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## 30 Gift economy

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A gift is the transfer of a good without an explicit specification of a quid pro quo. The good can be a tangible thing or money, but it also can be intangible, as in the form of time, attention, information or knowledge. A present is a gift and so may be the attention that one person ‘gives’ another, or the time that a person donates to an art institute as a volunteer. Usually a gift entails reciprocity: the giver expects something in return for the gift given. Friends expect friendly gestures in return for their friendly gestures; donors expect some form of appreciation or another; and those who give presents at Christmas expect to receive presents in return. The key to understanding the phenomenon of the gift is the nature of the reciprocity involved.

Economists especially may be tempted to consider a gift exchange in terms of a market exchange, as a quid pro quo. However, the gift differs fundamentally from the quid pro quo of a market exchange. A market exchange is measured in the sense that the terms of trade are clearly specified and the trade happens in one instance. The good to be exchanged is priced and changes hand in exchange for a certain amount of money or an IOU. The parties can agree on later payment or later delivery but will set the conditions at the moment of exchange, in the form of an explicit or implicit contract. In contrast, the value of gift is usually not priced or explicitly measured in any other way – I donate my time and we do not talk about what that time is worth – and, when there is an expectation of reciprocity, the conditions of exchange remain undetermined and ambiguous. I expect something in return for my gift but we do not discuss the what, when and how. I am now paying attention to your marital problems and you will, I hope, return the favour later, maybe by helping me move, or by treating me to dinner next week, or by getting me a discount on the price of a work of art.

A generous interpretation of the gift considers a gift any ‘good’, including money, that is transferred, conveyed or transmitted from one party to another when the nature, the value and the timing of the return of an equivalent is left undetermined. In that reading gifts constitute the major part of recorded economic transactions. Income earners pay rent and buy groceries and other items in order to give lodging, food and holidays to the other members of the household (such as their children), as well as family and

friends. The bulk of Christmas spending is intended for gifts under the Christmas tree. But also a part of taxes could be considered gifts insofar they are transfers to those in need of support. Even though these latter gifts are not voluntary, they meet the definition: no equivalent for the return is being specified.

The most important gifts, however, are not recorded. Think in particular of the unpaid labour of mothers caring for their children, of children caring for their parents, and of volunteers donating their time to charities, churches and cultural institutions. Finally, there are the typical gifts in the form of monetary donations to organizations. In a country like the USA, the most important beneficiaries are churches. Other important beneficiaries are charities, scientific institutions and cultural institutions.

Sponsoring of an artistic (or any other) activity implies only a gift when the deal does not specify the terms of exchange. When the sponsor considers the deal a business expense, it is a market exchange. In that case the sponsor expects publicity, special favours for its clients or employees, or other advantages in exchange. In practice, the exchange part is not always easy to distinguish from the gift part as companies may expect something in return but not in proportion to the magnitude of the deal. And often the terms of trade are not well specified and shrouded in uncertainty. Who knows whether the company will gain reputation and good will when its name becomes linked to an opera or a museum exhibition?

So gifts are everywhere. People give at the office. They make more hours for their boss than their contract stipulates, in the hope of some unspecified return, of course. Gifts are particularly pervasive in certain sectors: think of churches, social services, the sciences and also the arts. To focus on the latter sector, many art forms thrive on gifts. The Metropolitan Opera could not survive on direct payments for services rendered, as in the exchange at the ticket box. About 70 per cent of its costs have to be covered by gifts, such as government grants, business donations (then, again, they could also be considered payments in exchange for advertisement and reputation) and, most important of all, gifts by individuals. People, and especially well-to-do people, give generously to the cause of the opera. American museums do not only receive grants and private gifts, but also a great deal of free labour time from volunteers. In the United Kingdom, cultural heritage organizations, like the National Heritage Funds, are among the prominent beneficiaries of individual gift giving. In Western European countries, however, private gift giving to cultural institutions is all but non-existent. Traditionally, the arts thrived most in the courts and in religious settings, and accordingly were predominantly financed by courtly and religious people and institutions. Only in a new country like the Netherlands, starting in the middle of the sixteenth century, would private citizens – merchants in particular – show

interest and assume financial responsibility for the artists and their works. However, that country would follow the other European countries and, starting after World War II, relegated the main responsibility for the giving to the world of the arts. Theatre groups, museums, operas and orchestras can expect the government to cover up to 85 per cent of their costs. In exchange, they have to submit themselves to the rules of the bureaucracy, including rounds of appraisal by art councils and the like. Governments do not give freely!

When we study the phenomenon of the gift, we should not only consider its many forms, ranging from money to attention, but also the parties involved. The reciprocity may occur between two parties. When friends give to one another, they expect something in return from each other. The circuit is closed. In that case the study may focus on the role that the gift plays in that relationship. Families also show a relatively closed circuit of gift giving. Gifts circulate from parents to children, from uncles and aunts to parents and back, and from uncles and aunts to children, and from children to parents. The reciprocal relationships are not one to one, but occur in the context of the family. In that case the gift appears to operate as an element and in support of familial relationships. In the case of donations to arts institutes, the circuits may be closed, as when there is a clear understanding among the parties involved of a reciprocal relationship. Often this is not the case. The donor may give to a charity, a museum or a university without the expectation of receiving something, whatever that might be, in return from that institution. The institution may not even know the identity of the donor. In that case the question is, why do people make such gifts? What is the reciprocal relationship here? Similarly, when people donate their time or money to a good cause, there may not even be a party that can reciprocate. Soldiers may give their lives for the country, but how can that country reciprocate? The medal that the family receives, is surely not more than a token. So what else is in play?

We usually think of gifts as voluntary, but gifts can be involuntary. If taxes are considered gifts, they surely are above all involuntary. In other cases the social pressure is such that it is hypocritical to speak of voluntary gifts. Giving to the church, for example, could be a duty that one could not get away from. Bill Gates, who became one of the richest men in the USA by founding Microsoft, was pressured to become generous, and succumbed. The risk he incurred was that he would be socially ostracized. Gift giving within closed circuits often has an involuntary character. If you do not partake in the gift giving at Christmas or at other such family occasions, you may be marginalized, within the family, if not locked out. If you do not live up to your part in the reciprocal relationship with your friend, you risk losing the friendship.

From an economic point of view, gifts seem an aberration. When the purpose is the increase of utility, the exchange of gifts, as at Christmas, appears to be quite inefficient. After all, you know better what adds to your utility than you aunt. Within an economic frame one becomes suspicious of what appears to be the altruistic element of gift giving. 'What is the gain?' one is led to wonder. 'How does the gift giver benefit?' Even a saint like mother Theresa who dedicated her life to the poor in India must get something in return, such as the expectation of salvation and sainthood, maybe. From this perspective, the emphasis of the analysis will be on the exchange involved. The first serious account of the gift by Marcel Maus gives every reason to adopt this focus. Yet, as the anthropologist Maus clarifies in the introduction to his study, his intent was to 'isolate one important set of phenomena: namely, prestations which are in theory voluntary, disinterested and spontaneous, but are in fact obligatory and interested'. He continues: 'The form usually taken is that of the gift generously offered; but the accompanying behaviour is formal pretence and social deception, while the transaction itself is based on obligation and economic self-interest' (Maus, 1925, 1960, p.1). All his examples are drawn from studies of archaic societies, most famously studies of the pot-latch of North American tribes. In the pot-latch a well-endowed member of the tribe would share his richness with the other members during a feast. The analysis shows that this generosity was enforced socially, and required for one's social status within the tribe.

More recent studies bring out the complexities of the reciprocal relationships to which the phenomenon of the gift points (for a collection, see Komter, 1996). A gift is not an economic exchange because of the open character thereof. The reciprocity implies that the what, how, when, (and also often the from whom) of the return is undetermined at the moment of the gift. The uncertainty involved is critical and calls for a context that is different from that of an economic exchange. People have to cope with the uncertainty and usually do so socially. In order to sustain a friendship both friends need to develop a sense of what the reciprocity involves. When I make an expensive trip to help out a friend, I may not even expect a 'thank you' (the offer of payment would be a betrayal of the friendship). The question is rather what I would expect him to do in return, how we maintain this sense of reciprocity in the friendship. Is it a nice gift, like a digital camera, for my birthday? Or would it be a few very important conversations that helped me get out of a difficult spot? Nobody can tell; only friends can. Their understanding of the reciprocity defines the friendship.

The example points at something important: the value of the gift is not necessarily in the (monetary) value of the gift but may be in some other value that the gift giving affirms or enhances, like the value of the friend-

ship. A gift to the arts may not only support the particular beneficiary, but may support the arts in general. The gift, therefore, is considered an instrument for the sustenance of vulnerable values, that is, values that are not easily generated in the market place or by means of the collective sector, such as personal relationships, love, friendship, collegiality but also the sciences (truth), religion (spirituality) and the arts (aesthetics and so much more).

Gifts also serve a function to transfer something of value, yet without explicit measurement, as in the pricing of the market (see Klamer, 1996). By giving money to artists, patrons support artists without getting into a market or commercial relation. The artists may give some work by way of reciprocity, and then they may not. If they were going to price their transactions directly, the nature of the relationship would change.

It should be noted that relationships that are sustained by means of gifts have advantages and disadvantages, positive and negative values, compared to the instrumental relationships of the market place. While generating dependence, they allow for the possibility of intimacy and some form of connection. The gift tends to be a more social activity with all pluses and minuses that come with the social. The arts most likely would not survive without it.

**See also:**

Chapter 16: Corporate arts sponsorship: Chapter 43: Non-profit organizations.

**References**

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- Maus, Marcel (1960 [1925]), *The Gift: Forms and Functions of Exchange in Archaic Societies*, New York: W.W. Norton.