ZEROING IN ON THE DARK SIDE OF THE AMERICAN DREAM: A Closer Look at the Negative Consequences of the Goal for Financial Success

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Abstract—Recent research has demonstrated that aspiring to the American Dream of financial success has negative consequences for various aspects of psychological well-being. The present longitudinal study examining the relation between the goal for financial success, attainment of that goal, and satisfaction with various life domains found that the negative impact of the goal for financial success on overall life satisfaction diminished as household income increased. The negative consequences of the goal for financial success seemed to be limited to those specific life domains that either concerned relationships with other people or involved income-producing activities, such as one’s job; satisfactions with two of those life domains, however, were among the strongest predictors of overall life satisfaction in this sample of well-educated respondents in their late 30s. The negative consequences were particularly severe for the domain of family life; the stronger the goal for financial success, the lower the satisfaction with family life, regardless of household income.

They’ve bought the BMW, and they have the $3 million Mill Valley house. And they still wake up in the morning and say, “I don’t feel good about myself.” —San Francisco Bay Area psychologist Stephen Goldbart, co-founder of the Money, Meaning, and Choices Institute (quoted in Perspectives 2000, 2000/2001, p. 96)

Anecdotes like this one suggest that aspiring to and achieving the American Dream of financial success may have a dark side. Instead of leading to the expected increase in subjective well-being, aspiring to and achieving financial success may have negative psychological consequences, such as depression, anxiety, lessened self-esteem, and dissatisfaction with life. These consequences would come as no surprise to humanistic psychologists (e.g., Fromm, 1976; Maslow, 1956, 1970; Rogers, 1961, 1963), whose theories suggest that pursuing goals based on extrinsic rewards, the contingent approval of other people, and “having” instead of “being” distract the individual from the meaningful aspects of life, hinder the individual from achieving his or her inherent potential as a human being, and lead to psychological distress. These consequences would not be predicted, however, by cognitive-behavioral psychologists (e.g., Bandura, 1977, 1989; Carver, Lawrence, & Scheier, 1996; Locke & Latham, 1990; Seligman, 1991), whose theories emphasize that the setting and pursuit of goals, regardless of the nature of those goals, lead to satisfaction, happiness, and well-being.

To our knowledge, no empirical study has examined the relation between the goal for financial success, attainment of that goal, and subjective well-being. There are, however, three related lines of research. First, cross-sectional studies have nearly always found a positive, albeit small, relation between an individual’s income and his or her subjective well-being or happiness (see Diener, 1984, and Diener, Suh, Lucas, & Smith, 1999, for reviews). These studies, however, have not considered the goal for financial success.

Second, the consumer research literature includes a number of studies that have examined the relation between materialism and subjective well-being or perceived quality of life. Materialism is defined as an individual differences variable reflecting a high relative importance placed on the acquisition and possession of income, wealth, and material goods (Sirgy, 1998); it is usually considered a personality trait or a value, rather than a goal, neither Belk (1984, 1985), who considered materialism to be a trait, developed measures tapping three aspects of that trait—possessiveness, nongenerosity, and envy—and found that all three had negative correlations with happiness and life satisfaction in a sample of respondents that included both college students and working people. Using Belk’s measures, Wachtel and Blatt (1990) subsequently found a positive correlation between the three aspects of materialism and self-criticism in college students. Richards and Dawson (1992), who conceptualized materialism as a value and developed an alternative measure, found that materialism was negatively correlated with satisfaction with five life domains—life as a whole, fun, family life, income or standard of living, and relationships with friends—in a sample of consumers. Materialism was negatively correlated with self-esteem in a second sample of consumers.

Perhaps because they considered materialism to be a personality trait or a value, rather than a goal, neither Belk (1984, 1985) nor Richards and Dawson (1992) considered the possible effect of goal attainment on subjective well-being. On the basis of aspiration theory, which asserts that subjective well-being is a reflection of the discrepancy between aspirations and attainments (Andrews & Withey, 1976; Campbell, Converse, & Rodgers, 1976; McGill, 1967; Michalos, 1980, 1985; Wilson, 1960/1961), La Barbera and Gürhan (1997) hypothesized that highly materialistic people with lower incomes have lower levels of subjective well-being than highly materialistic people with higher incomes. Materialism was assessed using Belk’s (1984, 1985) nongenerosity and envy measures and Ward and Wackman’s (1971) measure of orientation toward money and possessions; subjective well-being was assessed using an index of “general affect.” All three measures of materialism had negative correlations with general affect; income had a positive correlation with general affect. Income moderated the effect of nongenerosity and the effect of orientation toward money and possessions on general affect in the manner hypothesized.

Third, research on motivation has recently begun to consider the effects on subjective well-being of having and pursuing various kinds of goals, including the goal for money or, more generally, financial success. For example, Kasser and Ryan (1999) found that the relative importance of the goal for financial success was negatively correlated with self-esteem, vitality, and self-actualization and positively corre-
lated with depression and anxiety in college students. In a more heterogeneous group of adolescents drawn from the community, the relative importance of the goal for financial success was negatively correlated with global functioning and social productivity and positively correlated with behavior disorders. Similarly, Chan and Joseph’s (2000) study of college students in England found that the importance of the goal for financial success was negatively correlated with happiness, self-actualization, and self-esteem. Diener and Oishi’s (2000) study of college students from 41 nations found that the importance of money was negatively correlated with life satisfaction.

None of these researchers, however, considered whether achieving financial success might moderate the generally negative consequences of the goal for financial success, perhaps because of the difficulty of obtaining the data to do so. Achieving financial success is a long-term process for most individuals, and so an examination of the relation between the goal for financial success, attainment of that goal, and subjective well-being requires a longitudinal study of a duration sufficient to allow individuals to achieve or to make substantial progress toward that goal. All three studies were concurrent. The study by La Barbera and Gürhan (1997), in which income was found to moderate the effect of materialism on subjective well-being, was also concurrent, and so its results, although suggestive, are not as convincing as those of a longitudinal study would be.

We are fortunate to have access to a longitudinal data set that contains information about the importance of financial success for individuals at the time of college entry, coupled with information about their goal attainment and subjective well-being about 19 years later. The data set is large, containing information for more than 12,000 individuals, a considerable advantage given the difficulty of detecting moderator effects in field studies (McClelland & Judd, 1993). The information about subjective well-being consists of a set of measures assessing overall life satisfaction and satisfaction with six specific life domains. Most studies examining the effects of materialism or the goal for financial success have focused on global aspects of subjective well-being, such as happiness, depression, and self-esteem. Accordingly, in order to zero in on the negative consequences of the goal for financial success found by previous researchers, we first determined whether goal attainment—household income—moderated those consequences for overall life satisfaction, as suggested by La Barbera and Gürhan’s (1997) study of materialism. We then investigated whether the goal for financial success had negative consequences for more narrowly defined life domains, as suggested by Richins and Dawson’s (1992) study of materialism, and if so, whether goal attainment moderated those consequences.

METHOD

Study Sample

The individuals in this study were drawn from the 1976 entering freshman classes of 21 academically selective institutions, including 4 large public universities and 17 private colleges and universities. Information about these individuals is available in two linked databases. The College and Beyond database (Bowen & Bok, 1998) was developed by the Andrew W. Mellon Foundation to facilitate study of the long-term consequences of attending academically selective institutions in the United States. This database contains the responses to a survey conducted in 1995 through 1997 to collect information regarding the respondent’s educational history, employment history, retrospective views of college, civic activities, satisfaction with various aspects of life, and sociodemographic characteristics. The American Freshman database (Astin, King, & Richardson, 1976) was developed by the Higher Education Research Institute at the University of California at Los Angeles, which administers the Cooperative Institutional Research Program. This program surveys entering freshmen at several hundred colleges and universities across the United States each year, collecting information regarding respondents’ educational and career plans, life goals and values, self-ratings of abilities and personality traits, opinions on various social and educational issues, and sociodemographic characteristics.

The College and Beyond survey sample consisted of all members of the 1976 entering freshman classes of the 17 private colleges and universities and a sample of about 2,000 members of the 1976 entering freshman classes of the 4 public universities; each public-university sample consisted of all known minority students, all college athletic-letter winners, all students with a composite Scholastic Aptitude Test score of 1350 or greater, and a random sample of the other members of the class. The total number of individuals in the survey sample equaled 23,597. Of these, 16,632 (70%) completed the College and Beyond survey. Through the linking mechanism, it was possible to identify 17,734 (75%) of the individuals in the survey sample as having completed The American Freshman survey at college entry. Information from both surveys was available for 12,894 (55%) of the individuals in the survey sample. These 12,894 individuals constituted the sample used in this study, although any particular analysis may have been based on fewer individuals because of missing values for one or more of the variables in the analysis.

Variables

Predictor variables

One of the predictor variables, the goal for financial success (financial goal), was drawn from The American Freshman survey. At college entry in 1976, respondents rated “the importance to you personally of being very well off financially” on a 4-point scale where 1 = not important, 2 = somewhat important, 3 = very important, and 4 = essential. The other predictor variable, household income, was drawn from the College and Beyond survey. Respondents indicated

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1. Materialism and the goal for financial success are usually measured with multi-item scales (e.g., Belk, 1984, 1985; Kasser & Ryan, 1993; Richins & Dawson, 1992; Ward & Wackman, 1971). In this study, financial goal was assessed with only a single survey item, raising concerns about the psychometric properties of this variable. The American Freshman database provides no direct evidence for the reliability or validity of financial goal; however, there is some indirect evidence. For example, respondents were asked to indicate the importance of each of 11 reasons for their decisions to attend college. The correlation between financial goal and the reason “to be able to make more money” equaled .51, indicating reasonable convergent validity given that one might attain this goal by inheriting money, marrying money, investing wisely, and so on, as well as by making more money as a result of attending college. Moreover, the correlations between financial goal and the other 10 reasons were much lower (e.g., “to make me a more cultured person,” .04; “to learn more about things that interest me,” .09; “to meet new and interesting people,” .01), suggesting reasonable divergent validity as well.
their household incomes for 1995 using the following categories: 1 = less than $1,000; 2 = $1,000 to $9,999; 3 = $10,000 to $19,999; 4 = $20,000 to $29,999; 5 = $30,000 to $49,999; 6 = $50,000 to $74,999; 7 = $75,000 to $99,999; 8 = $100,000 to $149,999; 9 = $150,000 to $199,999; and 10 = $200,000 or more. The midpoint of each category was used as the dollar value of household income. The midpoint of the open-ended 10th category was assigned the value $290,000, estimated from 1990 U.S. Census data (Bowen & Bok, 1998, pp. 357–358). Household income was defined as the total 1995 household income before taxes, including personal earned income from a job; net business, farm, or rent income; pensions or Social Security payments; dividends or interest; and income earned by the respondent’s spouse or partner.

Criterion variables

The seven criterion variables—overall life satisfaction and six domain-specific life satisfactions—were drawn from the College and Beyond survey. Respondents indicated, “in general,” how satisfied they were with “life right now” on a 5-point scale where 1 = very satisfied, 2 = somewhat satisfied, 3 = neither satisfied nor dissatisfied, 4 = somewhat dissatisfied, and 5 = very dissatisfied. Respondents also used this scale to rate their satisfaction with the current (1995) job. Additionally, respondents indicated how much satisfaction they obtained from the five other specific life domains—(a) the city or place of residence, (b) nonworking activities such as hobbies, (c) family life, (d) friendships, and (e) health and physical condition—on a 7-point scale where 1 = a very great deal, 2 = a great deal, 3 = quite a bit, 4 = a fair amount, 5 = some, 6 = a little, and 7 = none. The scales for all criterion variables were reversed for use in the analyses.

Control variables

Because there may be a temperamental predisposition for happiness (see Diener, 1984, and Diener et al., 1999, for reviews), and because the goal for financial success may be influenced by the socioeconomic status of the family in which an individual was raised (Kasser, Ryan, Zax, & Sameroff, 1995), two control variables—cheerfulness and parental income—were selected from The American Freshman survey. At college entry in 1976, respondents rated their cheerfulness relative to that of the average student of their own age on a 5-point scale where 1 = lowest 10%, 2 = below average, 3 = average, 4 = above average, and 5 = highest 10%. Respondents also estimated their parents’ total 1975 income before taxes using the following categories: 1 = less than $3,000; 2 = $3,000 to $3,999; 3 = $4,000 to $5,999; 4 = $6,000 to $7,999; 5 = $8,000 to $9,999; 6 = $10,000 to $12,499; 7 = $12,500 to $14,999; 8 = $15,000 to $19,999; 9 = $20,000 to $24,999; 10 = $25,000 to $29,999; 11 = $30,000 to $34,999; 12 = $35,000 to $39,999; 13 = $40,000 to $49,999; and 14 = $50,000 or more. The lower limit of each category was used as the dollar value of parental income because the data necessary to estimate the midpoint of the open-ended 14th category could not be obtained.

RESULTS

The results of the analyses are presented as a two-part sequence. The primary analysis predicted overall life satisfaction from financial goal, household income, and their interaction. This analysis was then repeated controlling for cheerfulness and for parental income. The secondary analysis repeated the three-step primary analysis for each of the six domain-specific life satisfactions. The analysis for job satisfaction used as a predictor only the portion of household income attributable to personal earned (job) income and included only respondents working full time for all of 1995, so that personal earned income represented remuneration for a comparable amount of work across respondents. For personal earned income, the midpoint of the open-ended 10th category was assigned the value $265,000, estimated from 1990 U.S. Census data (Bowen & Bok, 1998, pp. 357–358). Respondents with a personal earned income in the 1st category (less than $1,000; n = 27) were excluded from the analysis for job satisfaction because it was not clear how a respondent working full time for all of 1995 could have had such a low income.

Ordinary least squares regression was used in all analyses. Previous research has suggested that the relation between income and subjective well-being may be curvilinear, with increases in income being associated with increases in subjective well-being at lower but not at higher incomes (see Diener, 1984, and Diener et al., 1999, for reviews). Logarithmic transformations of household income, personal earned income, and parental income were used to linearize this relation.

All predictor and control variables were centered about their means prior to analysis. The reported effect of each predictor variable is a unique effect, with all other effects controlled. All predictor variables, control variables, and interactions were retained in the analyses, regardless of their statistical significance; that is, step-down procedures were not employed (Aiken & West, 1991; Cohen & Cohen, 1983, pp. 301–350; Jaccard, Turrisi, & Wan, 1990; Judd & McClelland, 1989, pp. 239–280).

Overall Life Satisfaction

The regression (n = 10,659) showed that, in general, the higher the household income, the higher the overall life satisfaction (b = 0.30456, semipartial correlation, sr = .26, r = 27.73, p < .0001). At the mean of financial goal, overall life satisfaction at the lowest and at

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<th>Table 1. Overall life satisfaction by household income and financial goal</th>
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<td>Household-income midpoint</td>
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Note. Overall life satisfaction ranged from 1, very dissatisfied, to 5, very satisfied. The values of overall life satisfaction shown were generated from simple-slope regression equations (Aiken & West, 1991, pp. 12–22). Although the table shows the household-income midpoint in dollars, the natural logarithm of the household-income midpoint was used in the analysis. n = 10,659.
the highest household income equaled 2.64 and 4.58, respectively, a difference of +1.94 on a 5-point scale.

The regression also showed that, in general, the stronger the financial goal, the lower the overall life satisfaction ($b = -0.04346, sr = -0.04, t = -4.39, p < .0001$). At the mean of household income, the overall life satisfaction at the weakest and at the strongest financial goal equaled 4.28 and 4.15, respectively, a difference of −0.13.

However, the generally negative effect of financial goal on overall life satisfaction was moderated by household income ($b = 0.04562, sr = .03, t = 3.56, p = .0004$). As Table 1 shows, at lower household incomes, respondents with a stronger financial goal had lower overall life satisfaction than respondents with a weaker financial goal, whereas at higher household incomes, there was little difference in overall life satisfaction between respondents, regardless of financial goal. Overall life satisfaction equaled 3.05 for respondents with the lowest household income and the strongest financial goal and 2.21 for respondents with the lowest household income and the weakest financial goal, a difference of −0.84. Overall life satisfaction equaled 4.56 for respondents with the highest household income and the weakest financial goal and 4.50 for respondents with the highest household income and the strongest financial goal, a difference of +0.03. This pattern of results indicated that the negative consequences of the goal for financial success for overall life satisfaction diminished as household income increased. This pattern was not altered substantially when either cheerfulness or parental income was controlled.

### Domain-Specific Life Satisfactions

The regression results for the six domain-specific life satisfactions are presented in Table 2. For none of these satisfactions was the pattern of findings substantially altered when either cheerfulness or parental income was controlled.

Table 2 shows that the higher the household income, the higher the satisfaction with all of the specific life domains except nonworking activities; similarly, the higher the personal earned income, the higher the job satisfaction.

Financial goal had either no significant effect or a significant positive effect on satisfaction with three of the six specific life domains—satisfaction with city or place of residence, satisfaction with nonworking activities, and satisfaction with health and physical condition—and a significant negative effect on the other three—satisfaction with family life, satisfaction with friendships, and job satisfaction.

As shown in Table 3, personal earned income moderated the effect of financial goal on job satisfaction in a manner similar to that whereby household income moderated the effect of financial goal on overall life satisfaction. That is, at lower incomes, respondents with a

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<th>Table 2. Regression results for the six domain-specific life satisfactions</th>
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<td>Domain-specific life satisfaction</td>
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<td>City or place of residence (n = 10,666)</td>
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<td>Nonworking activities (n = 10,662)</td>
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<td>Family life (n = 10,651)</td>
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<td>Friendships (n = 10,669)</td>
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<td>Health and physical condition (n = 10,665)</td>
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<td>Job&lt;sup&gt;c&lt;/sup&gt; (n = 7,782)</td>
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<sup>a</sup> Symbol used in the regression analysis.

<sup>b</sup> The natural logarithm of the midpoint for household or personal earned (job) income was used in the analysis.

<sup>c</sup> Only the portion of household income attributable to personal earned (job) income was used as the predictor variable.
The results of the present longitudinal study suggest that although there are indeed negative consequences of the goal for financial success, these consequences are neither as deleterious nor as pervasive as previous studies have suggested. For example, although this goal had negative consequences for overall life satisfaction, these consequences diminished as household income increased, a finding in accord with that of La Barbera and Gürhan’s (1997) concurrent study of materialism. Moreover, overall life satisfaction was on the positive side of the scale for nearly all respondents, regardless of the importance of the goal for financial success; that is, although respondents with a stronger financial goal tended to have lower overall life satisfaction than those with a weaker financial goal, especially at lower household incomes, nearly all respondents were satisfied. Finally, the positive effect of household income on overall life satisfaction was stronger than the negative effect of the goal for financial success.

Examination of the effects of the goal for financial success on satisfaction with six specific life domains suggests that these negative consequences may be limited to those life domains that either concern relationships with other people (friends, family) or involve income-producing activities, such as one’s job. However, satisfactions with two of those life domains—family life and job—were the strongest predictors of overall life satisfaction.

**DISCUSSION**

stronger financial goal had lower job satisfaction than respondents with a weaker financial goal, whereas at higher incomes, financial goal had little effect on job satisfaction, indicating that the negative consequences of the goal for financial success diminished as income increased.

The overall pattern of results obtained therefore suggests that the negative consequences of financial goal may be limited to those life domains that either concern relationships with other people or involve incoming-producing activities, such as one’s job. In regards to the former, the negative consequences seemed particularly severe for the domain of family life. As shown in Table 4, household income moderated the effect of financial goal on satisfaction with friendships, such that at lower household incomes, respondents with a stronger financial goal had lower satisfaction with friendships than respondents with a weaker financial goal, whereas at higher household incomes, financial goal had little effect on satisfaction with friendships. There was no such moderating effect of household income on satisfaction with family life; the stronger the financial goal, the lower the satisfaction with family life, regardless of household income. At the mean of household income, the difference in satisfaction with family life between respondents with the weakest financial goal and respondents with the strongest equaled about −0.23 on a 7-point scale.

Although the negative consequences of financial goal may be limited to certain life domains, a dominance analysis (Budescu, 1993) showed that two of those three domains had the most influence on overall life satisfaction in this sample of well-educated respondents in their late 30s. Specifically, the dominance analysis partitioned the variance in overall life satisfaction accounted for by the six domain-specific life satisfactions (40%) as follows: satisfaction with family life, .37; job satisfaction, .25; satisfaction with city or place of residence, .12; satisfaction with health and physical condition, .11; satisfaction with nonworking activities, .08; and satisfaction with friendships, .07—indicating that satisfaction with family life and job satisfaction were by far the two strongest predictors of overall life satisfaction.
somewhat from those of Richins and Dawson (1992), who obtained negative correlations between materialism and satisfaction with all four specific life domains that they examined: fun, family life, income or standard of living, and relationships with friends; the negative relation between materialism and satisfaction with family life was the weakest.

Three additional comments are in order. First, the respondents in this study were students who matriculated at selective colleges and universities; most of them were from affluent families with well-educated parents, and 22% had household incomes of $150,000 or more. Thus, the results obtained may not be generalizable to individuals who matriculated at less selective institutions, or who did not attend college at all. In particular, the intellectual abilities and superb educations of the respondents in this study may have afforded them more opportunities to achieve the goal to be very well off financially and hence mitigated the negative consequences of that goal.

Second, the results of the present study do not provide unequivocal support for either the humanistic theories or the cognitive-behavioral theories. For example, the humanistic theories would not have predicted that overall life satisfaction increased as household income increased. The fact that overall life satisfaction increased as household income increased for respondents for whom the goal to be very well off financially was very important or essential accords with the cognitive-behavioral theories, but the fact that these respondents were more satisfied at high household incomes than were respondents for whom this goal was not important or somewhat important does not: respondents having a stronger financial goal who have made substantial progress toward that goal would have been expected to be more satisfied than respondents with an equivalent income but a weaker financial goal. Both approaches need to be elaborated to account for the pattern of results obtained in the current study.

Third, several researchers have noted that because their studies were cross-sectional, concurrent, and correlational, no inferences about the causal relation between materialism or the goal for financial success and subjective well-being could be drawn (e.g., Belk, 1984, 1985; Kasser & Ryan, 1993; La Barbera & Gürhan, 1997). The present study was longitudinal, but we echo a similar caveat, despite the fact that we, like others, have written about the “consequences” of the goal for financial success. Inferring cause from correlational studies, even longitudinal ones such as this, is risky. That one variable—goal for financial success—precedes another variable—subjective well-being—is a necessary but not sufficient condition for the inference of cause. There is always the possibility of another variable being the causal mechanism. For example, the true cause of the psychological distress resulting from the goal for financial success perhaps could be found in the circumstances that led to the development of that goal.

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