

Foolish gifts: For gifts to have meaning they must matter to both giver and receiver by [Miroslav Volf](#) in the [January 27, 2004](#) issue

My last column was on gift-giving, and I cannot refrain from writing another on the same subject. A recent “Reading File” in the *New York Times* (Jan. 4) contains a provocation I cannot resist. Ross Gittins, a writer at the *Sydney Morning Herald*, explains why economists regard gift-giving as foolish. Here is an excerpt:

Conventional economics teaches that gift-giving is irrational. The satisfaction or “utility” a person derives from consumption is determined by their personal preferences. But no one understands your preferences as well as you do.

So when I give up \$50 worth of utility to buy a present for you, the chances are high that you’ll value it at less than \$50. If so, there’s been a mutual loss of utility. This astonishing intellectual breakthrough was first formulated in 1993 by Joel Waldfogel . . . in his seminal paper, “The Deadweight Loss of Christmas.”

. . . Guru Waldfogel recently refined his calculations . . . using a new survey to estimate that, per dollar spent, people value their own purchases 18 percent more than they value items they receive as gifts.

When I read this text my first reaction was that Waldfogel would generate more “utility” by being true to his name and chirping in the forests than by writing the kind of papers he does. (“Waldvogel” is German for forest bird.) I take it that he does not consider all gifts irrational, but only nonmonetary gifts. (If I give you \$50 you’ll presumably value it at exactly \$50.) His claim is that when it comes to the presents we buy, in most cases there is a loss in value in the course of gift-giving: I fork out \$50 but by some kind of sinister magic you receive \$41. That’s wasting money and therefore irrational.

So why do people keep giving gifts? Are they just held captive by the power of a custom that dictates that gifts be exchanged? Are they betting against the odds that in their case, unlike most others, a giver will give \$50 but a receiver will end up with

\$75? Are they duped by businesses that have an interest in such irrationality because it increases sales?

All three reasons may apply, but I suspect that none of them is the main reason we give gifts. For all of their consumerism, people are not just out to maximize “utility” derived from consumption. What matters to them is gift-giving as *activity* and not gifts as *objects*. As receivers, they will live happily with a \$41 value instead of \$50 if they receive, along with the gift, the giver’s attention and care. As givers, they’ll gladly pay an 18 percent surcharge to see the glee of surprised delight in the receiver’s eye. Are they irrational? From a purely economic standpoint, they may be. But this economic standpoint is not plausible.

Consider gifts we receive without which we could hardly be human. Generations have worked to create and refine the language we use and have passed it on to us. How could we possibly estimate the value of their work and of what we have received from them? The gift is inestimable because language is the very medium of all estimations. Similarly, our parents showered us with attention and care when we were infants and children. When we grow up and have children of our own, we realize that our parents have given us—let’s say, for the sake of the argument—\$100, but we valued their gift at \$10 when we were grateful and at negative \$50 when we were adolescent brats. Yet the development of our selfhood depended on their gift! As these two examples show, we could not be human without gift-giving. When we give or receive gifts, we do not just exchange objects of consumption but express and reinforce our very humanity.

Only a fool would consider gift-giving foolish. This is one reaction to the claim that gift-giving is irrational. But I have another. Maybe that claim is not so much a comment on gift-giving as such, but on gift-giving as practiced by relative strangers in a consumer culture of abundance. We feel compelled by custom to bring a gift when invited to a dinner. We buy a decent bottle of Chianti but our hosts, whom we don’t know very well, do not drink red wine and would have preferred a Pinot Grigio. Or we buy a birthday present for a boy who has just about everything he needs. We cannot come up with anything that would not be of lesser value to him than what we paid for it because we cannot give him anything that will delight him. Or worst scenario: the givers give something that entails no sacrifice on their part, either of leisure or of means, and the receivers receive something they do not need and cannot use. In these three examples, gift-giving is progressively emptied of human meaning. In the last case, gift-giving is irrational.

For gift-giving to make sense, the gifts must have human meaning. And for the gifts to have human meaning they must matter to both giver and receiver. In the most famous text on gift-giving in the New Testament, the apostle Paul writes, "For you know the generous act of our Lord Jesus Christ, that though he was rich, yet for our sakes he became poor, so that by his poverty you might become rich" (2 Cor. 8:9). When we sacrifice something of our own so that we can truly enrich another, we reaffirm our humanity even if, in the process, we squander a bit of economic utility.