

Activity 10 The Gift-Giving Mystery: Why Not Just Send Money?

Directions. Read the *Handy Dandy Guide* and the mystery. Read the clues assigned to your group. Be careful. While all the clues are correct, only some are *useful* in solving the mystery. Decide which clues are most relevant to solving the mystery. Use the clues and one or more of the ideas from the *Handy Dandy Guide* to figure out a solution to the mystery. Write your solution.

Handy Dandy Guide

1. People *choose*.
2. People's choices involve *costs*.
3. People respond to *incentives* in predictable ways.
4. People create *economic systems* that influence individual choices and incentives.
5. People gain when they *trade* voluntarily.
6. People's choices have consequences that lie in the *future*.

The Mystery

You don't have to be Midas or Scrooge to enjoy having money. Money is handy because people can exchange it for other things they want to have. Try getting a rental car or movie tickets on the barter system.

Yet most gift-givers don't give money. Instead they spend time trying to find the right gift, and they often get it wrong.

Why do people struggle to find special gifts for important days like birthdays and holidays when it would be easier and more efficient just to give money?

The Clues

1. Most department stores and gift shops offer gift certificates for that hard-to-please person on your gift list.
2. Prices traditionally increase prior to holidays and decrease afterward. More and more, however, retailers are offering sales in advance of major holidays.
3. Purchasing a special gift reflects thoughtfulness and caring on the part of the gift giver.
4. Many shoppers love large shopping malls and spend a great deal of time shopping in them.
5. As people age, their incomes ordinarily increase; as a result, they are often able to buy many of the things they wish to have. It can be challenging to shop for these people.
6. Gift-giving patterns vary with family traditions. Gift-giving customs are part of family culture.
7. People often give gifts of money to strangers—to paper carriers or waiters or waitresses.

Record your solution and explain it briefly here:
