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Business & Economics

Scroogenomics: Why You Shouldn't Buy Presents for the Holidays
Joel Waldfogel
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In *Scroogenomics,* Ebenezer progeny and Ehrenkranz Professor and Chair of Business and Public Policy at the Wharton School of the University of Pennsylvania applies the "dismal science" to the joyous season of heralding angels and manager boys. "Where others see hearthside scenes of sharing," says Waldfogel, "I also saw a large and organized institution for value destruction." Value destruction at Christmas, is the difference between the value of a gift to a recipient compared to how much the giver paid. The gift value of a $10.00 golf ball candle to a golfer might be $0.00. The author's concern is "with the waste this spending generates. Gift giving matches resources poorly with users, producing a meager amount of satisfaction for the amount of money spent." The author touches on "sentimental value" as well, and offers solutions such as cash and charity gift cards.

Christmas Clubs and layaways programs that allow consumers to pay for Christmas gifts in advance of obtaining them are one topic Waldfogel addresses. Like Odysseus, who "had the foresight to tie himself to a mast," some people need help with self-discipline. Currently, however, the preferred way to finance December twenty-fifth is to use credit cards and pay later with interest. Christmas on credit puts a cinch on household finances for debt-heads.

Excessive commercialism of Christmas also comes up. There are two groups of dissidents: various Protestants and environmentalists both condemn massive consumption that distracts people from Jesus' message and plays havoc with the planet. On the other end of the spectrum is the Religious Right, who believes there's a lack of Christianity at store time; they want to bring back "Merry Christmas" in greetings and exorcise "Happy Holidays."

The author does an admirable job of providing explanations followed by examples laced with levity; in the subsection "How Could Inefficient Christmas Giving Persist?" the Scrooge provides the example of the grandson who wanted *Grand Theft Auto IV* but received something else from Grandma, who wonders, "A board game? A medicine ball? What did we like as kids

in the 1940s? Yes, a kaleidoscope."

Scroogenomics is a whimsical look at the economics of gift giving, and winks at Ebenezer's axiom that Christmas is "A poor excuse for picking a man's pocket every twenty-fifth of December."