# Three Kings' Day: Bringing Gifts


## Holley Ulbrich

### Senior Scholar, Strom Thurmond Institute


*This article is the twenty-fifth in a  series about economics and holidays.*

January 6th marks the end of the Christmas season in Christian tradition. Known as Epiphany (revelation of God) on the church calendar, it also commemorates the visit of the three wise men from the East, or the three kings, who came to worship the baby Jesus, guided by a start. The gifts they presented, according to tradition, were gold, frankincense, and myrrh.  Not what most new parents were hoping for.  Diapers, baby clothes, maybe a crib would be more useful.  But gold, frankincense and myrrh were intended to honor Jesus' stature as the Chosen one, the Messiah, not to meet his immediate practical needs.

While Santa reigns in the United States and his counterparts Pere Noel and Father Christmas serve France and England, in Spanish-speaking countries it is the three kings who bring the gifts, not on Christmas Eve but on January 6th.  Like the child in the manger, the children in these counties also want not only gifts that meet their material needs,  like socks and pajamas, but also gifts that recognize who they are as unique beings, what they enjoy doing, what their hopes and dreams are.  Generic gifts—dolls, games, puzzles, books—may work for the younger set, but as children get older they are engaged in a process of self-definition that makes them harder to give to or shop for.  Sometimes Santa or the three kings or the parents, aunts and uncles need clues as to what uniqueness they may respond to, particularly as children get older.

A truly attentive gift giver will reflect, not on what he or she needs or wants to give, but what the recipient would like to receive.  A somewhat lazier, or busier gift giver always as the option of giving money or a gift card, or selecting something from an internet wish list.  Some economists argue that such gifts would have more economic value to the recipient than something selected by the giver.  Of course, if surprise is part of the enjoyment of gifts, that may tip the balance in terms of a tangible gift rather than cash, gift cards, or something off the internet wish list.  It's hard to place a monetary value on surprise.

Gift-giving does not fit neatly into the self-interested economic model in other ways as well.  Sometimes gifts are intended to win friends and influence people, which is certainly self-interested. That's why there are such strict rules governing the receipt of gifts by elected public officials.  More often, gifts are intended to affirm and enhance some kind of special relationship between giver and recipient.  There's a blend of self-interest and altruism, or concern for others, that is hard to disentangle in gifts to partners, parents, children, friends and others.  There's also a line to be drawn between those who get big gifts and those who get small gifts, those who get several gifts and those who just get one, and those who just get a card, with or without the annual newsletter inside

Markets are all about exchange, and since those who give gifts usually expect to receive gifts in return, gift giving is a form of exchange.  In a market society that converts everything to monetary measures, sometimes the more difficult question about exchanging gifts with Uncle Fred or cousin Sue is not what to get them but how much it is appropriate to spend so that there is a perceived equality of exchange (children excepted).  What if I buy Sue something unique and expensive and she gives me a $10 gift card?

Or vice versa?  Or what if she gives me something that honors my uniqueness, something that reflects my interest in fly-fishing or my planned trip to Hawaii, and I give her a scarf and gloves?

Economics is full of baffling intersections like gift-giving, where my individual needs, desires and preferences are complicated by my genuine concern for the needs, desires and preferences of others. In an economic model built on the self-interested individual, how do we figure out the choices made by families? Is there one set of rules inside and another outside for how choices are to be made and whose needs and preferences count most? How far do we extend our concerns for the welfare of others—extended family? Friends and neighbors? Local communities? Nations? Everyone on the planet, perhaps even including nonhumans? Do all of them deserve equal concern?  If we spread ourselves thin enough to do something for all of them, will our contribution to any one person be enough to make a difference?

The same questions apply to institutions.  If a business is supposed to be self-interested, and government is supposed to be concerned about the general welfare, where do non-profits fit in? Some are clearly devoted to the welfare of others—soup kitchens, food banks, free clinics, homeless shelters.  Others serve their membership—golf clubs and sailing clubs, neighborhood associations.  Still others promote the interests of their members in the wider society, seeking special treatment for veterans, homeowners, hunters, or whatever their group happens to be.  But we see elements of altruism in for-profit business, in their contributions to their community and their treatment of employees.  And we see self-interest in government, as people use their positions to pursue their personal desires. Non-profits contain elements of both, the particular mix depending on the purpose of the nonprofit organization.

Economics is grounded in the moral and philosophical ideas of utilitarianism.  Utilitarianism says that our choices should be governed by the consequences, results, or outcomes. In our private lives, that means using our resources of time, money and skills to get the highest possible satisfaction out of our work, leisure and consumption choices.  In the public sector, it's supposed to mean that decisions should be based on the greatest good for the greatest number. In the world of gifts, my happiness should be increased not only by the gifts I receive but also by the ones I give. In the world of organizations, each type will be some blend of the narrow self-interest of its owners (stockholders, in the case of a corporation; taxpayers, for government; donors and volunteers, for nonprofits) and a broader concern for others who are impacted by the organization's choices.  Those others are called stakeholders, and they include clients, customers, employees, suppliers, and the surrounding community.

Behavioral economics examines both motives and the process of making choices.  On the motivation side, behavioral economics has greatly enriched our understanding of economic behavior by acknowledging that our motives are much more complex than simple, narrow self-interest.  Drawing on psychology and sociology to complement, not to displace, economic reasoning, behavioral economics can give us valuable insights into our personal choices and our collective choices. When we have a better understanding of how and why we choose, anything from a bar of soap to a gift for a friend to a Congressional candidate, we will make better choices, individually and collectively.  And that would make the system work better for everyone.