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## What Economists Fail to See in the Act of Gift-Giving

New research suggests why holiday gifts—unlike purchases for oneself—have a value far higher than some economists previously thought



New research suggests that all is not lost for the true spirit of giving. PHOTO: GETTY IMAGES

By **MELVIN KONNER**

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Gifts are at the heart of “primitive” economies. The Bushmen in Botswana with whom I once lived often give newly created objects—ostrich-egg-shell beads, say, or knives—to someone else. The receiver immediately becomes meaningful in the life of the giver, if he or she isn’t already—someone you can rely on to give something back to you someday. If that doesn’t happen, it violates not a rule of market exchange but shared emotional expectations.

When an example like this confuses my anthropology students, I ask them to imagine giving a friend Christmas presents for several years and never getting one back. You don’t calculate the value-in-kind or feel cheated—you feel hurt. What you gave symbolized your friendship, but you discovered that your friend didn’t have the same feelings for you. That is how it works in primitive economies.

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different sort of peril attends modern Christmas giving, at least in the eyes of some economist Grinches. They talk about the “deadweight loss” of Christmas exchanges. Here’s the idea. You pay \$100 for a present, but the person you give it to doesn’t value it at that amount. In fact, if you’d just given him a Ben Franklin or a \$100 gift card, he would have bought something worth the full amount to him. The gap between what’s paid for a gift and how a recipient values it is the deadweight—a loss to him and, in a sense, to you and the economy.

Fortunately, new research suggests that all is not lost for the true spirit of giving. In the November issue of the *Journal of Personality and Social Psychology*, marketing experts Yang Yang of the University of Florida and Jeff Galak of Carnegie Mellon University found evidence of the deeper value of Christmas presents. They confirmed something that we instinctively know: People attach feelings to gifts.

In an ingenious series of studies, the authors considered the idea of sentimental value. Picture holding something objectively worthless that you can't seem to throw away—your mom's eggbeater, for instance, or a doll that your daughter once played with. Or think about the time you took an old lamp to a repair shop, were told "This is not worth fixing" and mumbled something like, "It is to me."

Drs. Yang and Galak measured sentimental value by asking people to recall their feelings about specific purchases and gifts and repeating the assessments over time, in some of the studies for as long as nine months. In several contexts, they showed that acquiring and consuming things brings pleasure, but only in a transient way. Soon the psychology of "hedonic adaptation" kicks in: been there, done that. The joy of an object fades even as it continues to be useful.

Not so with objects to which we attach sentimental value. Over time, our happiness depends less on function and more on associations. One study in the series focused on gifts that people received versus things they bought for themselves during the Christmas season in 2012. Over a 45-day period, those self-purchased items—supposedly items for which we get the full bang for our buck—declined in their power to bring happiness.

But gifts did not. If forced to sell them, subjects said, they would ask a higher proportional price for the gifts than for the purchases. Not only was there no deadweight loss, but there was, relatively speaking, a buoyancy over time for the gifts. They kept on giving. This gibed with findings in other studies by Drs. Yang and Galak.

So go ahead and buy that blue scarf for the one you love. Yes, she may hug you while thinking, "Green is more my color." If she had bought the scarf of her choice, the color would have been right, but it would have lacked the same memories and feelings. And that's where we find the "primitive" significance of gifts.