

Crusius, J., & Lange, J. (2015). Envy. In M. Altmann (Ed.), *Real-world decision making: An encyclopedia of behavioral economics* (pp. 122–123). Santa Barbara, CA: Greenwood.

Envy

Envy is the painful emotion that may occur when people engage in comparisons with better-off others. Behavioral economists have invoked the construct of envy to explain a wide variety of behavioral choices. They have, thereby, ascribed substantial economic effects to envy, including consequences for work place behavior, bargaining, consumption, and human welfare (for an extensive review of the economic repercussions of envy and their policy implications see Zizzo 2008). Evolutionary thinking and converging evidence from economics and psychology suggests that the motivating power of envy can take socially destructive as well as constructive pathways. The factors that determine when envy impacts behavior and the processes behind its outcomes are less well understood, however.

People not only care about their own outcome, they also care about how their outcome compares to those of others. This is a key finding of behavioral economics. In fact, people tend to favor positional information even when they have objective criteria to evaluate themselves. They also strongly dislike to be in a disadvantaged position—even though the reason for their disadvantage may be considered fair from an objective standpoint. Taken together, these inclinations may often trigger behaviors that conflict with the prescriptions of rational actor models. Envy is one explanation for these findings.

In behavioral economics, envy is often modelled by including a social component in an actor's utility function. In such models, an actor's utility is not only determined by self-interest, it is also negatively influenced by superior material gains of other agents. Variants of such envy

models offer a parsimonious description of different economic phenomena. For example, in one application of such a model, Kirchsteiger (1994) has used envy to explain why people reject the offer of a low share in the bargaining situation of the ultimatum game, causing them to end up empty-handed. Illustrating the destructive side of envy, Zizzo and Oswald (2001) show that people may sometimes even spend money to “burn” the higher income of others.

Envy does not always lead to destructive behavior, however. From an evolutionary point of view (e.g., Hill & Buss, 2008), the emotion has evolved to alert us of competitive disadvantages and to spur us to level differences to others. The latter may be accomplished in two ways: by “keeping up with the Joneses”, or by pulling them down. This notion is matched by the finding that, experientially, two qualitatively distinct forms of envy exist. Both are felt as highly negative emotions but carry different motivations: Benign envy involves upward motivation but no hostility, in contrast, malicious envy is directed against superior others (Van de Ven, Zeelenberg, & Pieters 2009). Benign envy may be behind the increased impulsive desire for other people’s superior fortunes (Crusius & Mussweiler, 2012), and may carry beneficial consequences such as innovative impetus and economic growth, albeit with the danger of causing overconsumption (e.g., Belk, 2011).

Answering the critical question of when and how envy affects behavior may be facilitated by using an approach focusing on its underlying mental processes (e.g., Crusius, Van Horen, & Mussweiler 2012). Knowledge about these processes might then be applied to yield the more benign side of this hitherto deadly sin.

See also: Evolutionary Economics; Fairness; Inequity Aversion; Overconsumption; Peer Pressure; Relative Thinking; Self-control; Social preferences

Further Reading

- Belk, Russell. 2011. "Benign Envy." *AMS Review* 1: 117–134.
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