

Can Money Buy Happiness?

The Influence of Money on Well-Being

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Abstract:

There are many factors that affect an individual's well-being, with money being one of them. Multiple sources address the correlations between income and happiness through subjects such as prosocial spending, materialism, the pursuit of intrinsic versus extrinsic values, and the effects of homelessness on physical and mental health. In many cases, money can have a negative effect on both happiness and health, especially through financial stress. In some cases, however, money may have a positive effect on happiness and health, through spending money on others, for example. This paper will investigate the varying influences of money on emotional and physical well-being.

Keywords: Money, happiness, health, materialism, prosocial spending, homelessness

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The debate on whether money can buy happiness has been a popular one for some time now, but the common belief that money in fact cannot buy happiness may be entirely false... at least under certain circumstances. So, what affect does money really have on well-being? This paper will examine the manner in which money influences emotional and physical well-being by investigating research studies concerning income, happiness and health. It will also address the underlying intrinsic and extrinsic motivations that often accompany different levels of income and influence quality of well-being.

In an industrializing world of advanced marketing, advertising, and technology, many people are constantly exposed to the money-oriented strategies used by businesses in order to influence spending. In countries like America, advertising campaigns have led people to believe the idea that “bigger is better” and “more is merrier”. People do not necessarily need an expensive car, a big house, or a million possessions to fill it with, but the idea that has been portrayed in the minds of so many through commercials, online advertisements, billboards and magazines is that an individual will be happier if they do seek out these items. The belief is that doing so will elevate one’s social status and fund their pursuit of happiness, but this thought is merely the result of marketing strategies used by businesses to sell their products to the public.

Dr. James Brusseau addresses advertising techniques and consumerism in his book “The Business Ethics Workshop”. Brusseau states that “instead of fabricating products consumers want, corporations now fabricate consumers to want their products, and that possibly violates the demand that we respect the dignity and autonomy of others.” (Brusseau, 2011, p. 608). In other

words, advertisers find ways to manipulate consumers into desiring certain products, even though the consumer may not actually need or want the particular product. There are implications in this idea that consumers do not even choose for themselves, sacrificing their own identity, when buying products. This constant cycle has driven many people to live a materialistic lifestyle of constantly seeking out and buying material objects in a hope to gain a sense of satisfaction, when in reality it is having a negative impact on their emotional and even physical well-being.

When asked why so many Americans choose to pursue materialistic lifestyles, sociology professor, Ingrid Pfoertsch, answered “because society tells us to. From the time we are little, we are exposed to the idea of materialism, especially through television” (I. Pfoertsch, personal communication, November 16, 2015). Professor Pfoertsch also added that this exposure is even more prominent in today’s society because there are more forms of media, such as the internet, that advertise to people. This process begins in childhood and continues in a constant cycle for the rest of our lives (personal communication, November 16, 2015).

Psychologists at the University of Sussex and Knox College analyzed the correlation between materialism and personal well-being and found that participants were less satisfied with their lives, had low stamina, were less likely to self-actualize (to reach one’s full potential), and were more prone to depression and anxiety (Dittmar, Bond, Hurst & Kasser, 2014). Participants were also set on the belief that the more money and possessions they acquired, the happier and more successful they would be (Dittmar, Bond, Hurst, & Kasser 2014). These results suggest that individuals who pursue materialistic lifestyles have a generally negative image of themselves and are less able to live happy and healthy lifestyles than those who choose to pursue more internal goals, such as improving one’s community through service and good deeds.

Another study conducted through the Institute for Social Research at the University of Michigan examined the correlation between the goal for financial success and life satisfaction through the longitudinal recording of educated individuals in their thirties. (Nickerson, Schwarz, Diener & Kahneman, 2003). It was found that “The negative impact of the goal for financial success on overall life satisfaction diminished as household income increased.” (Nickerson, Schwarz, Diener & Kahneman 2003, p. 531). However, this research also suggested that the individuals’ satisfaction with their family life decreased as the importance of their goal for financial success grew (Nickerson, Schwarz, Diener & Kahneman 2003). This information suggests that, although striving for financial success did not have a significantly negative impact on overall happiness once income reached a reasonably high level, individuals were less and less satisfied with their family lives as their income grew. It can then be assumed from this information that stable income levels and achievement of financial success may lead to happiness as financial stress decreases, but significantly high levels of income puts strain on families and their overall satisfaction.

When an individual is under a certain amount of financial stress, it can cause more than just poor life satisfaction. According to the Cambridge Credit Counseling Corporation, “physical responses occur inside your body when you're stressed, regardless of the cause, and they can drastically affect your body and lead to severe health issues” (Cambridge Credit Counseling Corporation, 2015, para. 9). Some of these health issues may include heart disease, high blood pressure, diabetes, and even cancer (Cambridge Credit Counseling Corporation, 2015). Therefore, the pursuit of financial success may have some serious physical health implications due to the stress of this goal. However, the health risks that are caused by financial stress may be

reduced by participating in activities such as yoga and meditation (Cambridge Credit Counseling Corporation, 2015).

The activities individuals pursue that shape their lifestyles are driven by extrinsic and intrinsic motivations. Pursuing materialism is considered extrinsic motivation because an individual is seeking happiness through extrinsic or external rewards, such as cars and money, while pursuing internal goals, such as performing acts of kindness and service for others, is considered intrinsic because an individual is seeking happiness through intrinsic or internal values that revolve around caring for others and essentially improving the state of the world.

Psychologists at the University of Missouri-Columbia conducted a series of longitudinal studies to examine happiness levels among individuals who seek out extrinsic values versus intrinsic values. They found that individuals who chose to pursue extrinsic goals were less happy than those who pursued intrinsic goals (Sheldon, Gunz, Nichols & Ferguson, 2010). However, the extrinsically motivated participants still believed that extrinsic values would provide them with a sense of happiness, regardless of the fact that doing so made them unhappy. In addition to this fact, every individual who pursued intrinsically motivated goals benefitted emotionally from doing so (Sheldon, et al. 2010). These results suggest that, while individuals who are extrinsically motivated are unhappy in comparison to intrinsically motivated individuals, they still believe that seeking out external goals will provide them with happiness. While advertising techniques may contribute to the pursuit of extrinsic goals, there is a science behind this motivation.

Researchers at Neuron examined the neurological responses of the brain while purchasing items. They found that just the thought of purchasing items floods the brain with dopamine, which is the neurotransmitter in the brain that controls pleasure and reward sensations

and regulates emotions. As a result, the brain learns to associate making purchases with feeling pleasure, which creates the illusion of an increase in happiness. However, this release of dopamine is only temporary, and it dies down once an individual has actually purchased a desired item. (Knutson, Rick, Wimmer, Prelec & Lowenstein, 2006, para 3). It is not yet understood what causes our brains to “believe” that purchasing items will make us happy, but some psychologists believe that it is simply a natural human response (Klosowski, 2013).

Regardless of the reason, pursuing extrinsic goals by purchasing items does not lead to a true increase in happiness, however it isn't solely the pursuit of extrinsic goals that results in unhappiness but the failure to seek out intrinsic goals all together. According to Randy P. Auerbach of Harvard Medical School, “the neglect of intrinsic goals ultimately thwarts the satisfaction of core, inherent psychological needs for relatedness, competence and autonomy, which in turn contributes to negative psychological outcomes including depressive symptoms” (Auerbach, as cited in GoodTherapy.org (2011), para. 1). While this suggests that ignoring intrinsic goals leads to dissatisfaction, it should also be noted that “pursuing both intrinsic and extrinsic goals can be beneficial, but not when one is at the expense of the other” (Auerbach, as cited in GoodTherapy.org (2011), para. 1). This means that individuals may find happiness through the pursuit of both intrinsic and extrinsic goals as long as one pursuit does not outweigh the other. This applies particularly to the outweighing of intrinsic goals by extrinsic goals.

Whether an individual chooses to live an extrinsically motivated lifestyle or an intrinsically motivated lifestyle, money is always a contributing factor. In fact, studies show that happiness in terms of finance is determined by what you spend your money on, versus how much money you make. Psychologists at the University of Trier in Germany examined the correlation between prosocial spending (spending money on others) and happiness among a random sample

of students. The results simply suggested that spending money on others, rather than spending money on oneself, generally provides individuals with higher levels of happiness (Geenen, Hohelüchter, Langholf & Walther, 2014).

Another group of psychologists at Springer Science and Business Media studied this same correlation between prosocial spending and happiness amongst a sample group of individuals and determined that thinking about previous acts of prosocial spending increases levels of happiness, happier individuals are more likely to participate in prosocial spending, and the more an individual recalls previous acts of prosocial spending, the more likely they are to increase the amount of prosocial spending they partake in (Aknin, Dunn & Norton, 2011). This information suggests that money can bring happiness when it is spent unselfishly, which correlates to the idea that partaking in intrinsically based activities, such as giving to others, results in high levels of happiness and emotional well-being. Furthermore, just the thought of giving to others increases levels of happiness and encourages individuals to continue giving.

It should also be noted that, given the proper circumstances, money can have a positive effect on an individual, contrary to prior information. Although an excess of money or the inability to spend it in a way that is beneficial for others may lead to unhappiness and even unhealthiness, it is still essential for survival. A homeless individual, for example, does not have access to the same health care and other health related resources as a non-homeless individual. This has a direct effect on physical health and may have an indirect effect on one's emotional health as well.

Doctors at the University of California, San Francisco interviewed almost 3,000 homeless individuals throughout the United States. Their research suggested that "homeless persons have high rates of physical illness, mental illness, substance abuse, 1- 3 and early mortality" (Kushel,



Vittinghoff, & Haas, 2001, p. 201). However, despite the fact that homeless individuals have high rates of illness, they are less likely to seek medical attention. (Kushel, Vittinghoff, & Haas, 2001). This information suggests that, although homeless people are more prone to health problems than non-homeless individuals, they are less likely to seek care for these health issues. This may be, as suggested in the text, due to the fact that homeless people are more concerned with finding food and shelter than they are with seeking care for general health concerns (Kushel, Vittinghoff, & Haas, 2001). It can therefore be assumed that homeless people would have less health issues or more access to treatment of health problems if they had a consistent income or access to health care.

In addition to the negative physical impacts that homelessness has on individuals, there are many negative psychological impacts as well. Psychologists at the Universities of Oregon and Illinois conducted a study to measure the levels of well-being among 186 homeless individuals in India, California and Oregon. They found that “homelessness is associated with problem behaviors in children, strained family relationships, higher exposure to trauma, increased anger and depression, and the negative psychological impact of social stigma” (R. Diener, 2006; E. Diener, 2006, p. 186). It can then be assumed from this information that homelessness has a negative impact on the emotional well-being of homeless individuals.

In summation of all prior information, it appears as if money may have a positive effect on happiness and health to a certain degree before leveling out or dropping. In other words, money results in happiness when it compensates for the need for survival, but it will only increase happiness to a certain degree once all needs are met. Professors at the Center for Health and Well Being of Princeton University conducted a survey of 1,000 U.S. citizens to evaluate whether money can buy happiness. They found that emotional well-being rises as income

increases. With that being said, emotional well-being ceased to rise once income reached a level of approximately \$75,000 (Kahneman & Deaton, 2010). Therefore, income may have a positive effect on emotional well-being, but only to a certain extent. It can then be inferred that the difference in happiness levels amongst an individual who makes \$7,500 per year versus \$75,000 per year is quite drastic, while the difference in happiness levels between individuals who make \$75,000 per year versus \$750,000 per year is not drastic at all.

In conclusion, money may have a positive or negative effect on both emotional and physical well-being, depending on an individual's circumstances and how they choose to spend their money. Both a lack and excess of money result in poorer emotional and potentially physical well-being, however money does have a positive effect on happiness levels, either when income is steady enough to fulfill basic needs but not excessive or when money is spent giving gifts to others or funding charities.

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