

## Book Reviews

Aaron Levine  
*Economic Morality and Jewish Law*  
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*Gaston Yalonetzky*  
*Leeds University Business School*

The late Rabbi Aaron Levine was a Professor of Economics at Yeshiva University, New York. One of his main fields of interest was the intersection between Jewish Law, and applied economics. Given a particular case, he would usually compare the policy (and legal) prescriptions of the Jewish approach to economic and business-related issues with the policy prescriptions followed in Western societies (mainly the US). The book *Economic Morality and Jewish Law* is a collection of essays in which Rabbi Levine illustrates how the Jewish approach to economic, financial and business issues may differ from, or be similar to, that taken by 'secular' legal systems and policy-making actors.

The book belongs to two related literatures. On one hand, the literature on religion and economics (or business), which has experienced significant development in different religious traditions. For instance, the long list of books on Islamic economics (e.g. El-Gamal's *Islamic Finance: Law, Economics, and Practice*), the Catholic Social Teaching (starting with the famous *Rerum Novarum* encyclical), or even the bulky *Oxford Handbook of Judaism and Economics*, edited by Rabbi Levine! On the other hand, the book comes in timely, as the broader literature on ethics and economics is undergoing a healthy revival. Several books have hit the shelves in the last few years, including Amartya Sen's *The Idea of Justice*, Debra Satz's *Why things should not be for sale: The moral limits of markets*, and Michael Sandel's recent best-seller *What money can't buy: The moral limits of markets*.

The premise of Rabbi Levine's book is that there is a fundamental difference between the ethical system implied by normative economic theory and Judaism's. While the ethical system of economic theory is consequentialist, it is claimed that the Jewish system is deontological. Thence there is the possibility that the same economic or business problems may be judged differently by the two alternative systems. For instance, chapter 8 discusses the situations in which short selling may, or may not, be deemed kosher under Jewish Law. The chapter mentions a case in which the US Supreme Court allowed

traders to short-sell stock from companies which they had found to be involved in fraud. Following a consequentialist approach, the Court reasoned that banning such practice would reduce the incentives for analysts to conduct the required fraud investigation. By contrast, Jewish law firmly prohibits this behaviour on the deontological grounds that selling stock from a company involved in fraud is tantamount to selling merchandise known by the seller to be defective, without proper disclosure of relevant information to the buyer.

However, I do not think this distinction posited by Rabbi Levine holds everywhere. For instance, chapter 7 questions the suitability of living wage policies under Jewish Law. On this occasion, Rabbi Levine claims that, barring some exceptions, Jewish Law has a negative position toward living wages, because, in agreement with neo-classical labour market theory, a living wage could undermine the work opportunities of the same poor people whom the living wage is meant to help. This is an interesting example of concordance between the two ethical systems; but more importantly, it questions the validity of Rabbi Levine's distinction, since it seems that, in his opinion, Jewish Law's position would be based on the consequences of the policy, as opposed to some other rule-based argument.

The book also features terrific chapters on the Coase Theorem, lemons' markets (departing from Akerloff's seminal work) and price controls. These are, in my opinion, the finest chapters, and, in addition to the aforementioned two, should be of interest to economists, ethical philosophers, theologians and lawyers. By contrast, the other three essays in the book are more heavily focused on Jewish Ethics, with the economic themes playing only minor, subsidiary roles. One of those chapters is on the funding of Jewish Education; another one justifies the purchase of the birthright by Jacob from his brother Essau in the Genesis story, based on bilateral monopoly theory; and finally the first chapter discusses a case study involving a rabbi being flown over for a job interview. It has very little economics in it, but I reckon it serves to introduce the book by way of explaining how the Jewish deontological system is supposed to work.

'Two Jews, three opinions', as the old saying goes... Indeed, while Rabbi Levine makes a coherent case in presenting his take on the views of Jewish Law about economic issues, it may be worth warning the unsuspecting reader that other experts on Jewish Law may offer alternative perspectives. As is clear from Rabbi Levine's erudite footnotes, Jewish Law is characterized by a remarkable variety of dissenting opinions. With this book and the rest of his work, Rabbi Levine has well-deservedly secured a place for his name in this honourable millennial tradition. As of the time of this writing, the author has left us, but his contribution lives on.