

# BALANCING THE SCALES: *HALAKHA*, THE FIRM, AND INFORMATION ASYMMETRIES

Jonas Prager  
New York University

Prepared for delivery at the  
Orthodox Forum  
28-29 April 1996

**Draft Date: 25 January '96**

## Abstract

Sellers are typically better informed about product quality and sales practices than are purchasers, and might be tempted to exploit their superior knowledge to deceive buyers. Firms themselves, buyers, and third-parties attempt to level the playing field with a variety of confidence-building measures, including reputational signals, purchaser monitoring, and government regulations. This pragmatic approach has its echoes in *Halakha* -- Jewish law -- which, too, was concerned about information asymmetries and which introduced countervailing measures. But, in contrast to the purely pragmatic approach of the economic literature, an ethical perspective shapes the halakhic outlook: Neither sellers nor buyers may take advantage of their superior information to deceive their counterparties.

Key words: Business ethics, illegal seller behavior, product quality, Jewish law and economics  
JEL classification: M14, K42, L15, D18, D21, D63

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I benefited immeasurably from discussions with and comments from William J. Baumol, Michael Broyde, Israel Kirzner, Simcha Krauss, Aaron Levine, Mordecai Lando, Nachum Rakover, Michael Rosensweig, Allan Schulman, Ed Steinberg and Jerry Todres. They, of course, cannot be held responsible for the final product. Assistance from the C.V. Starr Center for Applied