Journal Why We Hate Rich People

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In 2009, in the midst of the Great Recession, *The New York Times'* Wealth Matters columnist Paul Sullivan wrote a column describing how the wealthiest people in America were not immune to the financial anxiety impacting everyone else. Readers flooded his inbox. Their responses were surprisingly vitriolic. Not only did readers lack empathy for the affluent, they were outraged at Sullivan for caring.

I was interviewed by Sullivan for his follow-up piece, "All This Anger Against the Rich May Be Unhealthy," in which he doubled down and examined whether or not the collective blame being placed on the rich was deserved. He also explored the potential personal downside to this anger.

For my part, I talked with Sullivan about our research on money avoidance scripts, such as "money is bad, rich people are shallow and greedy, and people become rich by taking advantage of others," and how these beliefs predict poor financial outcomes and self-destructive financial behaviors. My quotes in the piece were met with some hostile emails also, wherein I was accused of, among other things, being an apologist for the evil rich. Thanks a lot Sullivan.

This experience stuck with me. I was taken aback by the intensity of the anger toward me for reporting our research findings. At that time, "the one percent" were being called out as sociopaths who rigged the system and were responsible for the economic collapse. An avalanche of hostility was being unleashed on the rich. Classic stereotypes about the wealthy reemerged with vigor, including assertions that rich people are evil and lack character, don't want to pay their fair share of taxes, are old money and don't deserve their wealth, etc. The problem, of course, is that these are caricatures. Many of the wealthy are good people, work hard, had humble upbringings, and do not begrudge paying their fair share of taxes. But could there be some merit to these stereotypes? Like any good researcher, I saw these questions as hypotheses that needed to be tested.

My curiosity grew, and in a follow-up conversation with Sullivan a few months later we decided to collaborate on a research project exploring the topic in more depth. We recruited more than 1,000 subjects from financial planning firms and examined these stereotypes and more, as well as the psychological differences between the ultra-wealthy and mass affluent in our sample.

We reported our findings in a paper titled, "The Wealthy: A Financial Psychological Profile," published in the *Consulting Psychology Journal*, and Sullivan included some of the findings in his 2016 book, *The Thin Green Line: The Money Secrets of the Super Wealthy*.

After a review of the literature, we identified three psychological constructs that help explain the feelings of resentment commonly felt toward wealthier individuals: (1) money ambivalence and cognitive dissonance; (2) the psychology of envy; and (3) the theory of relative deprivation.

Money Ambivalence and Cognitive Dissonance

Research I published with Sonya Britt in the November 2012 issue of the Journal ("How Clients' Money Scripts Predict Their Financial Behaviors") showed that individuals who endorse anti-wealth beliefs, such as "rich people are greedy" or "money corrupts," are also significantly more likely to hold money worship scripts, such as "you can never have enough money" and "more money will make you happier." These beliefs appear to stand in stark contrast to one another. How can someone hate rich people and at the same time want to become rich?

Simultaneously loving and hating a person, place, or thing, is defined as ambivalence. We refer to having contradictory beliefs around money as *money ambivalence*. Being pulled in two different directions can create intense psychological discomfort. To ease this discomfort, we are inclined to pick the more convenient side of the argument and then reinforce our beliefs in favor and discount evidence to the contrary.

Our mental attempts to ease our discomfort are described as cognitive dissonance. It is easier to change one's beliefs than to change one's financial status, so to alleviate our psychological discomfort we champion negative beliefs about the wealthy.

If wealthy people are of a less desirable character, it is easier to feel good about not being one of them. We then go on a confirmatory biased search for information supporting our belief and ignore or discount information to the contrary. Ultimately, taking a position that disparages those who have more than us can allow us to feel better about ourselves.

Psychology of Envy

Envy is "an unpleasant, often painful emotion characterized by feelings of inferiority, hostility, and resentment produced by an awareness of another person or group of persons who enjoy a desired possession, position, attribute, or quality of being," according to the 2007 paper by Richard Smith and Sung Hee Kim, "Comprehending Envy," published in *Psychological Bulletin*.

When we feel envious, we resent that the target of our envy has access to something we don't. Our envy intensifies the more closely that desired attribute is connected to our self-worth. At our core, when we feel envy, we feel inferior.

Envy is also rooted in a sense of injustice. Not only do we resent the person we envy, we believe the target of our envy is not deserving of their advantage. Interestingly, our negative feelings tend to grow in intensity when those individuals share one or more of our own attributes. As such, if we are a male financial planner, we are more likely to envy a more successful male financial planner, and if we grew up poor we are more likely to envy someone who is more successful than us if they also came from humble beginnings. The closer the person is to our self-image and the more closely we link what they have to our self-esteem, the worse we feel about ourselves, and the more we despise them.

Theory of Relative Deprivation

A 2007 research paper ("Income Satisfaction and Relative Deprivation: An Empirical Link," by Conchita D'Ambrosio and Joachim Frick) published in *Social Indicators Research* found that our sense of well-being is more dependent on our sense of relative deprivation than on our actual income level.

The theory of relative deprivation helps explain why people in much poorer and sometimes war-torn countries report significantly more happiness than the average American. It turns out that we do not evaluate our life satisfaction based on objective reality. In fact, our life satisfaction is a subjective evaluation based on how we compare ourselves to those around us. This has always been the case. However, a few decades ago, many of us had little exposure to what people had or didn't have outside the microcosms of our family, friends, and neighbors. In addition, there was less of a disparity between the haves and the have-nots. At most, the Sear's catalogue showed us things we didn't have but might want.

Today is very different. We are inundated by various forms of media with beautiful people having stuff or doing things we can't afford. We see the shiny new car or sprawling country estate on television. On social media we see our smiling, trim friends embracing their beautiful spouses while enjoying their exotic vacations with their perfect kids. Ugh.

Research has shown that when feelings of relative deprivation are intensified by exposure to people with higher levels of wealth, hostility, anger, and even violence toward these individuals increases (see the 2006 paper, "The Relative Deprivation-Gratification Continuum and the Attitudes of South Africans Toward Immigrants: A Test of the V-Curve Hypothesis" in the *Journal of Personality and Social Psychology*).

These psychological constructs help explain the negative feelings that many experience toward wealthier individuals. As mentioned above, a negative view toward the wealthy can be harmful to the host. The stronger the bias, the more difficult it will be for our clients to increase their income, grow their wealth, and maintain their financial health.

Interestingly, the entire concept of wealth is subjective. Some clients will create an invisible but powerful ceiling on their wealth we refer to as their financial comfort zone (FCZ). If they go above this arbitrary line, they will begin to experience significant anxiety and stress. This line becomes associated with moving away from their acceptable group or socioeconomic herd. The desire to stay closely attached to our tribe is hardwired in our prehistoric brains.

In these circumstances, financial planners are often befuddled as they watch clients self-sabotage in what appears to be an unconscious effort to avoid higher degrees of financial success. These self-destructive behaviors can manifest as pulling out investments at the wrong time, giving away money they can't afford, or making serial financial or business mistakes. In essence, their negative association with rising above their FCZ and becoming "too wealthy" acts as a psychological barrier to breaking through to a higher socioeconomic status.

With regard to the stereotypes of the one percent, our findings will not surprise fans of the classic book *The Millionaire Next Door*. There was no significant difference between the mass affluent and the ultra-wealthy in our study with regard to many of these stereotypical assumptions about the rich. For example, most went to public school, were first-generation earners, were not more reclusive, and were not more likely to be against paying their fair share of taxes. That said, we found some fascinating psychological differences between the ultra-wealthy and mass affluent. I will explore those differences in a future column to give them their due, as they can be useful for planners who are advising clients who aspire to increase their income and net worth.