

Humanomics, Envy, and Social Behavior

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Abstract: This paper critically examines Vernon Smith and Bart Wilson’s two-parameter model of “enviousness” in their humanomics framework, specifically challenging their concept of “advantageous envy.” Through phenomenological analysis grounded in classical definitions of envy from Aristotle and Adam Smith, as well as descriptive accounts of envy within the philosophy of emotion, I identify seven essential characteristics that define envy’s structure and demonstrate that Smith and Wilson’s second parameter violates envy’s most fundamental feature: the perceived position of inferiority. By systematically examining Helmut Schoeck’s cross-cultural evidence, I show that purported examples of advantageous envy fail to support their theoretical claims. The analysis reveals that proposer behavior in ultimatum games likely reflects pity or fear of envy rather than genuine envy, generating distinct empirical predictions for future research. This critique preserves Smith and Wilson’s valuable integration of moral philosophy and mathematical modeling while clarifying the theoretical foundations necessary for the humanomics framework’s continued development in experimental economics.

Keywords: Humanomics, Envy, Ultimatum Game, Moral Sentiments

INTRODUCTION

The ultimatum game presents one of experimental economics’ most persistent puzzles. In this two-player game, a proposer offers to split money with a responder, who either accepts (both receive their shares) or rejects (both receive nothing). Standard economic theory predicts that proposers should offer the minimum amount, and responders should accept any positive offer. Yet, experimental evidence consistently shows that proposers typically offer 40-50% of the total, while responders frequently reject “unfair” offers.

Vernon Smith and Bart Wilson’s humanomics framework represents a significant advance in the explanation of these results. In *Humanomics*, Smith and Wilson (2019) develop a two-parameter model of enviousness for ultimatum game behavior. Their model posits that responders experience “disadvantageous envy” when they receive less than proposers, while proposers experience “advantageous envy” when they receive more than responders. This bidirectional conception, grounded in Helmut Schoeck’s (1970) comprehensive study, enables Smith and Wilson’s model to capture both sides of ultimatum game interaction.

However, close examination reveals significant problems with the second parameter’s application to experimental behavior. Recent laboratory evidence suggests asymmetric responses between parameters,

which indicates that psychological processes that underlie proposer and responder behavior fundamentally may be different. If the second parameter does not represent envy, then the model's predictive capacity requires substantial revision.

My thesis is that Smith and Wilson's use of "advantageous envy" creates problems in the application of their humanomics model to experimental economics, which suggests that these shortcomings should be addressed to enhance the model's explanatory power. Rather than merely a minor conceptual quibble, the revision is essential for humanomics' continued development as a progressive research program.

My analysis herein proceeds through several stages. First, I examine Smith and Wilson's two-parameter model to show how their framework explains observed experimental patterns. Second, I establish phenomenological foundations to analyze envy's nature in experimental behavior. Third, I present the strongest interpretation of their model through examination of Helmut Schoeck's supporting evidence. Fourth, I demonstrate that "advantageous envy" does not align with envy's essential properties. Fifth, I show how the pity-envy distinction affects ultimatum game predictions. Finally, I propose alternative interpretations of the second parameter that more accurately capture psychological mechanisms that underlie proposer behavior, which improves the model's explanatory power.

THE CHALLENGE TO TRADITIONAL ECONOMIC THEORY

During the past four decades, experimental economics has challenged the fundamentals of traditional rational choice theory. Since Werner Güth, Rolf Schmittberger, and Bernd Schwarze introduced the ultimatum game in 1982, economists have struggled to explain consistent deviations from standard economic models. In this sequential game, two players are assigned roles: proposer and responder. The proposer receives money (typically \$10 in experiments) and must offer to split it with the responder, who can accept or reject. If accepted, both receive their shares. If rejected, both receive nothing.

Standard economic theory makes clear predictions as to the actions of each role player. The proposer, who knows that the responder ought to accept any positive offer, should offer the minimum, which typically is \$1. The responder should accept any offer greater than zero. These predictions yield a unique sub-game perfect equilibrium wherein the proposer offers \$1 and the responder accepts. However, robust experimental evidence consistently refutes these predictions. The empirical findings are striking: (i) virtually no offers above \$5 are made; (ii) 60-80 percent of offers are either \$4 or \$5; (iii) almost no offers below \$2 are made; (iv) low offers frequently are rejected, and rejection probability decreases as offers increase; and (v) these patterns hold even for high stakes.

These results, and their persistence across varied experimental conditions, suggest that traditional economic theory fails to capture essential features of human behavior and motivation. As Colin Camerer observed, "The data falsify the assumption that players maximize their own payoffs as clearly as experimental data can" (2003, p. 43).

THE HUMANOMICS SOLUTION

The ultimatum game evidence generated numerous theoretical responses. Economists developed social preference models, fairness theories, reciprocity frameworks, and inequality aversion models. Although these approaches explained specific results, they often lacked unified theoretical foundations and relied upon post hoc utility function modifications. As Smith and Wilson observe, these economists' reactions were "explanations without a support framework of social theory" that emerged as responses to surprising findings rather than independent theoretical developments with broader predictive power.

Smith and Wilson's approach in *Humanomics* (2019) was much more than merely another ad hoc modification; rather, they developed a comprehensive theoretical framework grounded in Adam Smith's *Theory of Moral Sentiments* (1759). Their key insight was that human economic behavior cannot be

understood without accounting for moral sentiments that fundamentally shape the ways that individuals experience and respond to socio-economic situations.

Smith and Wilson's theory of "enviousness" represents sophisticated integration of moral psychology and mathematical models. They define enviousness as "self-centered aversion to differences in outcomes"; the definition captures psychological discomfort that individuals experience when they face inequality, whether advantageous or disadvantageous. This definition deliberately is "self-centered" because it focuses on the gap between one's own payoff and another's payoff, and avoids concerns about overall distributive justice. Their model incorporates two key parameters. The first, α , represents "disadvantageous envy"—discomfort when a person is worse off than others. The second, β , represents "advantageous envy"—discomfort when a person is better off than others.

Smith and Wilson's model rests upon several key assumptions. First, individuals possess aversion to unequal outcomes, regardless of relative advantage or disadvantage. Second, individuals generally suffer greater discomfort when they experience disadvantageous inequality versus advantageous inequality; this second assumption captures loss aversion within social comparisons. Third, individuals derive no positive utility purely from financial superiority over others, which rules out persons who inherently like being better off. This third assumption implies an upper bound to costs that individuals would incur to diminish advantageous envy. Conversely, no such bound exists for costs to alleviate disadvantageous envy. This asymmetry becomes crucial to understand different behavioral patterns between proposers and responders.

MODEL BENEFITS AND THEORETICAL ADVANCES

The enviousness theory provides compelling accounts for observed experimental patterns. For responders, disutility from disadvantageous inequality explains their rejection of low offers considered to be comparatively unfair. When they face a \$2 offer that allows the proposer to keep \$8, responders experience significant disadvantageous envy that may outweigh positive utility from monetary gain, with the concomitant result that an offer below certain levels is rejected despite positive value. For proposers, the model explains generous offers through advantageous envy. Proposers anticipate that their retention of disproportionate shares will create their own discomfort from advantageous inequality. Thus, proposers are motivated to offer significant shares at or near 50% even when smaller offers might be accepted. As a result, proposer advantageous envy constrains exploitative behavior, which leads to observed generous offers.

Smith and Wilson's approach represents at least two significant advances beyond previous explanations. First, mathematical formulation demonstrates explanatory power. Their theory of enviousness accounts for major stylized facts: no offers above \$5, high acceptance rates for \$5 offers, and high rejection rates for very low offers. Predictions align closely with experimental observations, which provide superior explanations compared to rational choice theory. Second, unlike ad hoc utility modifications or "fairness" appeals, their model provides a systematic framework that is grounded in Adam Smith's moral sentiments theory. The enviousness model offers unified explanation for both proposer and responder behavior, and thus avoids separate theories for each role.

Despite these advances, careful examination reveals potential concerns regarding the second parameter of advantageous envy. Empirical evidence from over 40 years of ultimatum game results suggests asymmetric responses between disadvantageous and advantageous envy, which indicates that the psychological processes that underlie proposer and responder behavior, respectively, may fundamentally be different. If scrutiny of the second parameter's theoretical foundation calls into question the model's explanatory power and its applications to other experimental contexts, this parameter may benefit from substantial revision.

SCHOECK AND THE SEARCH FOR ADVANTAGEOUS ENVY

The architecture of Smith and Wilson's theory enables us to probe a crucial phenomenological claim: does the second parameter (advantageous envy) deserve the label "envy"? Smith and Wilson ground their theory upon Helmut Schoeck's influential book, *Envy: A Theory of Social Behaviour* (1969). Schoeck's comprehensive study offers broad historical, cultural, and theoretical analysis of envy and details its potentially destructive social consequences. Simultaneously, it advances the thesis that envy, when appropriately "domesticated and canalized," serves as a critical precondition for social coexistence and civilizational progress.

Smith and Wilson draw upon Schoeck's framework to support their claim that individuals "experience envy if they are worse off [...] and they also feel envy of others if they are better off." This interpretation suggests that envy operates bidirectionally, i.e., not only do people envy those who have more, but people who have more also experience envy directed toward those who have less. This bidirectional interpretation, if correct, would provide strong empirical support for their second parameter and establish their model on solid anthropological foundations.

Smith and Wilson's heavy reliance on Schoeck is evident in their assertion that there are "numerous examples" in Schoeck's book that support their second parameter, although they fail to specify which examples are pertinent (2019, p. 51 fn. 7). Such reliance necessitates systematic scrutiny of evidence purportedly drawn from Schoeck's cross-cultural analysis. If their second parameter lacks support from their primary scholarly source, then their model's theoretical foundation becomes questionable.

Unfortunately, systematic examination of Schoeck's extensive work reveals a striking absence of clear examples to support their advantageous envy parameter. Throughout Schoeck's analysis that spans diverse cultures and historical periods, several examples initially appear relevant to the notion that objectively better-off individuals might envy objectively worse-off individuals. However, Schoeck consistently explains these cases through alternative mechanisms that do not involve envy directed toward those in inferior positions.

Schoeck's reference to the voluntary poverty movements among medieval nobility and their modern counterparts—wealthy young people who adopt proletarian lifestyles—might, at first blush, arguably demonstrate advantageous envy. Yet, Schoeck explicitly attributes these phenomena to envy-avoidance, guilt, idealism, and resentment against one's own class rather than genuine envy of the poor. When upper-class individuals join revolutionary movements, Schoeck notes that "invariably there is the factor of envy-avoidance and its parallel, the bad 'social' conscience, the nagging sense of guilt" (Schoeck 1970, p. 224). He explains that wealthy young people who express discomfort with capitalism are "too well off to be able to take themselves as an example" (p. 213). Thus, Schoeck seems to believe such actions by the upper class reflect guilt rather than envy.

Schoeck's most promising example to support the second parameter describes social dynamics in a Jamaican village studied between 1950 and 1951. This mountain village was inhabited by independent, competitively-minded villagers whose primary motives included "the accumulation of money and land." Despite stable economic conditions in which "about 80 per cent of the inhabitants earn a tolerable livelihood," the study revealed a remarkable psychological pattern: "No matter how 'independent' (wealthy) a person might be, he generally believes that everyone else, no matter how obviously poor, is better off and has accumulated more money" (p. 48). This passage describes objectively wealthier individuals who express negative comparative judgments about objectively poorer individuals, and initially appears to provide exactly the evidence Smith and Wilson need. At face value, this example would represent clear evidence of advantageous envy, wherein the better-off envy the worse-off, precisely as Smith and Wilson's model requires.

However, closer analysis undermines the usefulness of the Jamaican village example as evidence to support advantageous envy. The text reveals that wealthier individuals harbor *delusional* beliefs about others' actual economic standing, and this delusion leads them to *perceive* themselves as comparatively

worse off than poorer individuals. Therefore, rather than an illustration of envy directed from a position of recognized advantage, the Jamaican village example demonstrates features consistent with traditional understanding of envy, to wit: (1) envy can be intertwined with significant cognitive distortions regarding social reality; and (2) envy is grounded fundamentally in *perceived* disadvantage relative to the envied party, irrespective of objective facts. The envy originates precisely from the *belief* of being in a worse position. Although this scenario aligns with disadvantageous envy (perhaps intensified by delusion), it fails to provide evidence for the second parameter that Smith and Wilson require.

Here is the conclusion from the foregoing: even the strongest possible case (Jamaican village) from Schoeck's comprehensive cross-cultural analysis fails to yield convincing evidence for advantageous envy, and such failure raises fundamental questions about the empirical foundation of Smith and Wilson's second parameter. If extensive documentation of envy across diverse cultures and historical periods cannot produce clear examples of objectively better-off individuals who envy objectively worse-off individuals, this dearth of evidence suggests that the phenomenon may not exist with sufficient frequency or clarity to justify its inclusion in experimental economic models.

THE PHENOMENOLOGICAL METHOD AS ANALYTICAL TOOL

To address these empirical and theoretical challenges, my analysis employs a phenomenological approach, i.e., a methodological framework that examines the first-person subjective experience of moral sentiments as they actually occur in human consciousness. Phenomenology provides a rigorous philosophical method to analyze the internal structure of experience: how sentiments arise, what triggers them, how they direct attention and action, and how they feel from the perspective of the subject who experiences them.

The phenomenological approach offers several analytical advantages that make it particularly suitable to refine Smith and Wilson's model. First, it integrates subjective, agent-relative considerations within a well-developed philosophical literature, which provides methodological rigor for examination of the internal structure of moral sentiments.¹ Second, it directly contrasts with behavioral approaches that focus primarily on neurobiological causes and external behavioral manipulation; in so doing, it aligns with Vernon Smith's distinction between "moral sentiments" and purely behavioral explanations. Third, as Bart Wilson emphasizes in his 2024 work *Meaningful Economics*, mental phenomena "cannot be reduced to the objects of the physical world" (p. 62). In sum, phenomenology's analytical advantages provide a framework to distinguish between mere behavioral responses and meaningful action guided by moral understanding. It avoids the sort of theorizing or philosophizing that divert attention away from predicating something about an actual substantive, e.g., a person.

Finally, and most importantly for my analysis, phenomenology provides an authoritative philosophical framework to understand why asymmetries between different moral sentiments theoretically would be significant. Through examination of the intentional structure of emotions—how they direct consciousness toward their objects, and what kinds of objects they can have—phenomenology may illuminate whether different inequality responses stem from the same underlying sentiment or whether they represent distinct psychological phenomena.

THE SENTIMENT/PASSION DISTINCTION

Before we analyze specific moral sentiments, it is essential to clarify what is meant by examination of envy as a sentiment rather than merely as a passion. Smith and Wilson themselves draw this important distinction when they differentiate "enviousness" (the passion that dominates the mind) from the "sentiment of envy." Their analysis builds upon Adam Smith's careful distinctions between passions, sentiments, and affections. They observe, "[t]he thinking of a sentiment is the link between the feeling of a passion or emotion and the actions we are thus prompted to take for Y having done Z" (2019, p. 25). This formulation suggests that the cognitive component inherent in sentiments mediates the transition from affective states

to resultant action. Such distinction is particularly relevant because the sentiment, by Smith and Wilson's own account, explicitly links to the action tendencies that are required to explain empirical findings in ultimatum games.

Envy can manifest across different psychological levels: as a transient passion, as an enduring sentiment, or as a stable personality trait. Existing philosophical analyses argue persuasively that the sentiment of envy is the primary trigger of action tendencies necessary to account for experimental behaviors. Furthermore, sentiments frequently are invoked as motives to explain others' actions, and the category of sentiments encompasses a psychological range broader than specific emotions that constitute their manifestations.

Sentiments exhibit longer duration than moods but generally are less stable than personality traits. They represent integrated psychological structures that combine feeling with cognitive evaluation. This integration of affect and cognition enables sentiments to motivate coherent patterns of action over time, which makes them particularly relevant to understand economic behavior patterns that persist across different contexts and repeated interactions.²

The distinction between sentiment and passion is crucial for the analysis herein, because different moral sentiments—envy, pity, fear—have different cognitive structures and, therefore, they have different behavioral implications. A passion may be fleeting and context-dependent, but a sentiment represents a more stable evaluative stance that can guide behavior across various situations. An examination of Smith and Wilson's "advantageous envy," requires us to determine not merely the emotional response that occurs but also the underlying sentiment structure that best explains the observed cognitive and behavioral patterns.

The sentiment/passion framework enables us to ask more precise questions: Does the discomfort experienced by advantageously positioned individuals reflect the sentiment of envy (with its characteristic cognitive structure of perceived inferiority and hostile action tendencies)? Or, alternatively, does it reflect different sentiments such as pity (with its structure of concern for others' welfare) or fear (with its structure of anticipated threat and defensive action tendencies)? The answers have important implications for both theoretical understanding and practical applications of Smith and Wilson's model.

THE SEVEN ESSENTIAL CHARACTERISTICS OF THE SENTIMENT "ENVY"

To evaluate whether Smith and Wilson's "advantageous envy" parameter genuinely captures envy proper, we must examine envy's essential phenomenological structure. Building upon classical definitions from Aristotle's *Rhetoric* and Adam Smith's *Theory of Moral Sentiments*, a comprehensive phenomenological analysis reveals seven essential characteristics that define the structure and experience of envy.³

The first characteristic is that envy fundamentally is predicated upon the envier's occupation of a perceived position of inferiority (regardless of whether this perception is veridical) relative to a rival who is perceived to possess or embody a superior good, state of affairs, or quality that the envier positively evaluates. Although envy commonly is understood as longing for another's possessions, its specific psychological basis lies more precisely in the subject's sense of inferiority due to perceived incapacity to attain a rival's positively-valued state of affairs. As Henri de Man (1929, p. 72) articulates: "We always envy what we do not have. This is why we try to be like those we envy because of their dissimilarity and hate because of that envy." This first characteristic is crucial because it establishes that envy necessarily involves a sense of disadvantage from the envier's perspective. Such a foundational requirement immediately calls into question any notion of "advantageous envy"—how can someone who perceives themselves as better off experience the sense of inferiority that defines envy's core structure?

The second characteristic is that envy presupposes perceived equality or comparability between the envier and the envied rival, and we might call this relation the "proximity principle." As Schoeck (1970) notes in his extensive anthropological analysis, envy typically develops among those who view themselves as equals and is usually directed only toward persons with whom it has been possible to compete. The

proximity principle helps to explain why envy often is most intense within similar social groups, professional contexts, or communities wherein meaningful comparison is possible.

The third characteristic is that envy manifests in distinct forms commonly categorized as either “benign” or “invidious,” although genuine envy invariably incorporates a hostile attitude toward the rival; such hostility may remain latent or unexpressed. Although so-called benign envy may appear closer to admiration (consistent with Max Scheler’s (2010, p. 42) analysis), the defining feature that distinguishes envy from mere emulation is this underlying hostility, i.e., the desire not simply to possess what another has, but to see them deprived of their advantage.⁴

The fourth characteristic is that envy frequently becomes entangled with perceptions of injustice and related moral emotions such as indignation and resentment. Although resentment fundamentally is a response to perceived wrongs, envy can incorporate blame when enviers attribute their distress to the perceived ill will or unfair advantage of the rival. Such incorporation creates complex affective states that blend envy with moral indignation, particularly when another’s superior position is framed as fundamentally unjust or undeserved.⁵

The fifth characteristic is that envy frequently involves distorted cognitions, including delusional beliefs regarding the rival’s responsibility for the envier’s perceived shortcoming. This distortion involves the “causal delusion” in envy, as identified by Schoeck (1969, pp. 17-18), which is the envious person’s conviction that the envied person’s prosperity is somehow to blame for the subject’s deprivation. Max Scheler (2010, p. 30) suggests that this delusion includes misinterpretation of one’s “factual inability to acquire a good [...] as a positive action against our desire.”

The sixth characteristic is that envy is associated intimately with Schadenfreude—the distinct pleasure experienced when the envied rival suffers a setback or diminution of their advantage. This correlation reflects envy’s essentially destructive, rather than constructive, motivation: the envier’s satisfaction derives not from improvement of their own position but, rather, from witnessing the rival’s decline. Schadenfreude can arise through various mechanisms that contribute to the rival’s misfortune, including impersonal forces or the envier’s own direct or indirect actions.

The seventh characteristic is that envy typically manifests indirectly through various vague or ambiguous expressions rather than overt declarations, i.e., the envious rarely, if ever, explicitly acknowledge their envy. This pattern reflects both the social opprobrium attached to direct expressions of envy in most cultures and the psychological pain of a public admission of a state of perceived inferiority. Consequently, envy most often appears through subtle criticisms, disparagement, feigned indifference, or the adoption of ostensibly legitimate moral emotions such as indignation or resentment. This indirect manifestation explains why envy often masquerades as moral critique or principled opposition, which makes it particularly difficult to identify and address in both individual and collective contexts.

HOW THESE CHARACTERISTICS EFFECTIVELY DIFFERENTIATE ENVY FROM OTHER SIMILAR EMOTIONS

The seven characteristics function as a comprehensive diagnostic framework that distinguishes envy from conceptually related emotions through specific combinations of features. Envy versus emulation is differentiated primarily by the third characteristic, i.e., envy involves underlying hostility toward the rival. Although emulation involves admiration of another’s achievements and pursuit of self-improvement to match them, envy fundamentally includes the desire to see the rival deprived of their advantage. This hostility explains why envy, unlike emulation, tends to discourage constructive action and, instead, fosters destructive impulses.

Envy versus greed is distinguished by the second characteristic, in particular envy’s requirement of comparability and proximity to a specific rival. Greed represents general acquisitive desire for more resources without any necessary reference to others’ holdings. Conversely, envy inherently is relational and

comparative, because it focuses specifically on the possessions of a particular rival rather than on accumulation of possessions per se.

The distinction between envy and jealousy centers on the first characteristic, in particular the perceived inferiority inherent in envy. Jealousy typically manifests as protective anxiety about losing something one already possesses (such as a romantic partner or social position), whereas envy stems from the painful recognition of a lack of something that the rival possesses.

Envy versus resentment reveals a more complex relationship, as reflected by the fourth characteristic. Although these two emotions can overlap, resentment primarily responds to perceived injuries or wrongs inflicted by others, whereas envy can exist without any wrongdoing simply because another possesses advantages. Pure envy focuses on the rival's superior position rather than on specific harmful actions.

The relationship between envy, on one hand, and indignation and righteous anger, on the other hand, is clarified by the seventh characteristic (indirect manifestation) combined with the fifth characteristic (distorted cognitions). Genuine moral indignation typically involves principled objections expressed openly, whereas envy often masquerades as righteous anger precisely because the latter is socially acceptable. Envy disguised as indignation reveals itself through its focus on the rival's undeserved advantages rather than on abstract principles.

Finally, envy versus admiration is distinguished by the sixth characteristic—the association with Schadenfreude. Admiration involves genuinely positive feelings toward another's qualities or achievements, and such admiration would produce disappointment if the admired person suffered setbacks. In contrast, envy generates secret satisfaction when the rival experiences misfortune, which reveals its true nature fundamentally to be destructive rather than appreciative.

The aforesaid distinctions demonstrate that although envy may share individual features with related emotions, it requires the specific convergence of perceived inferiority, proximity to rivals, underlying hostility, and tendencies toward indirect expression and cognitive distortion that collectively define its unique phenomenological structure.

A REEVALUATION OF SMITH AND WILSON'S THEORY OF ENVIIOUSNESS

Having established these seven essential characteristics and demonstrated phenomenologically how they effectively differentiate envy from other similar sentiments, we now can evaluate Smith and Wilson's theory of enviousness in experimental economics. The analysis strongly supports the conclusion that their first parameter—disadvantageous envy—genuinely captures envy proper when applied to ultimatum game behavior.

When a proposer offers an unequal split and the responder rejects it (foregoing monetary gain to prevent the proposer from receipt of a larger share than responder), the responder's behavior aligns closely with our phenomenological analysis. The responder occupies a perceived position of inferiority (first characteristic) through recognition that they would receive less than the proposer. The experimental context creates necessary comparability (second characteristic) between participants in the same game. The rejection behavior demonstrates underlying hostility toward the rival (third characteristic), specifically that the responder would rather see the proposer receive nothing than accept their own subordinate position. This hostile response often involves implicit judgments about fairness (fourth characteristic) and, simultaneously, the responder may engage in cognitive distortions about the proposer's intentions (fifth characteristic). The responder likely experiences satisfaction when both parties receive nothing (sixth characteristic), and typically frames rejection in terms of fairness rather than an admission of envious motivations (seventh characteristic).

Importantly, however, this phenomenological analysis reveals that Smith and Wilson's second parameter (advantageous envy) fundamentally is untenable as a characterization of envy proper. The parameter suffers from a phenomenological contradiction in that it violates the most essential structural feature that defines envy as a distinct moral sentiment, to wit: the perceived position of inferiority that constitutes

envy's psychological core. By definition, an individual who occupies an advantageous position and recognizes such advantage cannot simultaneously experience the sense of personal inadequacy and comparative disadvantage that grounds the envious response.

The aforesaid analysis is not merely a semantic dispute; rather, it identifies fundamental conceptual fuzziness in Smith and Wilson's theoretical framework. When someone objectively is better off and aware of their superior position, the psychological mechanisms that generate envy cannot operate. The phenomenological structure lacks the essential inferiority-based comparison that triggers envious sentiment. A wealthy individual observing poverty may experience discomfort, guilt, sympathy, or fear, but the individual cannot experience envy toward the poor because of the absence of the crucial psychological foundation—the painful recognition of their own comparative disadvantage—that makes envy possible.

The implications of these conclusions extend beyond terminological imprecision and strike at the heart of Smith and Wilson's theoretical architecture. Their model's explanatory power depends critically on the assumption that both parameters represent the same underlying sentiment that operates in opposite directions. If the second parameter cannot be characterized legitimately as envy, then their unified theory fragments into separate, potentially incompatible explanations for the behavior of proposers and responders.

Moreover, the mischaracterization involving the second parameter undermines the model's predictive validity. Different moral sentiments possess distinct cognitive structures, triggering conditions, and behavioral implications. Envy involves hostile action tendencies aimed at diminishing the rival's position and is associated with *Schadenfreude* when the rival suffers setbacks. But, if advantageously positioned individuals actually experience pity, guilt, or fear rather than envy, their behavioral responses necessarily follow entirely different patterns. Pity motivates behavior that helps others rather than hostile action. Guilt drives reparative behavior rather than rival-focused destruction. Fear generates defensive behavior rather than aggressive tendencies.

Smith and Wilson's mischaracterization of envy as a bidirectional phenomenon creates practical consequences for policy applications. If researchers assume that inequality aversion among advantaged persons operates through the same psychological mechanisms as inequality aversion among disadvantaged persons, they may design interventions that fundamentally misunderstand the motivational structures they seek to influence. In other words, the approach that addresses guilt-based responses is different than the approach that addresses envy-based responses.

The phenomenological analysis also reveals problems with the symmetry assumptions that underlie Smith and Wilson's mathematical formulation. Their model assumes that both parameters operate through similar relationships that differ primarily in magnitude. But, if the second parameter represents a different moral sentiment entirely, there is no theoretical justification for the assumption of parallel mathematical structures.

The stakes extend to Smith and Wilson's broader intellectual project. Their humanomics analysis represents an ambitious attempt to ground experimental economics in Adam Smith's moral philosophy through provision of a unified framework that explains economic behavior by means of moral sentiments rather than ad hoc utility modifications. Critically, their project depends on accurate identification and characterization of the relevant moral sentiments. If their theory mislabels pity as envy, then the entire theoretical edifice loses its philosophical foundation.

The phenomenological contradiction in "advantageous envy" thus represents not merely a minor terminological issue; rather, it raises fundamental questions about the validity and practical applicability of Smith and Wilson's influential humanomics framework. Resolution of these questions requires systematic phenomenological analysis to identify which moral sentiment truly underlies inequality aversion among advantaged persons; thereafter, the mathematical model can be reconstructed to reflect the true psychological mechanisms at work.

PITY AND FEAR OF ENVY AS ALTERNATIVE EXPLANATIONS

The foregoing phenomenological analysis suggests that the discomfort associated with those who are advantageously positioned stems not from envy but from moral sentiments that fundamentally are different than envy. Two compelling alternative sentiments emerge: pity, and fear of envy.

Pity (or its philosophical cousin, compassion) represents a moral sentiment with a fundamentally different cognitive and motivational structure than envy, i.e., it aligns closely with the way that advantaged individuals actually experience inequality. Pity involves recognition of another's suffering or deprivation combined with sympathetic concern for their welfare, which is unlike envy's self-referential focus on comparative disadvantage. The pitying individual experiences distress not because they feel inferior (as in envy) but because they perceive another's condition as unfortunate or undeserved. As Spinoza observed in his *Political Treatise*, humans are "so constituted that they pity the unfortunate, envy the fortunate" (2000, p. 35), which is a formulation that clearly distinguishes these two sentiments' directional orientations and different objects.

The motivational structure of pity generates behavioral tendencies that align precisely with observed proposer behavior in ultimatum games. Pity motivates ameliorative action; when proposers offer generous splits approaching 50-50, it reflects the ameliorative impulse characteristic of pity rather than the destructive impulse characteristic of envy. The proposer genuinely seeks to reduce the responder's relative deprivation, not to diminish their own advantage for hostile reasons. This analysis explains why advantageously positioned individuals often engage in charitable giving, progressive taxation support, or other redistributive behaviors.

Pity also explains the temporal dynamics of inequality aversion among the advantaged. Unlike envy, which tends to be persistent and obsessive, pity can be more situational and responsive to context. When inequality becomes salient—as in ultimatum games—pity motivates corrective action. This pattern aligns with experimental evidence that shows inequality aversion among proposers is context-dependent and can be manipulated through framing effects. Moreover, pity allows for gradual satisfaction through ameliorative action; envy, in contrast, tends to be self-reinforcing and difficult to satisfy. Proposers may experience genuine satisfaction when their generous offers amelioratively address the inequality.

The second alternative is fear of envy—specifically, the advantaged individual's anxiety that their superior position will generate envious hostility from the disadvantaged. This sentiment has received insufficient attention in behavioral economics despite its significant explanatory power for inequality-averse behavior among the advantaged. Fear of envy involves a sophisticated theory of mind operation wherein the advantaged individual models the psychological responses of disadvantaged others and anticipates negative consequences such as retaliation or social ostracism. Unlike pity's concern for others' welfare, fear of envy ultimately is self-protective because it seeks to avoid negative consequences for the advantaged individual. This anticipatory structure helps to explain several puzzling features of inequality aversion among proposers in ultimatum games who hesitate to make low offers due to fear of a responder's potential hostile reaction.

The cross-cultural prevalence of envy-avoidance behaviors provides strong empirical support for fear of envy as a distinct motivational force. As documented extensively in Schoeck's anthropological analysis, cultures worldwide have developed elaborate social mechanisms to avoid the appearance of excessive advantage specifically to prevent envious responses in others. From "evil eye" beliefs prevalent across Mediterranean and Middle Eastern cultures to institutionalized modesty requirements in traditional societies, humans consistently demonstrate sophisticated awareness of envy's destructive potential and the need to avoid provocation of it.⁶

In many societies, successful individuals go to extraordinary lengths to conceal their advantages, to downplay their achievements, or to engage in conspicuous redistribution specifically to avoid triggering envy. These behaviors align precisely with observations in ultimatum games, i.e., advantaged individuals

make decisions that reduce inequality not from genuine concern for others' welfare, but from prudential recognition that excessive inequality poses risks to their own position.

Fear of envy provides a game-theoretic foundation for inequality-averse behavior that pity cannot offer. Pity represents genuinely altruistic motivation, but fear of envy involves strategic calculation about others' likely responses to inequality. This strategic dimension explains why inequality aversion among the advantaged often appears calculated or conditional rather than purely altruistic. For instance, proposers in ultimatum games typically offer just enough to avoid rejection while keeping as much as possible for themselves. This pattern suggests strategic calculation rather than pure benevolence. The proposer solves an optimization problem by maximization of their own payoff and avoidance of the risk of rejection due to envious retaliation. Such behavior aligns with fear of envy's self-protective motivation rather than with pity's concern for others.

EMPIRICAL IMPLICATIONS AND DISTINGUISHING PREDICTIONS

The two alternatives of pity and fear of envy generate distinct empirical predictions that can help researchers determine which sentiment truly underlies inequality aversion among the advantaged in specific contexts. If pity drives the behavior, we should expect to see genuine other-centered concern manifested through: (1) willingness to help disadvantaged others even when there is no risk of retaliation; (2) positive emotional responses when others' conditions improve, regardless of personal cost; (3) consistent inequality-averse behavior across anonymous and non-anonymous contexts; and (4) stronger responses to others' absolute deprivation than to relative inequality per se. If fear of envy drives the behavior, we should expect to see strategic self-protection manifested through: (1) inequality-averse behavior primarily when retaliation is possible; (2) careful calibration of redistributive actions to minimize risk rather than maximize others' welfare; (3) stronger responses in contexts wherein envious reactions are more likely or more dangerous; and (4) behavior that focuses on avoidance of provocation rather than genuine assistance to others.

The phenomenological analysis thus reveals that Smith and Wilson's "advantageous envy" parameter almost certainly captures the operation of pity, fear of envy, or some combination of these sentiments rather than envy proper. This theoretical clarification not only resolves the conceptual contradictions in their model but also opens new avenues to understand the complex motivational structures that underlie economic behavior in contexts of inequality.

CONCLUSION

My analysis herein demonstrates that Smith and Wilson's theory of enviousness requires fundamental revision due to a conceptual contradiction in their second parameter. Their characterization of the discomfort experienced by advantageously positioned individuals as "envy" violates envy's most essential structural feature, i.e., the perceived position of inferiority that constitutes its psychological foundation. The phenomenological examination reveals that proposer behavior in ultimatum games most likely reflects pity (with its ameliorative, other-concerned motivational structure) or fear of envy (with its defensive, self-protective orientation), rather than genuine envy. These alternative interpretations resolve the conceptual contradictions and generate distinct empirical predictions for future experimental research.

The implications of this analysis extend far beyond ultimatum games; in fact, Smith and Wilson's broader project that grounds behavioral economics in Adam Smith's moral philosophy deserves reexamination and possible refinement. The differences inherent between various moral sentiments matter profoundly for both theoretical understanding and policy applications. If researchers assume that inequality aversion among the advantaged operates through the same psychological mechanisms as inequality aversion among the disadvantaged, they may design interventions that fundamentally misunderstand the motivational structures they seek to influence.

This critique serves not to diminish Smith and Wilson's valuable contribution but, instead, to clarify the theoretical foundations necessary for its continued development. Their integration of moral philosophy and mathematical modeling represents exactly the innovative synthesis that experimental economics requires. Correction of the conceptual problems with the second parameter, and simultaneous preservation of their insights about moral sentiments, allows future research to build upon their foundation to create a comprehensive framework to understand economic behavior. The ultimate result will serve both scientific knowledge and practical policy application.⁷

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NOTES

- 1 Early phenomenologists grounded this assumption in value realism. Brentano first claimed that intentional feelings reveal objective value qualities; Husserl extended this idea through his treatment of value as a kind of intuition; Scheler developed it into a hierarchy of ideal values. Later figures—Reinach, Stein, von Hildebrand—retained the core view that values are mind-independent and irreducible to natural facts. See Mulligan 1998, 2010, and 2017.
- 2 For a general overview, see Sander and Scherer 2009.
- 3 For useful overviews as to how envy has been treated by numerous philosophers, see Schoeck 1969 and de la Mora 1987.
- 4 This perspective is reinforced by the contention of D'Arms and Kerr (in Smith 2008) that emulation conceptually is distinct from the core structure of envy; this approach suggests that the concept of benign envy may function largely as a metaphorical expression that denotes a state of admiration mixed with desire, rather than a genuine variant of envy itself.
- 5 Both of these variants of envy, particularly when repressed, have been linked to the development of *ressentiment*, which is a more enduring state of embittered hostility (cf. Nietzsche 1994; Scheler 2010). However, *ressentiment* often is distinguished from envy by its pervasive and intense malice, which may be absent in simpler instances of envy.
- 6 There is a long-standing tradition that associates envy with the intangible and mysterious “evil eye.” For more on the historical, philological, and philosophical connection between envy and sight, see de la Mora 1987, pp. 11-13 and passim in the book.
- 7 Thanks to Kevin Mulligan for the discussion.