

REVIEW ARTICLE

# On nudges that fail

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## Abstract

The aim of this study is to respond to Cass Sunstein’s question: ‘Why are some nudges ineffective, or at least less effective than choice architects hope and expect?’—particularly in view not only of the rational basis in decision-making but also of the direct influence of emotions on the behavior of those who must choose. In this study, I used findings from psychology surveys, specifically considering the influence of emotions on the fallibility of nudges in social interactions when wealth is compared. Special attention is dedicated to vanity, a combined emotion that leads to emotional choices, which arises in self-presentation and self-comparison when external signs of wealth are displayed. Imagination plays an important role in simulation to the extent that it causes failure in further nudges. In conclusion, I argue that vanity impels people to act differently, as expected of choice architects.

**Keywords:** fallibility of nudges; behavioral economics; emotion; psychological network; vanity

## Introduction

In his article ‘Nudges that Fail,’ Cass Sunstein raises the question, ‘Why are some nudges ineffective, or at least less effective than choice architects hope and expect?’ (Sunstein, 2017, p. 4). He presents two reasons based primarily on default rules and enumerates five more reasons related to the ineffectiveness of nudges rooted in the claims of behavioral economics – despite behavioral economics assuming that it deals with *humans* and not with *econs* (Thaler & Sunstein, 2008). Most behavioral economics studies are based only on the rational approach of individuals. In his effort to identify the causes behind nudge failures, Sunstein does not consider the role of emotions in decision-making. I do not focus on the reasons given by Sunstein because my objective is to explore other causes of the failure or ineffectiveness of some nudges. This study considers the same question posed by Sunstein, specifically regarding the influence of vanity on the fallibility of nudges in social interactions when wealth is compared. This study focuses on ‘default nudges.’

A nudge is defined as ‘any aspect of the choice architecture that alters people’s behavior in a predictable way without forbidding any options or significantly changing their economic incentives’ (Thaler & Sunstein, 2008, p. 6). This has roots in behavioral economics, which studies individuals’ economic behavior in situations

related to the increase or decrease in their wealth and welfare. The word ‘predictable’ suggests that based on known behavior, nudge is a technique designed for human beings whose behavior can be predicted. Moreover, nudges are designed not to provide significant changes in the economic incentives of the individual, but rather to help people make better decisions that do not harm their wealth (income, investment, retirement pension, etc.).

Adam Smith (1723–1790) acutely investigated human behavior in social interactions when wealth comes into play. According to Smith, human behavior is driven by a specific psychological law – *to pursue wealth and avoid poverty* – and the emotion that sets this law in motion is vanity. Therefore, this study discusses the influence of vanity on sabotaging nudges.

This study uses the findings of empirical research in psychology and academic studies in philosophy. The emotion related to the pursuit of wealth is vanity (Smith, [1759] (1982); Netemeyer *et al.*, 1995; Khalil, 1996; Bilsbury, 2001; Ashraf *et al.*, 2005; Egan & McCorkindale, 2007; Diaktine, 2010; Luban, 2012; Walraevens, 2019) as a type of combined emotion (Arnold, 1968; Ortony *et al.*, 1988; Lazarus, 1991; Sroufe, 1995; Frijda, 2004; Martins, 2004) which makes emotional choices (Elster, 1998, 2010; Slovic *et al.*, 2007; Stellar *et al.*, 2017) in self-presentation (Goffman, 1959; Tedeschi & Norman, 1985; Schlenker, 2012) and self-comparison (Festinger, 1954; Parkinson, 1996; Guyer & Vaughan-Johnston, 2018) when external signs of wealth are displayed (Lea & Webley, 1997; Christopher & Schlenker, 2000; Veblen, [1899] 2007); imagination plays an important role in simulation (Galese & Goldman, 1998; Goldman, 2009a, 2009b; Shanton & Goldman, 2010; Jacob & Vignemont, 2017) to the extent that it causes failure in further nudges.

This study is structured as follows. I start by arguing that nudging is a strategy framed on the rational basis of decision-making, neglecting the influence of emotion. Then, I discuss the psychological network that shapes human behavior during decision-making. However, I focus on those aspects that are necessary to support my arguments. In the next section, the basic aspects of emotions are discussed. The next section is dedicated to vanity, which despite being directly connected to the pursuit and display of wealth, has not attracted much attention from scholars. The final section shows how immediate emotions, encountered at the moment of decision-making, can cause fallibility or ineffectiveness of some nudges. In conclusion, I present my answer to Sunstein’s question as a complement to those he arrived at.

### The rational basis of nudges

Nudges were designed to ‘steer people’s choices in directions that will improve their lives [...] in a way that will make choosers better off, *as judged by themselves*’ (Thaler & Sunstein, 2008, p. 5; italics in the original). In other words, nudges are subtle techniques that help people choose a way that will make their lives better within their own parameters of what would make their lives better. Nudges ‘help individuals to make what, on reflection, they themselves would recognize as better choices’ (Infante *et al.*, 2016, p. 4). Again, ‘In principle, nudges can only improve people’s lives if they affect behavioral change that accords with pre-existing preferences’ (Whyte *et al.*, 2012). How does the nudge, as a subtle technique, define the parameters and on what is it based?

Nudging is a technique (or strategy) based on behavioral economics, which assumes that human beings are quasi-rational. This means that human beings are rational but due to some distorted psychological reasoning, are subject to occasional irrationality: ‘Most nudge proponents justify nudging on the presumption that agents are “cognitive cripples” who suffer from myopia and a lack of self-regulation’ (Banerjee & John, 2021, p. 11) or ‘imperfections,’ as identified by cognitive psychologists (Sugden, 2018, p. 62). According to Mercier and Sperber (2017), human reason is biased and lazy. Nudging helps people make better choices, and the planner focuses on respecting individuals’ judgment of their well-being. ‘It treats cases in which an individual’s choices depend on “irrelevant” properties of framing as errors, “error” being defined relative to the latent preferences that the individual would have revealed if not subject to reasoning imperfections’ (Infante *et al.*, 2016, p. 9). Such choices would be ‘free from psychological foibles and thereby stable and context-independent’ (Sugden, 2018, p. 64). Therefore, *latent preferences* satisfy conventional principles of rational choice consistency, a kind of subjective judgment that includes perceptions formed inside the individual’s mind that do not correspond to the objective properties of the world. The intention of nudging is to make people better off in accordance with their own latent preferences. This is accessed by means of *preference purification*, ‘a way of correcting errors in an individual’s reasoning while respecting his judgments about his own well-being’ (Infante *et al.*, 2016, p. 9) by means of nudges. The approach of preference purification pre-supposes a *latent reasoning* that generates subjective preferences processed in accordance with the conventional principles of rational consistency.

According to Hausman, ‘the best economists can do when they recognize flaws in people’s deliberative capacities is to minimize their influence by taking steps to purify people’s preferences of mistake and distortion’ (Hausman, 2012, p. 102). Hausman ends up using the same proposal of behavioral economics when he assumes the use of preference purification as a method of correcting preference inconsistency.

The nudge technique considers that people’s reasoning is affected by imperfections discovered by psychology and behavioral economics. It sees the individual as a dualistic human being: the inner rational Hausman’s agent, open to rational persuasion and capable of error-free autonomous reasoning that is unaffected by any kind of problematic human psychological mechanism, and the outer shell that separates the inner rational agent from the world, governed by forces capable of restricting the inner agent from acting in accordance with its rational nature (Sugden, 2018, p. 65). Nevertheless, the individual’s behavior ‘is determined by interactions between the autonomous reasoning of the inner agent and the psychological properties of the outer shell’ (Infante *et al.*, 2016, p. 14), upon which meaning is attributed to situations, mood, stress, anxiety, frustration, etc. (Whyte *et al.*, 2012, p. 34).

From this, we can draw three conclusions. First, behavioral economics considers human beings quasi-rational: ‘Quasi-rational exists. And it matters. In some well-defined situations, people make decisions that are systematically and substantively different from those predicted by standard economics’ (Thaler, 1994, p. xxi). Second, individuals behave quasi-rationally because their reasoning process is influenced by their *psychological network*, which distorts their judgments and, consequently, their choices. Third, as nudging is rooted in behavioral economics, it

considers that individuals have subjective latent preferences, and its task is to bypass their *psychological network*, helping individuals choose in accordance with their rational inner nature.

I use the term *psychological network* to mean that, for the technique of nudging, it is as if the rational nature of a person has been entangled by psychological ‘spider web,’ and nudging should come to rescue it (Infante *et al.*, 2016; Sugden, 2018). The next section briefly discusses the psychological network necessary to explain the role that emotions play in an individual’s psychological state.

### The psychological network

Despite behavioral economics recognizing that ‘the mental processes that people actually use in decision-making do not necessarily generate choices with the rationality properties assumed in economics’ (Infante *et al.*, 2016, p. 14), surveys by behavioral economists are based on rational choice patterns. ‘Behavioral welfare economics invokes a model of rational agency when it assumes that, in the absence of error, an individual’s choices would reveal integrated preferences’ (Sugden, 2018, p. 65). The mental processes studied by psychology that support both behavioral economics and nudges deviate from the rational choice pattern; that is, the considered mental processes are based on traditional rational choice theory to investigate the conditions under which quasi-irrationality in decision-making occurs, deviating from its rational pattern. Surveys of nudging and behavioral economics do not consider the direct influence of emotion in its broader sense in decision-making.

However, it is important to note that logical reasoning (intellectual intelligence) and associative thinking (emotional intelligence) occur differently in the brain. Logical reasoning occurs serially. An electrochemical signal passes along a series of chained neurons and is used for one or a series of thoughts. The learning takes place in a rule bound matter. This system produces thoughts that are useful for solving rational problems or accomplishing defined tasks. The advantages of serial thinking and intellectual intelligence are that they are exact, precise, and trustworthy (Guyton, 1972). In dual process theory, it is System 2, or the rational system in Epstein’s Cognitive Experiential Self-Theory (Epstein, 1994).

Associative thinking, or the brain’s emotional intelligence, is the link between one emotion and another, emotions and bodily sensations, and emotions and the environment. The structures inside the brain that are in charge of associative thinking are known as *neural networks*. Unlike the precise *serial* wiring of neural tracts, in *networks* each neuron acts or experiences the actions of numerous other neurons. In dual process theory, it is System 1, or the experiential system in Epstein’s Cognitive Experiential Self-Theory (Epstein, 1994). Studies on the psychological networks have focused on this system.

The psychological network is a new construct developed by a research program in the philosophy of economic behavior, encompassing both emotional (proto-emotions and basic, combined and complex emotions) and psychological aspects (ego, id, and super-ego as Freudian concepts, identity, self-presentation, self-appraisal, anxiety, social comparison, personality, wealth, and social behavior) of human beings, as well as one’s *symbolic universe*, which refers to one’s expectations

of the world and what it should be. Symbolic universes are systems of assumptions for the self and the world that envelop the entire field of experience rather than individual parts (Salvatore, 2019). It ‘shapes one’s selection and judgments of one’s actions and the judgment of those of others’ (Frijda, 2004, p. 168) that is, how the individual sees the world, how he/she thinks the world see him/her, and the feedback he/she receives from others. It includes the circumstances – philosophical, historical, moral and ethical, cultural, economic, environmental, scientific, sociological, etc. – in which the individual is immersed and which influence the formation of the person’s personality. All these ingredients – the emotional, psychological, and symbolic universe – participate in the individual’s psychological network, where each one reverberates in the others as a network.

Therefore, emotions cannot be detached from an individual’s choices. Notably, this point should not be neglected as it can cause the fallibility of nudges. In the following section, I point out my arguments to support this claim.

## Emotions

Emotions are temporary internal reordering to prepare the individual to deal with the situation he or she faces, encompassing physical, psychological, and cognitive aspects. ‘They involve feelings and experience, they involve physiology and behavior, and they involve cognitions and conceptualizations’ (Ortony *et al.*, 1988). In this global reaction, first the intellect appraises the situation based on previous experiences, which triggers a corporeal and psychological response, that is, ‘emotions must latch on to information provided by mental states [that] we shall call the *cognitive bases* of emotion. Emotions are always grounded in some other mental state that is also about the object the emotion is directed at’ (Deona & Teroni, 2012, p. 5; italics in the original).

Moreover, emotions are an *intentional* phenomena in Husserl’s phenomenological sense because refer to something that arouses them, and are not what we intentionally or deliberately enter into. ‘The emotion may be directed toward oneself or toward another person, toward the behavior of the target individual or his character, and involves a positive or a negative evaluation’ (Elster, 1998, p. 48). They can be directed toward the past, based on memories or testimony (cognitive basis), through which the person can enter into the same emotional state as felt by the situation that aroused it in a previous event. Toward the present, based on perceptions of the situation one faces; or toward the future, based on one’s expectations or imagined features of relevant events. Another condition to arouse emotions is one’s beliefs – that is, people believe certain things about the *particular object* with which they are concerned (Deona & Teroni, 2012).

Emotions are colored by character traits, which can be understood as nuances that color individuals’ expression of emotion as an *affective disposition* that influences their behavior in social interactions. ‘An emotional trait means that a person possessing it has some personality characteristic that brings the emotional state about or generates it more often or more intensely than others’ (Lazarus, 1991, p. 46). However, one emotion can join others to form an emotional complex to express another emotion (Arnold, 1968; Ortony *et al.*, 1988; Lazarus, 1991; Sroufe, 1995; Frijda, 2004; Martins, 2004). Therefore, affective disposition can be *single-track*,

concerning a single emotion, or it can be *multi-track*, concerning several emotions (Deona & Teroni, 2012).

The feeling of importance of an event is a major emotional dimension because it affects beliefs about individuals' daily decisions, their expectations about the future, their interactions with other people, and their approval by them. 'One of the striking things about the factors influencing the emotion-action relationship is the considerable degree to which all these factors – availability, acceptability, importance – are susceptible to social influence. Whether an action appears acceptable depends, in part, on social norms, and on the model provided by others who do what they do' (Frijda, 2004, p. 169). The emotion brought into play when the goal is the approval of others is vanity.

### Vanity

Vanity is an emotion that underlies human behavior and can be expressed in various forms in the social, moral, esthetic, and economic fields. However, its study, as an emotion in itself, has not aroused much interest among scholars (Bilisbury, 2001; LeBel, 2004; Walraevens, 2019). In fact, it is studied in specific fields, such as theology and ethics, as well as approached for its expression in life by marketing, consumerist, and beauty industries, and in career life. Interestingly, there are few studies on vanity in social interactions concerning external signs of wealth, especially while reflecting on the symbolic content of money and the various related emotions, which forms the subject of the present study.

According to Adam Smith, vanity is a strong desire to be observed, to be attended to and taken notice of with sympathy, complacency, and approbation, and to enjoy all inherent advantages (Smith, [1759] 1982). Luban (2012) argues that, for Smith, vanity's economic motivation partakes of human social nature, and vanity is at the root of the pursuit of wealth. Hence, the backdrop of economic advancement has nothing to do with the pleasure of wealth but rather with vanity, the main engine of society.

Being vain means having a secret desire to be special amid the masses of people; distinguishing oneself, and having the approval of others (Lipovetsky, 2014). Vanity's ways of expression extend from the inner self to the outside of individuals' bodies, through material things which they display: car, house, clothing, vacation spots, the school where their children study, intelligence, bank balance, achievements, and the stories of their ancestors. The necessary conditions for vanity are social interactions and consequently social comparisons. This implies that vanity is expressed in the social interaction between an agent and a selected audience when the theme is a mutual comparison of external signs of wealth.

The word 'vanity' is derived from Latin '*vanitas*' and '*vanus*' (empty). Despite having an excessively high opinion of themselves, vain people encounter the feeling of emptiness. For Lacan, every individual needs to deal with a hole that one tries to fill throughout one's life (Lacan, [1959] 1997). Adam Smith characterizes vain people as follows: (1) they desire praise for qualities that are either not praiseworthy, or not to the degree to which they expect; (2) they project their character onto the belongings they display; (3) they desire praise for qualities or things that deserve praise, even

though they know that those things do not belong to them; (4) they are not content with the silent sentiments of esteem and approval but need noisy expressions of praise; and (5) they need external marks of respect and admiration from others (Smith, [1759] 1982, pp. 119–133, 246–250, 306–329). In this description, vanity appears to be a mixture of narcissism and histrionic traits. Moreover, vanity is a combination of emotions of different intensities to deal with the situation faced by a person. As the individual seeks approval from others, he also experiences a type of anxiety, characterized by ‘the prospect of interpersonal evaluation and all it entails’ (Schlenker & Leary, 1982).

Society is the mirror where individuals see their reflection through the judgment of others, related to the propriety or impropriety of their behavior and passions. Vain individuals wish that others would think more highly of them than they deserve. They are void of self-regard and need the mirrors of others to appraise themselves. Similar to addiction, they require frequent approval. If one is ‘doubtful about their approval, one is often, upon that very account, more anxious to gain their approbation’ (Smith, [1759] 1982, p. 183). Nevertheless, because vain people are insecure regarding their value as people, they support this appraisal using things that are external to them, such as wealth, or other things they think will arouse admiration in others. Diatkine and Walraevens (2018) argued that our search for luxury is not for the pleasure and comfort they can give us, but rather, they can be looked at, loved, and admired as proxies for ourselves. ‘Because material possessions are readily apparent to observers and are perceived to provide a rich source of information about their owners, people who are more concerned with how they appear to others may themselves be particularly attentive to the material circumstances of others in forming impressions of them’ (Christopher & Schlenker, 2000, p. 4). This case carries the perspective of an interpersonal evaluation when people make judgments about each other, leading them to experience a certain amount of anxiety.

Being vain implies being proud. Pride plays an important role in many domains of psychological functioning. ‘The expression of pride may communicate an individual’s success (which elicits the emotion) to others, thereby enhancing the individual’s social status [ ... ] Pride might function to maintain and promote an individual’s social status and group acceptance’ (Tracy & Robins, 2007, p. 506). In social comparisons of wealth, the efficacy of pride is derived from the comparative amount – that is, that one’s wealth is not only greater than someone else’s, but that a third person’s wealth must be smaller. Lea and Webley (1997) associate vanity with ‘false’ pride, which follows from an inaccurate perception of one’s own achievements or responsibility.

Conversely, vanity elicits envy in a spectator who (1) desires to have what the other has, (2) desires that the other does not have what one has, or (3) desires both to have what the other has *and* that the other does not have what he or she has.

In short, vanity is a combination of pride, envy, anxiety, and both narcissist and histrionic character traits that entail its expression in social interaction situations, which arouses desire and anxiety in the comparison between an agent and a selected audience. Therefore, it is sufficiently strong to cause inefficacy or fallibility in some nudges.



## The role played by comparison, imagination, simulation, and identity

People live in a society in the context of social interactions. This also means that individuals are always comparing themselves with each other to some extent. According to Guyer and Vaughan-Johnston (2018, p. 1), *social comparison* refers to the processes by which individuals evaluate their own abilities, opinions, attitudes, feelings, physical features, accomplishments, or any other self-aspect in relation to other individuals and/or groups. They are concerned about their impressions in front of a selected audience. People are more motivated to create the desired impression in others when the interaction focuses on images that are especially important to them. If the image they want to create corresponds to the image they believe to be their own, they feel confident. Conversely, if they feel insecure about matching the image they want to project, they feel anxious. *Social anxiety* is a concept applied to describe a constellation of cognitive and affective experiences resulting from the perspective of interpersonal evaluation in both real and imagined social interactions (Schlenker & Leary, 1982). This can be a disorder or character trait, I refer to the latter.

The categories that individuals apply to themselves are in constant flux because of the sociocultural context in which they find themselves. Therefore, their self-concept depends on how others see them and is influenced by social comparisons. Individuals compare themselves with others, aiming to draw conclusions about themselves and to make a judgment about their personal worth. Social comparison informs individuals about their social status to plan their behavior in different situations. This is known as the *utility of comparison* or the impact factor of a comparison target (Morse & Gergen, 1970). Comparisons 'allows individuals to better understand not only themselves, but also others, and thus more successfully navigate their social world' (Guyer & Vaughan-Johnston, 2018, p. 4). Individuals prefer a downward social comparison, where they 'evaluate themselves against those perceived to be inferior on a given dimension,' because 'highlighting how one is superior to a target can enhance subjective perceptions of well-being' (Guyer & Vaughan-Johnston, 2018, p. 2). In fact, it is very pleasant for the ego to realize that someone else who belongs to the same social interaction circle is in an inferior position (Payne, 2017). Therefore, this type of comparison is an effort to bolster self-esteem. However, individuals cannot avoid upward comparisons when they evaluate themselves against those perceived as superior in a given dimension. In this case, upward comparison serves as an effort geared toward self-improvement, aiming to ascend to the same status as the target (Guyer & Vaughan-Johnston, 2018).

Social comparison becomes more relevant when the issue of wealth comes into play. According to Christopher and Schlenker (2000, p. 2), 'a possession as important as a home, with all its socioeconomic implications, influences people's judgements of the owner.' Wealth is measured by the amount of money a person has, but the value perceived by others goes beyond that represented by the number of digits one has in one's bank account or by the assets one owns. The actual value is measured by the symbolic content that money and assets represent in social life. 'Because material possessions are readily apparent to observers and are perceived to provide a rich source of information about their owners, people who are more concerned with how they



appear to others may themselves be particularly attentive to the material circumstances of others in forming impressions of them' (Christopher & Schlenker, 2000, p. 4). Vain people place their outer symbols of wealth on display, aiming to be interpreted as symbols of success, intelligence, cleverness, power, high social and cultural levels, etc., to elicit admiration and receive approval. In fact, the results of a study conducted in 2000 showed that the 'affluent target, as compared to the not-so-affluent counterpart, was perceived to possess greater personal abilities that are associated with success (e.g., intelligence, hard work, self-discipline), greater sophistication (e.g., cultured successful, attractive lifestyle, a lot of friends), and a more desirable lifestyle' (Christopher & Schlenker, 2000, p. 14).

However, it is important to emphasize that it is often not necessary for these symbols of wealth to correspond to the reality of a person's economic condition. They are symbols, hence, it is sufficient that they successfully affect the pretense of affluence, which will be sufficient for observers to understand. 'The pleasures of wealth and greatness, when considered in this complex view, strike the imagination as something grand and beautiful and noble' (Smith, [1759] 1982, p. 250).

Imagination plays an important role in social comparison because of the effect display of wealth causes on observers. Spectators attempt to reconstruct, in their minds, a specific object or scenario, projecting their own basic concepts and combinatorial principles onto others. They try to capture a target's propositional content by attributing elements to their own thought content (Goldman, 2006). Affluent people who display wealth are vain and experience joy when they realize the spectator's admiration and envy. Spectators, in turn, recognize the emotion of joy in the rich and imagine how they would feel if they were in the target's place both by attributing elements of their own thoughts about the symbolic meaning of being rich and observing the feelings that the exhibition of wealth causes in the group surrounding them. Spectators try to visualize, through imagination, the target's way of life based on their own conception of the way rich people live. Our judgments 'evaluate the external object or person as an important part, not of the world from some detached and impersonal viewpoints, but of the world from the viewpoint of the spectator's own goals and projects' (Nussbaum, 2001, p. 82).

Furnham and Argyle explain that possessions are status symbols. There is widespread agreement on the prestige of different types of cars, shops for clothes, and the suburbs. Cars will all take us places, but they also send messages about their owner (Furnham & Argyle, 1998, p. 161). These nonverbal symbols of status affect the impressions formed by others with more impact than verbal ones because, in addition to expressing the wealth of the possessor, they arouse the thought content of the spectator with all the emotions pertaining to them. One of the reasons behind this kind of self-presentation is that it helps in the construction of the self: the acceptance by others of their identity - signaled by people who parade their riches means that one can believe in oneself (Schlenker, 1984). 'People confer prestige on the ostentatiously economically successful' because they 'fantasize that money buys freedom and independence' (Furnham & Argyle, 1998, p. 103).

William James (1842–1910) considered the acquisitive impulse the basis of one's imagery of oneself:

*A man's Self is the sum total of all that he CAN call his, not only his body and his psychic powers, but his clothes and his house, his wife and children, his ancestors and friends, his reputation and works, his lands and horses, and yacht and bank-account. All these things give him the same emotions.* (James, 1890, Chapter X, emphasis in original)

In contemporary society, pretending to have wealth is as effective in self-presentation as truly owning wealth. Individuals can parade conspicuous consumption, pretending to have a successful life despite being immersed in debt. Their lives are driven by what they believe other people think of them.

The emotions that go into decision-making are anticipated future consequences (expected emotions) and feelings experienced at the moment of decision-making (immediate emotions), which 'drive behavior in directions that are different from those dictated by a consequentialist evaluation of future consequences' (Lowenstein & Lerner, 2003, p. 626). This means that emotions influence the decisions that individuals face, making them ask themselves, 'How do I feel about it?' and use present feelings to form judgments. 'If present feelings happen to be positive, then the decision-maker's evaluations of specific options are likely to be relatively positive' (Lowenstein & Lerner, 2003, p. 627). When the emotion is intense, its influence is greater. In this case, emotions 'can overwhelm cognitive processing and deliberative decision-making altogether' (Lowenstein & Lerner, 2003, p. 627). Under the influence of intense emotions, individuals feel incapable of acting against their desires and making decisions that may prove detrimental to their economic life in the future.

Conventional social norms that shape an individual's identity have been replaced by standards and material criteria. The contemporary 'economic person' (*Homo economicus*), who is the result of our current market society, needs to continually renew evidence of their triumph by partaking in conspicuous consumerism and showing off their wealth. For Scitovsky, conspicuous consumption is the more important symbol of high income. 'A large income is best advertised by largesse in spending, by not pinching pennies, by not counting too finely the cost of consumption, and by buying conspicuous objects because of their high cost rather than in spite of it' (Scitovsky, 1992, p. 120; see also Lipovetsky, 2014).

A contemporary economic person constructs their identity as a result of the other's conception of them. If a person is able to construct, both for themselves and for others, the types of identities that permit them to achieve the goals that are important to them (e.g., obtaining respect, approval, support, status, and monetary rewards), their self-satisfaction should be high (Schlenker, 1984). The concept of identity comprises not only a person's role, position, occupation, and function in a social group but also their appearance (e.g., physical features, clothing); background (e.g., ancestral lineage, school attended); associates, friends, and relatives (people are judged by their company); perceived goals, motives, and personal characteristics (e.g., sociability, intelligence, feelings); performance settings (e.g., whether one frequents bars or church socials); and performance in general (e.g., job performance). These serve to identify people in social life and influence how actors are regarded and treated (Schlenker, 1984). The individual tries to construct an identity that is at the same time believable (that corresponds to evidence possessed or assumed to be

possessed by a salient audience) and also permits the agent to construct beneficial views of themselves (that makes desired outcomes, such as admiration, respect, and approval, possible). Schlenker defines *desirable identity* as one that is both believable and beneficial. The objective of a desirable identity is to create a desired impression, which involves (1) knowing what images will create the desired impression (what to do), (2) how to symbolically express those images (how to do it), and (3) having the self-presentation accepted by the other (Schlenker, 1984).

### When vanity causes fallibility of nudges

One of the sentiments that affect people in contemporary society is inequality, which Payne (2017) argues is not the same as poverty. For him, inequality is a sentiment that makes people feel and act poor, even when they are not. This means that many individuals are, by objective standards, affluent, yet they compare themselves with other affluent individuals and rate themselves on the lower rung. Subjective perceptions do not align with objectively measurable quantities, such as money. Therefore, Payne concludes that inequality is not simply a matter of how much money we have; it is about where we stand compared to other people. '*Feeling poor matters, not just being poor. That is why your subjective standing on the Status Ladder reveals so much about what you are likely to become*' (Payne, 2017, p. 29; italics in the original).

Inequality makes people feel that they need more, which leads to risky choices. Inequality affects our actions and feelings, prompting us to undertake risky behavior and be willing to sacrifice a secure future for immediate gratification. 'It makes us more inclined to make self-defeating decisions. It makes us believe weird things, superstitiously clinging to the world as we want it to be rather than as it is' (Payne, 2017, p. 4). Vanity is the desire to be admired and approved by a selected audience, and is aroused during social comparison. Vanity, along with the feeling of inequality, impels people to construct an identity to be shown off to others, which leads to decision-making that contradicts the results expected for a planned nudge by a choice architect. Lerner *et al.* (2015, p. 814) argue that 'most choice architecture is designed with only cognitive decision-making processes in mind, overlooking emotions, and this omission may limit its effectiveness.'

Individuals may not accept the automatic discount of retirement savings in their salaries to engage in immediate conspicuous consumerism to construct a desired identity to face social comparison, aiming to satisfy their feelings of inequality. A nudge to get people to accept special offers for vacation during the low season in a place that is visited by affluent persons in the high season can be ineffective because some people desire to be seen amid others who are rich, even if it means paying full price during the high season and making sacrifices to pay the bill. People are impelled to make the same risky investments that other affluent people are making, despite not feeling comfortable, to be seen as part of the affluent group, or even to buy a house in a higher-class neighborhood, even if this means jeopardizing their savings for old age.

One of the strongest examples of nudge failure is the fight against smoking. The strength of the image used in advertising campaigns of various brands weakens public

policy efforts (Sunstein, 2017, p. 20). In the 1970s, the ad for a cigarette brand showed images of wealth with yachts, expensive cars, and women and men wearing expensive clothes, always ending with the message, 'Money doesn't bring happiness. Send for it.' In 1979, the brand sold 27.8 billion cigarettes on the American market. Today, it is the second most valuable cigarette brand worldwide. Despite all the information available about the harmful effects of smoking, 7.7 million people were killed by smoking in 2019, a year in which the number of smokers increased to 1.1 billion, with 89% of new smokers becoming addicted by the age of 25 (The Lancet, 2021).

Nudges are planned to reach the supposed latent preferences of people and disregard their psychological framework. Emotions are not put into play, at least directly, in decision-making. In fact, some emotions, feelings, and moods are considered by researchers in behavioral economics and/or psychology of economics, but in an indirect way (e.g., Lerner *et al.*, 2015), such as when an individual feels angry at home and needs to decide on investment, and that emotion indirectly affects his or her choices. In other words, researchers consider the indirect influence of emotions or 'noise' (Kahneman *et al.*, 2021), moods, and feelings on people's supposed latent preferences. Even though it defends individual autonomy in their choices, it is based on a plausible account of cognition from 'recent evidence from social cognitive psychology and neuroscience that supports nudge plus as a hybrid nudge-think strategy' (Banerjee & John, 2021). Conversely, thinking philosophically about economic behavior, I argue that emotions can directly influence decision-making, impelling people to act emotionally in their daily economic affairs. Hence, when the direct influence of emotion is not considered, some nudges can be less effective or even fail.

## Conclusion

Responding to Sunstein's question, 'Why are some nudges ineffective, or at least less effective than choice architects hope and expect?' The fundamental arguments I present are: (1) an individual makes comparisons when in social interaction; (2) a person draws their self-presentation by means of a desired identity, aiming to be approved and admired by others; (3) comparison and identity involve the individual's psychological network; (4) vanity is the emotion that comes into play when the theme is wealth and social status; and (5) an individual feels unequal in upward comparison. Therefore, they indulge in conspicuous consumption to display outward symbols of wealth to improve their social status in the eyes of others.

Therefore, the sentiment of inequality allied with vanity leads the person to make decisions on an emotional basis. As nudges are based on behavioral economics, which, in turn, are based on latent preferences, the choice architect does not consider emotions as directly influencing decision-making in people's daily economic affairs. Consequently, some nudges are ineffective or at least less effective than the choice architects hope and expect.

The concept of nudges, as developed by Cass Sunstein and Richard Thaler, was based on behavioral economics findings, which means that the influence of emotions was not considered in the choice architecture. Vanity can lead to nudge failure; however, if its influence is considered by the architect, it can become an important tool for public policy. It is worth noting that no study has been conducted in this regard.

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