

The Question of the Gift

Essays across disciplines

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3 Unpacking the gift

Illiquid goods and empathetic dialogue

Lee Anne Fennell

Introduction

In Western cultures dominated by market exchange, the gift is a conceptual misfit. The voluntary, unilateral act of bestowing something of value on another “has always posed a challenge to self-interest models of human behavior” (Frank 1992: 319). Perhaps not surprisingly, a tremendous scholarly emphasis has been placed on the role of reciprocity and exchange in gift giving (Mauss 1990; Blau 1964: 88–114; Baron 1989: 194–8; Rose 1992: 298–308). In this essay, I argue that notions of reciprocal exchange cannot adequately explain the practice of gift giving as it exists in modern Western societies. The shortcomings of the exchange account of gift giving can be seen most clearly when one considers personal gifts between individuals. Such gifts are the focus of this essay.¹ Gift giving in this context undeniably generates benefits for both donor and recipient, but it does so in a manner qualitatively different from that in other exchange transactions. I focus on two related characteristics of gift giving – illiquidity and empathetic dialogue – to explore these unique contributions of the gift.

I begin with the observation that the prototypical Western gift involves the intentional conversion of a generalized medium of exchange – cash – into an illiquid object, based upon imperfect information about the preferences of the intended recipient. The conversion of money into a difficult-to-sell object would be nonsensical as an opening move in a market exchange, given the high probability that the item selected will have less economic value to the recipient than would the original cash (Waldfogel 1993; E. Posner 1997: 572). Moreover, the expected reciprocation would likewise take the form of an illiquid good chosen under conditions of relative ignorance. Such a cumbersome and wasteful exchange transaction would seem to be unthinkable in an economically advanced society with well-developed markets and a generalized medium of exchange. Nevertheless, gift giving persists as an institution, complete with unwritten rules and conventions that are followed with remarkable consistency (Caplow 1984). What we need is a new vocabulary for understanding gift giving as it is practiced in modern Western societies. Instead of attempting to conflate gift giving and market exchange, such a vocabulary would focus on the characteristics of gifts that set them apart from ordinary commodities.

Two characteristics of gifts are particularly salient in this context – the illiquidity that gifts exhibit, and the empathetic dialogue that they embody and perpetuate. An examination of gift-giving practices shows that gifts are not treated as ordinary commodities, but are instead intentionally withdrawn from the stream of commerce. A gift's former commodity status is overwritten by layers of personal meaning and symbolically effaced through such measures as wrapping and removal of price tags (Belk 1993: 90; Carrier 1995: 174–5). This process of decommodification reinforces and contributes to the illiquidity of gifted items.

I posit that this illiquidity, which casts doubt on the treatment of gift giving as a utility-maximizing market exchange, also provides the key to understanding the human utility functions actually served by gift interactions. Such illiquidity becomes not only explicable but indispensable when gift giving is cast not as a market transaction, but as a specialized form of communication (Caplow 1984: 1320–2). Because an illiquid object carries far more communicative potential than cash, gifts of money are often deemed unacceptable (Webley *et al.* 1983; Douglas and Isherwood 1979: 58–9; Eisenberg 1997: 845). I argue that money cannot be a successful gift in the absence of some explicit or implicit limitations on its use. Illiquidity, whether inherent in the gifted object or socially constructed through the conditions and relationship giving rise to the gift, is essential to the performance of the gift's communicative function.

Next I consider the nature and function of the specialized communication effected through gift interactions. I suggest that in the idealized gift situation, this communication can be conceived as an empathetic dialogue between donor and recipient that can deepen and sustain the parties' relationship. In selecting a suitable gift, the donor puts herself in the place of the recipient and tries to determine not what the recipient would purchase for himself, but what the recipient would most want to receive from this particular donor. The recipient, in turn, imaginatively recreates the donor's empathetic efforts in selecting the gift (Cheal 1988: 63). Through the operation of this empathetic dialogue, a gift can gain "sentimental value" above and beyond the market value of the underlying commodity. However, lack of empathetic imagination on the part of either party can cause the gift to fail, as can manifestations of imaginative exercises inappropriate to the relationship.

I conclude by exploring the human utility functions served by gift giving. These, I suggest, are closely linked to the notion of empathetic dialogue. The giving and getting of gifts taps into certain desires that are rarely discussed by scholars: the desire to identify with another; the desire to have one's true preferences divined by another (when those preferences may not even be clear to oneself); the desire to surprise and to be surprised. The communicative ritual of gift giving also serves game-theoretic purposes, acting both as a signaling device to transmit perceptions and intentions regarding the relationship, and as a screening mechanism that discourages the continuation of relationships in which empathetic dialogue between the parties is absent or untenable.

Reconsidering the exchange model of gift giving

The model of the self-interested, mutually advantageous market transaction is pervasive in our culture (Radin 1987: 1859–63). The gift, taken at face value, is a purely gratuitous unilateral transfer that cannot easily be assimilated into this framework (Rose 1992: 298). Theoretical approaches that emphasize the reciprocal nature of gift giving seem to provide an attractive means of reconciling this apparent anomaly. Gifts, such theories suggest, are not really gratuitous at all (Rose 1992: 298–302). The gift interaction is instead presented as a type of exchange, a slow-motion value-for-value transaction (Bourdieu 1977: 171, quoted in Appadurai 1986: 12). Although the law treats gifts differently from the way it treats exchanges, other disciplines typically equate the two (Baron 1989: 194).

The idea that successful gifts can generate returns for the giver is uncontroversial, at least if one adopts a sufficiently broad definition of what counts as a return. For example, non-material or intangible goods may be involved in the gift interaction (Baron 1989: 195). In return for a gift, a donor might receive appreciation, gratitude, affection, loyalty, love, respect, power, status, understanding or simply the knowledge that she has pleased another person. Jacques Derrida has more broadly asserted that the mere perception of a gift as a gift by either the donor or the donee generates a symbolic return that effectively cancels the gift (1992: 13–14). The fact that people generally “get something” out of the gifts they give does not, however, demonstrate that gift giving can be meaningfully or accurately equated with a market transaction. The reciprocal exchange model, for all its conceptual elegance, simply cannot be squared with gift-giving practices in modern Western society (Camerer 1989: S181).

The model’s lack of explanatory force becomes apparent when one considers the gift’s typical incarnation as an illiquid item that was purchased for cash by the donor expressly for the purpose of gift giving. A completely liquid commodity would enable the recipient to pursue most efficiently her optimal consumption pattern, and would also respect her autonomy as a consumer (Mack 1989: 209). Thus, other things being equal, one would expect a rational recipient to value cash more highly than any other item which could be bestowed on her.² We find support for this intuition in Joel Waldfogel’s (1993) study of the valuation of gifts by Yale undergraduates. Waldfogel found that students judged the economic value of the Christmas gifts they received to be significantly lower than the amount of money spent to purchase them, resulting in a “deadweight loss.”³ If a gift interaction is characterized as an exchange, the conversion of a liquid asset into an illiquid one would seem most irrational. It is costly to the donor and needlessly reduces the value transferred to the recipient, thus also reducing the expected return to the donor.

A deeper problem lurks just behind this matter of illiquidity. I have just suggested that a donor could maximize her own return, as well as the utility of the other party, by giving cash. However, a cash-for-cash “exchange” would be utterly pointless. Giving cash as the first half of an exchange would seem to make more economic sense, but only if one could specify what one would then

receive in return. In a gift setting this would be impossible, yet in the marketplace it could be handled with great efficiency. So why resort to gift giving at all, if exchange is really the point?

In cultures without a well-developed monetary system, the reciprocal provision of goods in-kind clearly serves an economic function. Marcel Mauss suggests that the gift-reciprocation cycles found in Polynesia, Melanesia and certain Native American economies of the American Northwest constitute “the market as it existed before the institution of traders and before their main invention – money proper” (1990: 4; see Camerer 1989: S181). Money stores value over time, rendering in-kind trades based on temporal exigencies obsolete, and it provides each consumer with the most efficient means possible of directly pursuing her individual consumption goals. Markets, furthermore, provide an efficient means of matching buyers and sellers. Where money and markets are available, reciprocal in-kind transfers are both unnecessary and wasteful from an economic standpoint. Incurring costs to convert cash into illiquid gift items is an extraordinarily clumsy and ineffective way of seeking to satisfy one’s preferences, as no conceivable reciprocal gift can match the efficiency of simply taking one’s cash into the marketplace.

This question of motivation is pointedly raised by Eric Mack, who ponders why he chose to purchase a hand-selected sweater for his wife’s Christmas present rather than giving her a gift certificate or an envelope filled with cash (1989: 209–10). The choice of the sweater appears irrational in economic terms; the envelope of cash would have been “the alternative that would most fully have economized on my shopping time while also most fully preserving her consumer sovereignty” (1989: 209). The explanation for such gift-giving behavior is not obvious, nor can it be found by examining ordinary market transactions. The expectation of a reciprocal gift does not offer a credible motive. A gift is given with full knowledge that the recipient will not simply hand back the cash value of the item, nor even the (presumably lower) cash equivalent of the recipient’s subjective valuation of the item. Instead, the recipient, if she chooses to reciprocate at all, will herself convert liquid resources into another illiquid item to transfer back to the original donor. Both parties usually spend additional resources on extras such as giftwrapping and gift cards, and sometimes even plan celebrations to showcase the gift giving. These also are pointless and inexplicable from the narrowly economic perspective of economic exchange.

Unless one looks beyond conventional notions of economic valuation, Waldfogel’s notion of a “deadweight loss” associated with ritualized rounds of gift giving appears quite apt. David Cheal’s suggestion that reciprocal gifts could effectively cancel each other out, yielding no net benefit to either party (1988: 13), does not put the matter nearly strongly enough. Claude Lévi-Strauss’s assessment of the Christmas gift exchange as “a vast and collective destruction of wealth” (1969: 56) is closer to the mark. If one focuses exclusively on the exchanged items as commodities, it is apparent that a donor cannot expect to break even by purchasing a gift for a friend, and would be much better off simply keeping the cash in her pocket (E. Posner 1997: 572). People are clearly

not in the game for the commodity value of the items exchanged; they must have powerful alternative motivations to counterbalance the economic losses they incur by engaging in gift giving.

One might protest that focusing on the actual items exchanged misses the point entirely. For example, Jane Baron maintains that “gift-exchange can be characterized as a non-commodity market which functions in the affective realm in much the same way as commodity markets function in the conventional economic realm” (1989: 197). In other words, one might argue that people are only nominally trading objects, and that the real exchange is taking place in the realm of the emotions. The question then becomes whether the market metaphor is a helpful way of conceptualizing what is actually happening between the parties when they give each other gifts. Putting aside the question of whether it makes any sense to think of people “trading” emotions with each other in a market-oriented manner, it is unclear why such emotional trades would be accompanied by illiquid gift items. If the gift items are completely superfluous, then their presence in a market exchange would be most odd. If they are part of the value being exchanged, then the question of their illiquidity reappears.

The market metaphor simply cannot adequately account for the intentional illiquidity of gift items. Plainly, something more is going on. To understand what that might be, it is worthwhile to consider the ways in which gifts are set apart from ordinary commodities.

Gifts and wrappings

Modern gift objects usually begin their lives as commodities (Appadurai 1986: 13–16). The giver, in selecting, purchasing and giving a gift, effectively removes the item from the stream of commerce. This gift-selection and gift-giving process “singularizes” the item so that it is no longer a fungible commodity (Kopytoff 1986: 73–7), though it may remain eligible for eventual return to commodity status (Appadurai 1986: 13–16). Thus, the gift can be thought of as a good so thoroughly wrapped in layers of personal involvement and sentiment that it has at least temporarily lost its identity as an article of commerce. The item chosen may itself be well suited to this extra-commercial role: “By having presents be frivolous, luxurious or otherwise special, they are distinguished from the concern for ordinary utilities that leads people to purchase commodities more routinely” (Carrier 1995: 174).

The literal wrapping of gifts in brightly colored paper and bows serves to symbolize this overlay of sentiment and to set the item apart from the ordinary stream of commerce (Carrier 1995: 174–5; Searle-Chatterjee 1993: 184–5). Giftwrap thus communicates “the personal bond between the giver and the gift, and the magical function of the gift” (Lévi-Strauss 1969: 56). As Caplow found in his study of Christmas giving in Muncie, Indiana (“Middletown”), there is virtually absolute compliance with what he terms “The Wrapping Rule” (1984: 1310–11). The removal of the price tag may likewise serve as a ritual cleansing

of marketplace influences (Belk 1993: 90). Even gifts of money are almost always camouflaged with a gift card or placed within a special gift container, such as an ornate box (Searle-Chatterjee 1993: 185; Zelizer 1994: 105–7).

Despite such wrappings, once a present is opened, its status as a former and potential article of commerce is readily apparent. Yet invisible layers of “gift-ness” arising out of the relationship in which the gift was given still distinguish it from an ordinary commodity. These attributes give gift items sentimental value above and beyond the cash value of the item in question. If these intangible “wrappings” are stripped away, the gift becomes a mere commodity again that may be reintroduced into the stream of commerce. This can happen in several ways. First, the recipient may simply reject the intangible sentiment that accompanies a gift. If the recipient refuses to accept the gift, the giver may then attempt to return the item to the place where it was purchased for a refund. Or the recipient may flagrantly violate the gift nature of an item by immediately reselling it like any other commodity (Eisenberg 1997: 844). A gift may also lose its sentimental “wrappings” if it is stolen or lost; a thief or finder interested only in its resale value will readily reintroduce it into the flow of commerce. The emotional packaging of a gift may simply wither away as those directly implicated in the relationship which gave rise to it die or forget the gift’s origins. Many of the personal items found in estate sales doubtless fall into this category.

More dramatically, a gift’s “wrappings” may be torn away when the underlying relationship that gave the gift its meaning is dissolved or destroyed. The result is often that the former gift is reintroduced into the marketplace. For example, in the movie *La Promesse*, a young boy who has been forced to act against his conscience by his despicable father decides to sell a ring which his father has given him and which is identical to a ring worn by the father. The price named by the merchant is obviously lower than the boy expected, yet the boy agrees to the sale with hardly a murmur. The relationship that the ring represents no longer holds value for the boy, he can tolerate the loss necessary to convert the ring into cash. Indeed, the ring in its present form is morally toxic; the boy is well rid of the thing, at whatever price.

Although former gifts may be returned to the stream of commerce in such cases, it is apparent that gifted items are not intended to confer wealth on the other party in the manner of an ordinary commodity. Instead, the intent is to add richness and depth to the recipient’s life, and by extension, to the donor’s life as well. A better way of conceptualizing the giving of gifts is as a specialized form of symbolic communication, complete with its own linguistic rules (Caplow 1984: 1320–2). Viewed in this light, a gift acts primarily as a vehicle for dialogue between the parties rather than as a commodity in its own right (Douglas and Isherwood 1979: 62). The reciprocal gift replies to the prior gift. If the value of the prior gift is roughly matched, that is a function of the recipient’s desire to give an appropriate gift within the context of the dialogue rather than an attempt to pay for the prior gift or wipe out a debt. Yet the transferred objects are far from irrelevant. Instead, they serve as “markers” or “tie-signs” that link the giver and the recipient to each other and provide evidence about their rela-

relationship (Douglas and Isherwood 1979: 74–5; Cheal 1988: 22, citing Goffman 1971: 194–9). Significantly, the communicative capacity of gifts stems from the very illiquidity that makes implausible a “market exchange” explanation for modern gift giving.

Illiquid goods in a cash economy

Gifts lack the “pure potentiality” of money (Simmel 1990: 218). They are not intended for resale on the open market, nor are they designed to make the recipient wealthier in monetary terms. A tribal saying related by Lewis Hyde remains apt: “One man’s gift must not be another man’s capital” (1983: 4). Usually the illiquidity is a direct function of the item given. Gifts are often tangible objects for which there is no adequate secondary market. Sometimes, as with gifts of food, drink or entertainment, the illiquidity is virtually absolute. The item must be enjoyed by its recipient, given to another person immediately or discarded altogether (Hyde 1983: 8). Gift certificates allow the recipient some degree of choice, but are still quite illiquid since they specify the store from which the gift must be selected (Zelizer 1994: 109). Likewise, the ability to exchange an item for a different size or color merely converts the original gift into a different illiquid object or into the relatively illiquid potentiality of store credit.

In contrast, other types of “voluntary” transfers, notably bribes, kickbacks, blackmail payoffs and “protection” money, are usually marked by the extreme liquidity of the transferred commodity. While other commodities are sometimes used, the anonymity and impersonality of cash is usually preferred in such transactions (Simmel 1990: 384–9; Noonan 1984: xxi). This tendency suits the nature of the transaction. As Simmel explains,

Money, more than any other form of value, makes possible the secrecy, invisibility and silence of exchange. By compressing money into a piece of paper, by letting it glide into a person’s hand, one can make him a wealthy person. ... Its anonymity and colourlessness does not reveal the source from which it came to the present owner: it does not have a certificate of origin in the way in which, more or less disguised, many concrete objects of possession do.

(1990: 385)

When one’s purposes are illicit, a silent, secretive transaction that leaves behind no traces is ideal (Noonan 1984: 697). With a gift, these priorities are reversed. One wishes to give an object that will speak to the recipient and that will be strongly and permanently identified with the donor and the relationship. Because they are uniquely linked to the donor and to the donor’s relationship with the recipient, gifted objects are non-fungible and literally irreplaceable, even when a physically identical replacement is available on the open market (Carrier 1995: 28).

The need for human interactions involving non-fungible items is undoubtedly heightened in a modern cash-based economy characterized by a multitude of

anonymous, indifferent market transactions. Today's market transactions usually involve an end-user who is separated by thousands of miles and many intermediaries from the manufacturer or producer, with money and goods passing between buyers and sellers in a far more alienated and impersonal manner than was the case prior to the eighteenth century (Carrier 1995: 74–83). Thus Ralph Waldo Emerson's essay, "Gifts" (1983), expresses reservations about the effects of rising commercialism on gift giving, finding it "a cold, lifeless business when you go to the shops to buy me something, which does not represent your life and talent, but a goldsmith's" (1983: 536; see also Carrier 1995: 147–8).

Because few modern givers can manage to make their own gifts, the representation of self must be achieved through the process of choosing a gift. James Carrier observes that shopping allows individuals the opportunity to "transform things from a part of the indifferent mass of commodities in the store to the special things that reflect the shopper and the social relations in which the shopper is located" (1995: 178). Retailers may attempt to facilitate this process of appropriation by presenting goods as if they have been specially hand-crafted or uniquely designed with a particular type of recipient in mind. This is one variation of the strategy noted by Appadurai, which "consists in taking what are often perfectly ordinary, mass-produced, cheap, even shoddy, products and making them seem somehow (in Simmel's sense) desirable-yet-reachable" (1986: 55). Such pitches are attractive, despite their transparency, because they suggest that the items embody the kind of detailed knowledge of an individual that is present in the best of gift giving.

Cash is often unacceptable as a personal gift (Webley *et al.* 1983; Douglas and Isherwood 1979: 58–9; Eisenberg 1997: 845). If gifts are primarily valued for the imaginative effort that goes into choosing them and the communicative weight that they carry, the shortcomings of a monetary gift are obvious. Hazel Anderson, the subject of one of David Cheal's case studies, articulates the point perfectly in discussing her gifts to elderly people: "I never give them money because it's the thought of me choosing something for them and me thinking of them that is significant to them. And even if it's little, if it's cookies I bake, that's way more important to them than giving them the money" (Cheal 1988: 63). Webley *et al.*'s study of the gift-giving preferences of undergraduate students, and the gift-receiving preferences of their mothers, supports this intuition. The students indicated an overwhelming preference for purchasing a hand-selected gift for their mothers rather than giving a check (1983: 227). When mothers were asked what gift they would most like to receive from their offspring, they again expressed an overwhelming preference for hand-selected gifts (1983: 235).

There are, of course, some circumstances in which money can be an acceptable gift (Burgoyne and Routh 1991; Carrier 1995: 172–3). Burgoyne and Routh's study found that money may appropriately be used for intrafamilial gifts from older relatives to younger ones, but never from members of younger generations to their elders. Among peers within a social circle, however, a gift of money is considered vulgar (Douglas and Isherwood 1979: 59). Money would be deeply offensive as a gift between romantic partners, as it unavoidably evokes the

anonymous and indifferent exchange involved in prostitution (Simmel 1990: 376–7). An exception to this would obtain if the money could be clearly earmarked for a particular personalized use, such as a plane ticket to visit the donor.

This “earmarking” exception points to a larger observation: where money is deemed an acceptable present, there are always implicit or explicit constraints on what it may be used to purchase. Viviana Zelizer’s study of monetary gifts in the years between the 1870s and 1930s (1994: 71–118) supports this principle, and gifts of money continue to carry restrictions today. In some settings, the intended use of the gifted money is self-evident. The ritual of “presentation” at weddings, practiced by the Winnipeg families in David Cheal’s study, involves gifts of money that are calculated to cover the cost of the wedding celebration itself (Cheal 1988: 133–4). In settings where the donor’s expectations are not apparent, it is generally agreed that a monetary gift has failed if it is simply deposited into the recipient’s bank account and spent on humdrum everyday expenses such as gasoline, stamps and paper towels (Zelizer 1994: 84, 111). Significantly, many recipients of monetary gifts are young children who would otherwise have few opportunities to make selections for themselves and who would not be in a position to use the money for ordinary household expenses. Instead, the gift of money invites the recipient to realize her emerging preferences, to “go pick out something you like.” There may also be implicit limits on the types of items one can appropriately purchase with gifted money (Zelizer 1994: 111–12). A young person receiving a gift of money from a teetotaling aunt could not, without violating the spirit of the gift, use it to finance a drinking binge.

All gifts of money, if they are successful, involve a socially constructed element of illiquidity. Gifted money, as distinguished from charity or the provision of basic financial support, is to be earmarked for something special. The “wrapping” of gift money in a gift card and the ritual of presenting it to the recipient along with written or spoken expressions of love and goodwill set it apart from the ordinary mass of money sitting in the recipient’s bank account. The convention of writing a thank-you note describing the use made of a monetary gift helps to enforce this implicit illiquidity (Zelizer 1994: 111, 116). Even when a recipient is in dire financial straits, it would be highly unacceptable to write a thank-you note pointing out the money’s utility in staving off eviction or starvation. Instead, a recipient might describe the article of clothing, the book, the amusement park tickets or the flowers purchased with the gifted money. In so doing, the recipient allows the donor to participate imaginatively in her life much as if a hand-selected gift had been given.

Empathetic dialogue

As explored in this essay, a true gift embodies and perpetuates empathetic dialogue between giver and recipient, facilitating and documenting each party’s imaginative participation in the life of the other.⁴ The donor’s exercise of

empathy and imagination in selecting an appropriate gift is answered by the recipient's empathetic identification with the donor's gift-selection efforts. Such empathetic dialogue is intrinsically valuable as a form of communication between parties, and is also instrumental in developing significant relationships.

This feature is notably absent in other transfers of illiquid goods, such as in-kind payments of food stamps to welfare recipients, used property donated to a charity or store credit bestowed upon a complaining customer. Because such transfers typically do not involve the giver's empathetic identification with the recipient's true desires, their illiquidity serves only to restrict the recipient's exercise of autonomy. In the case of in-kind payments to welfare recipients, the interference with autonomy is quite intentional. By specifying what can and cannot be purchased with public assistance, donor-taxpayers communicate their doubts about the decision-making capacities of the recipients (R. Posner 1998: 511). As Alan Schrift observes, our society "views public assistance to its least advantaged members as an illegitimate gift that results in an unjustifiable social burden" (1997: 19). Taxpayer-donors react to this perceived illegitimacy by attaching conditions and restrictions that reduce the value of the benefit to the recipient and stigmatize the transfer (Piven and Cloward 1987: 85–7).

In contrast, a true gift engages both giver and recipient in empathetic mutual identification, the giver seeking to fulfill the recipient's true preferences and the recipient envisioning the giver's imaginative effort in selecting and giving the gift. To choose a gift, the donor imaginatively puts herself in the position of the recipient, seeking to discern preferences of which the recipient may not even be fully aware. The donor's task is not to determine what the recipient would purchase for himself with an equivalent amount of cash, but to divine what the recipient would most wish to receive as a gift within the specific framework of the relationship. People wish to receive gifts that appropriately reflect the relationship as well as the individual identities of the donor and recipient. In selecting a gift, the donor must also take into account certain higher-order preferences held by the recipient – preferences about preferences (Sunstein 1989: 285; McCloskey 1998: 32; Hirschman 1984). This requires considerable insight into the dynamics of the recipient's evolving identity. For example, a recipient without any current appreciation for jazz might nevertheless wish to become the kind of person who would enjoy jazz. Such a person would view a jazz collection as a particularly insightful gift, because it would demonstrate the donor's recognition of the recipient's interest in a specific form of self-transformation.

Most people also have a positive preference for being pleasantly surprised by a gift. A good gift is something like an act of recognition, in which the donor makes her knowledge of the recipient known to the recipient, who in turn may come to recognize something new about herself, or the donor, or the relationship. The desire to surprise and to be surprised arises out of this deeper desire to know and be known by another. It is impossible to go out into the marketplace and surprise oneself with an unexpectedly apt gift, and equally foolhardy to hire a stranger to do the surprising. The experience of a perfect surprise – a gift both wholly unexpected and wholly suitable – is possible only when one engages in a

gift interaction with a person who is reasonably aware of one's preferences and who is willing to expend imaginative effort in choosing a gift (E. Posner 2000: 53; Camerer 1988: S193–4).

When a gift succeeds, the material object stands as a place marker for the empathetic dialogue that accompanied it (see Douglas and Isherwood 1979: 74). In this way, objects can gain sentimental value and a status that transcends the marketplace. Because of the sentimental wrappings that set gifts apart from ordinary commodities, gifted items may be valued at either more or less than fair market value. The emotional valence of a gift is not apparent from an examination of the gift object in isolation; rather, the gift serves a "totemic" function, triggering a stream of emotional associations (Eisenberg 1997: 844). As the term "sentimental value" suggests, these associations can add positive value to an item, perhaps causing it to be assessed at far more than its replacement value. For example, the narrator of Laurence Sterne's novel *A Sentimental Journey* (1987) describes his attachment to a relatively valueless horn snuffbox given to him by a monk: "I guard this box, as I would the instrumental parts of my religion, to help my mind on to something better: in truth, I seldom go abroad without it; and oft and many a time have called up by it the courteous spirit of its owner to regulate my own" (1987: 44).

The obverse side of sentimental value explains why a person might refuse an item of positive monetary value that has been offered gratis (Eisenberg 1997: 844–5). The argument that the gift implicitly obligates the recipient to respond in kind provides only a partial reason, for a recipient could ignore this obligation and the giver would have no legal recourse. It is instead the desire to cut off an unacceptable or inappropriate empathetic dialogue that prompts the refusal of gifts. For example, a young woman who receives a gift of lingerie from a man she barely knows would probably feel compelled to reject the gift, even if the clothing would otherwise please her (see Zelizer 1994: 99–100). The refusal may be only partly due to a fear that the man would demand some sort of repayment for his generosity. The intuition that using such garments would be deeply inappropriate stems primarily from the empathetic dialogue that would thereby be reinforced and perpetuated. In wearing the lingerie, the woman would be forced to recall the man's selection of the items for her, doubtless prompted by his imaginative projection of the woman wearing the items. Worse, the woman would be aware of the man's awareness that she retained the items and was at times wearing them, further prompting his continued acts of imaginative participation in her life.

Even the most well-intentioned donor may make serious errors in choosing gifts by failing to predict accurately the type of gift that the recipient would want to receive from her. Whether due to misperceptions about the relationship or lack of information about the recipient's preferences, such miscalculations can result in valueless or even repugnant gifts (Cheal 1988: 13). Alternatively, the recipient may misunderstand the empathetic import of the gift and misgauge the imaginative work involved in its selection. For example, a donor might select sweat socks in order to accentuate and celebrate the recipient's athletic tendencies. In picking out the socks, the giver might envision the recipient wearing

them on early morning jogs, the extra-thick cotton providing optimal cushioning as he bounds along a scenic stretch of pavement. The recipient, on the other hand, might be extremely sensitive about foot odor and might view the gift as an insulting suggestion that he change his socks more frequently. He might bitterly chalk up the selection of extra-thick socks to the donor's calculations as to the quantity of sweat produced by his malodorous feet.

The potential for misunderstanding is great, just as it is in any conversation. Indeed, the misimpression created by a gift may be especially difficult to correct. If a recipient observes the convention of expressing gratitude for the gift, the donor may not even be aware that a misunderstanding has taken place. However, the iterative nature of gift interactions provides opportunities for clarification and restatement. Moreover, even when a donor's communicative intent is properly conveyed through a gift, the other party's response is by no means a foregone conclusion. As in a conversation, the possibilities are virtually limitless, and the potential for pleasant surprises and disappointments are also quite palpable. The conversation may continue, or there may be long silences, whether comfortable or uncomfortable. The work of the gift may be accomplished only years or decades later, after all opportunity to continue a dialogue with the original giver has been lost. In such instances, the empathetic dialogue may be continued in other directions by, for example, passing the gift along to one's own children.

Understanding gift giving as a specialized form of conversation provides a richer and more convincing explanation for reciprocity than accounts based on exchange can provide. As Camerer explains,

gift giving will often be reciprocal (though not always), because gifts are meant to spur investments that are reciprocal. However, the reciprocity involved here is very different from the reciprocity that is so important in anthropological accounts. Potential mates or partners hope courtship gift giving is reciprocal, because in my model it takes two people to make a relationship. In the anthropological accounts, reciprocity is important because gifts are like loans rather than signals.

(1988: S183)

The "reciprocal investments" of which Camerer speaks are personal investments in relationships. In an ideal relationship, reciprocal gifts will provide vehicles for an ongoing empathetic dialogue between the parties. When gifts are not given, are given inappropriately, or are not reciprocated, it may mean that one party's investment in the relationship is inappropriate or missing. This potential for gifts to provide meaningful cues as to a relationship's viability is the subject of the next section.

Signaling and screening

Gift giving, like any dialogue, is both iterative and interactive. The actions of each party are determined in part by the prior actions (and expected future

actions) of the other party. Gift giving can thus be thought of as a type of game interaction, with the parties making discrete moves according to a ritualized pattern (Cheal 1988: 121). Thinking of gift giving in game-theoretic terms does not mean that the parties are acting in a cold or calculating way. On the contrary, the giving and getting of gifts can foster communication and empathy between the parties. Unlike tit-for-tat business arrangements in which each apparent favor is repaid by another of equal value (Frank 1992: 323–4), the moves made by parties in a gift interaction relate to larger emotional stakes that far transcend the value of the items exchanged. The two related concepts of signaling and screening are particularly relevant in this context (Camerer 1988; E. Posner 1997: 579–82).

In game interactions, each player's moves will be in part determined by what he expects the other player to do. For example, if one party can believably convey a willingness to cooperate, then the other party is more likely to make a cooperative move. The problem with simply telling the other party that one intends to cooperate is that this information cannot be verified. Signaling occurs "when those who possess nonverifiable information can convey that information in the way they choose their actions" (Baird *et al.* 1994: 123; see Frank 1988: 96–113). The old adage "actions speak louder than words" reflects the intuition that such action-based signaling is considered more reliable than a non-verifiable representation. Likewise, the expression "talk is cheap" reflects the problem with representations that are not backed by a personal investment from the person making the communication.⁵ Gifts act as powerful signals because of the time, effort and thought that they are usually believed to represent – factors that indicate a real investment in the message the gift is conveying (Camerer 1988: S195; E. Posner 2000: 53).

In the gift context, the non-verifiable information in question usually relates to the donor's perception of the recipient, the donor's feelings for the recipient, or the donor's intentions for the relationship. For example, proclamations of eternal love and statements of intent to marry are notoriously unverifiable, but a gift of a diamond engagement ring is generally accepted as a reliable signal of intent. The reason the ring works so well as a signal relates partly to the cultural meaning assigned to it, but also to the relatively large commitment of resources it embodies. Jewelers cleverly frame this financial commitment in terms of labor, suggesting that men spend two months' salary on an engagement ring (see Camerer 1988: S194). Presumably, nobody would devote two months of hard work to something unless he was truly serious about it.

While it is possible that someone could give a diamond engagement ring without the requisite level of sincere emotion behind it, the signal satisfies what Robert Frank terms "the costly-to-fake principle" (1988: 99–101). According to Frank, "[f]or a signal between adversaries to be credible, it must be costly (or, more generally, difficult) to fake" (1988: 99). It may seem odd to cast a romantic couple as "adversaries," but the "costly-to-fake" signal is necessary in that context precisely because there is a significant risk that the partners' interests may not be in alignment. Camerer discusses the stereotypical formulation of the

situation, in which the expensive gifts of an "earnest young suitor" serve to differentiate him from the "lusty bachelor" (1988: S183).

Signaling takes place with smaller gifts as well. One may doubt the sincerity of an apology, but one is more likely to credit an apology accompanied by flowers or foods that are favorites of the recipient because of the signaling involved in taking time, effort and money to select or prepare the gift. Likewise, the practice of regularly giving gifts to a family member on her birthday and at Christmas more persuasively signals one's interest in the recipient and one's desire to remain involved in her life than would an oral or written statement to the same effect (see Douglas and Isherwood 1979: 75). Parents may signal their understanding and appreciation of their children's unique interests and talents by selecting gifts that fit each specific child. For example, a father's gift of art supplies to his daughter might signal his intent to support and foster her interest in the visual arts. While it may well be "the thought that counts," thoughts are not only unverifiable, but also often inarticulable. A gift or a card may be a crutch in signaling one's thoughts, but it is a socially useful one.

"Screening" is in many ways the converse of signaling. According to game theory, "[s]creening takes place when the uninformed players can choose actions that lead informed players to act in a way that reveals information" (Baird *et al.* 1994: 123). The action chosen by the uninformed player in this interaction may represent a simple calling of the other player's bluff, or it may involve construction of a situation in which the other player is forced to make a choice of some sort. For example, a woman who demands an expensive diamond engagement ring before she will take seriously a promise to marry may be able screen out suitors who might otherwise lie about their intentions. She may also, intentionally or unintentionally, screen out the insolvent and those who are repelled by materialism.

Screening in gift interactions rarely takes the form of such a simple ultimatum, however. Instead, it often inheres in the building of a relationship in which gift giving would ordinarily be expected in some specified situation. The recipient's own past gifts to the putative donor may be instrumental in creating such a situation. For example, if a woman picks out a special gift for her friend's fortieth birthday – say, skydiving lessons – she may expect her friend to reciprocate with a similarly suitable gift when her own fortieth birthday rolls around. This circumstance is not necessarily the result of an acquisitive nature; rather, it may be the desire to continue the empathetic dialogue nurtured by the earlier gift. All the same, the arrival of the second woman's fortieth birthday is significant. If her friend forgets the birthday altogether, or if she gives something inexpensive and mundane, such as a potted plant, the relationship may well be threatened. If the friend chooses something that suggests she is not particularly aware of her friend's individual preferences and interests – such as tickets to see a long-running musical that the other finds utterly banal – it may trigger a reconsideration of the relationship.

While it may well seem childish to allow any relationship's fate to turn on the specific items given and received as gifts, the signaling and screening functions

performed by gifts have clear social utility. Interestingly, failed gifts as well as successful ones are essential to these signaling and screening processes. These mechanisms help people to determine where relationships are going and whether they are worth pursuing or continuing, and may prompt the abandonment of relationships in which the capacity for empathetic dialogue between the parties is stunted or absent. This is socially significant, for mutual empathy and identification are indispensable to stable relationships.

Conclusion

People enter gift interactions for reasons unrelated to ordinary market exchange. The market itself provides a most efficient means of matching consumers with desired goods, making resort to illiquid gift items inexplicable and unnecessary in the context of economic exchange. Because market-oriented terms cannot describe the gift's function, we require alternative conceptual formulations to illuminate the gift's unique role. Two features that set the gift apart from ordinary market transactions – illiquidity and empathetic dialogue – offer the basis for such a new vocabulary. The gift's illiquidity and potential for facilitating empathetic dialogue offer opportunities for meaningful human connection that market exchange cannot provide.

However mass-produced and materialistic modern gifts may seem, they remain indispensable to the emotional and social lives of human beings. Words cannot fully convey all the sentiments that people wish to share. Half in desperation and half in hope, we reach out to the objects at hand. We giftwrap these items, plucked from the stream of commerce, layering them with individualized sentiment and meaning. When the effort is successful, the result is a true gift that can create or solidify a relationship of mutual identification and empathy.

Notes

- 1 My use of the term "gift" in this essay denotes only social or personal gifts, and excludes many other categories of gratuitous transfers, such as donations to charities, bonuses and gifts given to employees by their employers, gifts between business associates, gifts of financial support, and transfers of assets upon or in anticipation of death. Gift giving in these other contexts presents somewhat different sets of motivations and characteristics, some of which have been analyzed elsewhere (e.g., E. Posner 2000: 49–67; Katz 2000: 7–14; Rose 1992: 303–5).
- 2 However, it is possible that a donor could select a gift that a recipient would actually prefer over the equivalent cash, because markets are imperfect and consumers are not uniformly informed about the goods that are available (or even about their own preferences) (Waldfogel 1993: 1330; Camerer 1988: S194, n. 13).
- 3 Waldfogel's methodology and conclusions have been criticized (Solnick and Hemenway 1996; Eisenberg 1997: 846, n. 63). Significantly, his survey respondents were directed to disregard any sentimental value associated with the gifts they received (Waldfogel 1993: 1331), a fact that significantly limits the value of his conclusions (Eisenberg 1997: 846).
- 4 This is, of course, an intentionally idealized image of the gift. For example, I do not discuss humiliating or manipulative "gifts" – not because I think such elements are non-existent, but because I do not think that they align with our culture's

understanding of the term "gift." Empathetic dialogue provides a benchmark by which the success of a gift as a gift may be assessed. As I discuss later in the essay, gifts given without some minimal level of empathy and imagination are likely to fail; thus gifts act as signals to assist people in ordering their relationships with others.

- 5 "Cheap talk" does not present a problem, however, when neither party has an incentive to be untruthful (Farrell and Rabin 1996).

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