Feast of the Epiphany 2026

Matthew 2.1-12

Then, opening their treasure-chests, they offered him gifts of gold, frankincense, and myrrh.

It is a good year when, on that lesser known Feast Day, known as the First Rubbish Collection Day After Christmas, it is the recycling that is picked up rather than the general waste. Certainly, at the Rectory, the children—spoilt as they are by their grandparents, and, if we're being honest, by their parents too—leave behind enough by way of boxes and wrapping paper to almost require a bin of their own, this time of year. Thanks be to God, then, that this New Year's Eve, it was indeed our red bins that were emptied by the blessed saints and angels who visited upon us.

There is, as we all know, an *art* to gift-giving. It is important to note that it is not a science, especially as social scientists—and in particular, economists—have interesting things to say *against* gift-giving as it is commonly practiced. In a now classic paper published in 1993 in *The American Economic Review* (where else?) titled "The Deadweight Loss of Christmas", the Yale economist Joel Waldfogel makes the compelling point. Gift-giving incurs a cost to the gift-giver and a benefit to the gift-recipient. The best case scenario is that the cost-incurred is less than the benefit-received: that would generate an economic surplus as a result of strong allocative efficiency. For this to happen, the recipient has to value the gift more than the giver. The neutral scenario is that the gift-giver and gift-recipient both value the gift equally. But what Waldfogel argued, and showed with empirical evidence from a survey he conducted, is that the most common outcome is that the gift-recipient values the gift less than the cost incurred by the gift-giver. This deficit is called the *deadweight loss*. And he estimates that the magnitude of the deadweight loss is 10% to one-third of the value of the gift. On one estimate I saw, the UK spent nearly £27 billion on gifts this year: and so the national Christmas deadweight loss is between £2.7 billion and £9 billion.

Gift cards are arguably the worst gifts, economically-speaking. First, they do incur some deadweight loss, though perhaps less than regular gifts. But, according to a 2023 Ipsos Mori poll, over 10% of people had allowed gift cards to expire over the past year, which amounts over £400 million in unspent gift cards—all of which benefit the shops, but obviously not the gift-recipients themselves. The economist's advice is to give cash, which is also the Chinese people's advice, we who love our *hungpaos*, cash given in red packets, though more during Chinese New Year than Christmas.

I don't know whether the Magi's gifts represent a deadweight loss or a surplus, though I suppose the gift of gold counts as a cash gift—better than cash even, if the growth in gold prices in the first century is anything like that of the twenty-first: the average annual growth in gold prices over the past decade has been 11.4%.

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There is, as I was saying, an art to gift-giving. The economic analysis of gift-giving almost entirely misses the point altogether, as I'm sure you already realise. Gift-giving is not an economic transactional affair to be evaluated in quantitative terms: it is not a species of trade, a glamorous version of barter. It is, rather, an act of symbolic communication, much more like the use of language than the use of currency.

Gift are for saying things, and showing things, revealing things about ourselves and about one another. Gifts are *thank-yous* and *I'm sorrys* and *congratulationses*, as anyone knows who has presented offerings to teachers or midwives, at year-end gatherings or weddings or funerals, full of one emotion or another, joy, grief, remorse, which seem incompletely expressible through language alone, but requires more, some tangible sign, some physical manifestation that befits our own essential physicality.

Gifts speak of the occasion of the giving: there are different kinds of gifts appropriate for different kinds of occasions. But gifts also say something about ourselves and each other, about the giver and the recipient, and about the relationship between them.

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The gifts of the Magi said something about Jesus, and what they knew to be true of him. None of them were very useful for a newborn baby, of course: the more sensible among us maybe have brought nappies and wet wipes—my speciality is to get, for new parents, this little electric device with a tiny spinning nail file, because, as you might recall, it is terrifying to clip newborn nails. But that wasn't the point. They brought him gold as for a king; frankincense as for a god; myrrh as for a mortal. Strangers though they were, and from a foreign land, a foreign people; they knew him, saw him truly, for what and who he was and is. And there is no greater gift than that.

At their best, gifts say “I see you; I know you; and so you are not alone, we are in it all together”. This is why the economic approach to gift-giving doesn’t work: human relationships are not—or ought not be—*fungible* in the way that cash clearly is, but also these days, in the way that returns-policies make almost any gift fungible.

I don’t know if you received any gifts this year that made *you* feel seen, feel known, and so feel loved. I really hope so. I hope that somebody—maybe even many somebodys—made the effort to grant you not only something you enjoy but something that *speaks to you*, a telling phrase if ever there was one. But more than that hope, I hope even more that you have managed to give such a gift to others, a gift that plays a part of the growing intimacy between you. That is what gift-giving is about.