor, issues of international interdependence such as global health (Hertzman, 2001) and the environment (Oskamp, 2000), can be cast in ways that foster the redefinition of group identities, thus potentially serving as catalysts for change in the definition of group identities. This redefinition can ultimately have significant positive impact on social relationships, and also on the assignment of value within those relationships.

### ***Determining Value and the Redistribution of Power***

In line with our theoretical position and our discussion of globalization, curtailing exit freedoms is an essential step in addressing this fundamental problem of power inequities. A tenable and enforceable international agreement could potentially lead to a redistribution of power and sustainable development by limiting the exit freedoms of advantaged groups. Resolutions and rules that limit exit freedoms will certainly be viewed with rancor by exactly those corporations and businesses that are the most likely to change their centers of operation and leave people in a difficult situation. Another means of limiting exit freedoms is the establishment of a universal minimum standard for wages, which would prevent TNCs from leaving one country to pay lower wages in another.

Another aspect of building shared power is by increasing commitment to sustainable economic development, rather than short-term aid in the form of food, loans, and military support. While these short-term remedies may be necessary at times, and are often mandated by the immediacy of the current situation, it is imperative that efforts are made to develop public works projects and infrastructure that stays in the country, and thus add value. By adding value in the forms of arable land, marketable skills, training, health, education, prestige, food, income, goods, and services, the freedom to enter some exchange relationships and the freedom to avoid others is greatly increased. Though the idea of developing infrastructure and self-sustaining economies seems to enjoy a substantial degree of popularity, it rarely occurs. In fact, it appears that there remains a lack of prioritization based

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on needs and goals that are identified as primary by the particular communities, states, and nations that are receiving aid (Sanchez, Cronick, & Wiesenfeld, this volume; Spink, this volume).

### *Developing Value in the Form of Appreciating Social Identities*

Another method of change is to increase recognition of the humanness of the poor. It is all too often the case that the plight of the poor either goes unrecognized or is peculiarized as having little or nothing to do with the “non-poor.” By recognizing that poor people have legitimate needs, wants and desires, and that they too are valuable members of the human community, members of dominant groups ready themselves to enter into exchange relationships with the poor on equitable terms. As Lott (2002) points out, the practice of psychologically distancing oneself from the poor is particularly problematic. It is likely that this process is amplified as we take a global perspective on poverty. However, recognition that problems caused by poverty are severe, widespread, and in need of immediate attention is becoming increasingly prevalent. As prioritizing peoples’ basic needs becomes an important agenda, we move that much closer toward a greater recognition of the humanity, and value, of those who are poor.

### **Where Can We Go from Here?**

Recently, US President George W. Bush stated that one of the key components of his so-called “war on terrorism” is the eradication of poverty on a global level (Ross, 2002). Our analysis does imply that the violence of terrorism and the violence of poverty are causally linked by power inequalities, but the manner in which the war on poverty is waged is a key issue. President Bush stated that nations cannot expect to get “development money” without strings of “political liberty, respect for human rights and adherence to the rule of law” attached (Ross, 2002, p. 3). In his statement, President Bush also mentioned the importance of “free trade” as part of this process. We have argued that free trade and globalization are also potentially complicit in the development and maintenance of global poverty, as they provide advantage to those with greater power.

Throughout this chapter we have argued that poverty is a complex problem that has more to do with human social relationships than it has to do with scarcity of resources. Thus, in terms of its causes, poverty is indeed largely a social and political problem. To meet the challenge of eliminating poverty, it needs to be addressed as such. In this chapter we have shown that a number of social factors including prejudice, power, and social dominance, are central in the creation and maintenance of poverty, particularly poverty on a global scale. We do not claim that there are not some important economic principles and historical sequelae

at work in global poverty. But we do claim that even those “economic” decisions and “historical” events are social in nature.

The good news that we offer is the fact that human social behavior is clearly a significant contributing factor to global poverty. Social psychologists, among others, have a long history of studying and changing social behavior, and working toward practical solutions to problems. If social behavior can be changed, and poverty is at least partially caused by social behavior, then it too can be changed.

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