

# A Psychological Perspective on the Role of Power and Money

Question Everything

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Theme: [History](#)

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*This is the second of two posts about psychology, and should ideally be read after the first, which is entitled '20) Psychology: Pretending There is Nothing Wrong'. This post summarises more key psychological issues which have serious negative consequences for modern societies, and then discusses the implications for how we deal with these issues in future. In particular, it emphasises the need to question everything.*

“It is difficult to get a man to understand something when his salary depends on his not understanding it.”(1)

## Power

Recent research into the effects of power is showing how much it corrupts people. In particular, when confronted by risky situations, powerful people are more likely to expect positive outcomes. They are optimistic because they believe they have the power to overcome adversity.

Successful or powerful people tend to delude themselves into believing that they are more capable than they really are.

In other research, subjects who are primed to feel powerful are more likely to lie in order to get a reward.(2) At the same time, they actually become more hypocritical, in that they are more disapproving of other cheats. Power seems to make people more assertive whilst decreasing their ability to see something from someone else’s point of view.(3) It also seems to make people less inclined to challenge received wisdom. Many of these issues appear to have little to do with a lack of education or intelligence. If anything, the opposite is true. Intelligent people tend to be more confident that they know what they are doing. Power not only corrupts, but does so in extremely complex ways.(4)

Power is mostly ignored by the mainstream media, but it is so important in human societies that it will be discussed in a later post in much more detail.

## Money

There is a growing body of evidence that money may have significant social side-effects. It

appears to motivate our interest in ourselves, but at the same time makes us selfish,(5) suggesting that there may be a trade-off between financial and social motivations. If we choose to value something in a financial way, we no longer value it in a social way(6).

This was originally noted in relation to blood donations. Researchers found that paying donors makes them less willing to donate blood, and increased the chances of blood being contaminated. Rather than money simply providing an additional motivation for people to do something, it seems that money might destroy other motivations. Other research has confirmed this. People are less likely to accept contaminated waste if they are paid,(7) and parents collecting children from childcare are late more often, not less, when financial penalties are introduced.

The existing social arrangement, where people feel an obligation to do the right thing, is replaced by a financial arrangement, where people feel no social obligation. We live in societies in which mutual support and co-operation are essential, but money seems to erode these unwritten agreements. We decide that we do not need or care about others, or society in general. The unintended social consequences of money and financial incentives may be much more significant than we realise, indicating that we need to think very carefully about financial incentives. It has been argued that money is the final disincentive (after obeying orders, conforming, and other issues discussed in the previous post) for not doing the right thing and looking away. Over the years, many commentators have noted this principle:

“All that evil needs to flourish is for good people to see nothing, and get paid for it”.(8)

In particular, journalists have a financial incentive to ‘misunderstand’ the crimes of their government. As we saw in earlier posts, newspaper owners do not want their journalists to be too critical of the existing system.

### Distance and Complexity

“we don’t see things that are too far away, that are too distant from our own experience, too separate from our own concerns, too complicated... or too far away in time”.(9)

One factor that made a big difference in the earlier obedience experiments (discussed in the previous post) was proximity between subjects and the people receiving electric shocks. In some experiments, if subjects were in the same room as the person receiving the shocks, the number of subjects giving strong shocks was low, whereas if the person receiving the shocks was in another room, all participants were obedient and gave the maximum shock. One subject commented “it’s funny how you begin to forget that there’s a guy out there”.(10)

As many companies and governments have realised, it is easier for the senior management or policymakers to be blind to the consequences of their actions when they do not see the results. Senior managers effectively operate in a ‘bubble of power’ that seals off bad news and hostile opinions. Many top decision-makers never have to deal with detailed day-to-day decision-making. They look only at the big picture. The combination of power and distance from actual events seems to make powerful people more certain that they are correct. They

are lulled into a sense of mastery by their isolation from challenge, and from the actual evidence that would contradict their decisions.

In the UK we have what is known as the Westminster bubble, where a group of mostly wealthy politicians, advisers, bureaucrats, and journalists, surround themselves with people who are equally wealthy. They don't work at food banks or in homeless shelters, so they have no real understanding of the challenges faced by the poorest people, and no incentive to take any interest.

Modern societies and, in particular, businesses, are becoming ever more complex. Investigations into the financial crisis of 2008 clearly showed that no one in the financial system had a complete picture of the overall risks. All risk calculations were confined to slices of financial activity.<sup>(11)</sup> This was true in both Britain and the US. The evidence suggests that this level of complexity is unmanageable. Humans do not seem able to cope with it.

There are many other psychological issues that have been noted by researchers which may be relevant to corporate settings. For example, **diffusion of responsibility** is where no one takes responsibility for something because everyone else assumes that someone else is responsible. The more complex an organisation is, the easier it is to pass the buck and blame others when problems arise.

Can we do anything about these psychological issues?

Current corporate and political arrangements ignore all of the psychological issues that have been discussed in these two posts. Groups of key decision-makers are surrounded by like-minded thinkers and therefore develop extreme views. They are over-confident, too distant from the consequences of their decisions, and oblivious to ethical issues. Employees try so hard to be obedient and to conform that they too turn a blind eye to ethical issues, and assume that if something is seriously wrong then someone else must be dealing with it.

The science of psychology, and its application to the real world, is still in its infancy. There is some discussion in business or management magazine<sup>(12)</sup> but it tends to be superficial. However, awareness of psychological issues could be used to help re-structure organisations in the future, in way that might make them work much better for people and society.

If we accept that power and/or money seriously corrupts decision-making, then we have to remove financial incentives from decisions, and ensure that no individual or organisation has too much power. If complexity is making life unmanageable, we can simplify many things, including the structure of companies. If distance affects our judgement, then we have to ensure that decision-makers are closer to outcomes, which might require us to break up the biggest companies.

Unfortunately, at the moment, lawyers and financial advisors for big companies actively do the opposite, trying to make them bigger, more complex, less transparent and less accountable, and therefore more risky, more unmanageable, and with ever more power in fewer hands.

Minimising Obedience, Conformity and Groupthink

Overcoming the issues discussed in the previous post, such as obedience, conformity,

groupthink, denial or confirmation bias is probably more difficult, as they are psychological traits that have evolved over many generations to enable us to make life more bearable. However, it might be possible to weaken their effects by changing the way that children are taught, and changing the way that workplaces operate.

During some of the experiments discussed in the previous post, researchers found that small changes in experimental set-ups often led to very different outcomes. With the groupthink research, it only took one dissenting opinion to give other people the confidence to express their doubts about a particular course of action. Similarly, in the obedience experiments, if participants witnessed other people giving shocks, obedience was much higher. However, obedience declined considerably if there was a single other person who refused to give shocks. If we encourage independent thinking, alternative opinions and dissenting voices from a young age, and throughout people's lives, then it might make a difference to how organisations operate.

### Bypass Information From The Powerful – Stop Reading Mainstream Newspapers

These psychological issues have their worst effects when powerful people are trying to manipulate us in the first place, using propaganda to justify wars, corporate crimes, or economic policies that enrich the rich. People with power don't want these things to change. They like obedience and conformity. They like having a population that is in denial about war crimes, and the criminal nature of the corporate system. To bring about serious change will require minimising the ability of those with power to manipulate us in the first place.

For this reason, most people will have to completely change the way they obtain and interpret information, to bypass sources that are biased towards the powerful. As we saw in earlier posts, most of the information in mainstream newspapers is government and corporate press releases, so you will never understand the world if that is all you read.

People need to learn to be more questioning of all information, whatever the source, and of their bosses, of their places of employment, and of ideas more generally. Above all we need to encourage people to keep asking questions, and to help people work out the right questions. This will require teaching people these skills when they are young, so that the default response is to question everything, rather than to believe propaganda.

It is also important to encourage people to have values, to think about what they believe in, and to encourage people to stand up for their beliefs. When we see crimes or unethical behaviour all around us, we have to be prepared to speak out.

In many of these posts I do not discuss solutions, because they are so obvious – we simply need to stop doing things like war crimes. But it will be easier to make the necessary changes if we take human psychology into account. If we fail to do so, we will be stuck with a population that does not question the most obvious lies, allowing war crimes and corporate crimes. Conformism, groupthink and obedience will continue. There will be few whistleblowers, and poor policies. We will know that we are making progress when our societies celebrate conscientious objectors more than soldiers, and when we celebrate whistleblowers instead of punishing them.

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*Rod Driver is a part-time academic who is particularly interested in de-bunking modern-day US and British propaganda. This is the twentieth in a series entitled Elephants In The Room, which attempts to provide a beginners guide to understanding what's really going on in relation to war, terrorism, economics and poverty, without the nonsense in the mainstream media.*

## Notes

1) Upton Sinclair, 1934, discussed at <https://quoteinvestigator.com/2017/11/30/salary/>

2) Joris Lammers et al, 'Power increases Hypocrisy: Moralizing in Reasoning, Immorality in Behaviour', *Psychological Science*, 16 April 2010, at <https://journals.sagepub.com/doi/10.1177/0956797610368810>

3) Deborah H. Gruenfeld, 'Status, Ideology and Integrative Complexity on the Supreme Court: Rethinking the Politics of Political Decision-Making', *Journal of Personality and Social Psychology*, 1995, 68(1) pp.5 – 20

4) S. Goodwin, et al, 'Power can bias impression processes: Stereotyping Subordinates by Default and by Design', *Group Processes and Intergroup Relations*, 2000, 3(3), 227 – 256

5) K.D.Vohs et al, 'The Psychological Consequences of Money', *Science*, 2006, 314(5802), pp.1154 – 1156

6) Michael J. Sandel, *What Money Can't Buy: The Moral Limits of Markets*

Richard Titmuss, *The Gift Relationship*

7) B.S. Frey and F. Oberholzer-Ghee, 'The Cost of Price Incentives: An Empirical Analysis of Motivation Crowding-Out', *American Economic Review*, 1997, 87(4) pp. 756 – 755

U. Gneezy and A. Rustichini, 'A Fine is a Price', *Journal of Legal Studies*, 2000, 29(1) pp.1 – 17

8) Margaret Heffernan, *Wilful Blindness: Why we ignore the obvious at our peril*, 2011, p.257, paraphrasing the philosopher Edmund Burke

9) Margaret Heffernan, *Wilful Blindness: Why we ignore the obvious at our peril*, 2011, p.238

10) S. Milgram, *Obedience to Authority*, 1974

11) John Snow, Testimony before congress, in 'The financial crisis and the Role of federal Regulators', Committee on Oversight and Government Reform, 23 Oct 2008, at <https://ia802904.us.archive.org/30/items/gov.gpo.fdsys.CHRG-110hhr55764/CHRG-110hhr55764.pdf>

12) Ryan Smerek, 'How to overcome conformity by "getting at the truth"', *Psychology Today*, 6 July 2020 <https://www.psychologytoday.com/gb/blog/learning-work/202007/how-overcome-conformity-getting-the-truth>

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