

Shorter Notice

Ariel Rubinstein. *Economic Fables.* Cambridge, United Kingdom: Open Book Publishers. 2012. 264 pages. U.K. £ 8.95.

“Economic Fables” is written by Ariel Rubinstein, professor of economics at the Tel Aviv University and the New York University. The book is divided into six chapters, including the introductory zero chapter. The author employs autobiographical accounts and personal experiences to help clarify difficult concepts in economic theory. The book aims at linking economic theory and economic models to real life through personal experiences, anecdotes and observations. The book revolves around themes in elementary Microeconomics and basic concepts in Game theory and the author presents his insights into policy making at the end of the book. It is overflowing with the writer’s personal narrative and the reader comes across glimpses of the authors life, family, relationships, life in Israel, Jewish traditions and the author’s own political views throughout the book. Many of the views presented in the book are disparate from mainstream economics as the author proclaims. In introductory chapter, the author contends that economic models are not meant to predict the future or human behaviour rather they study in detail the considerations ordinary people have while making ordinary choices, or in the author’s words, economic model study logic of life. In chapters one to five, Rubinstein discusses various concepts related to microeconomic theory and tries to make them simple for the reader by relating the concepts to his personal experiences. Regarding rationality, he contends that decision makers may be maximising an unknown objective function, which in many cases may not even be the one that maximises their happiness. The other concepts he analyses in detail include game theory, competitive equilibriums and their efficiency, Pareto efficiency, and relation of economics with other disciplines. In the final chapter, Rubenstein comments on economic policy. He is of the view that there is no one “right” policy. One policy may positively affect the workers, harm the industrialists, or vice versa. There are disagreements regarding who should be prioritised when making policies and even the concepts such as justice and fairness have subjective definitions. The art of policy-making is achieving a fine balance between the desires of different groups and minimising the conflicts that arise due to a particular policy or lack of it. In reality, the author argues, ideological and moral concerns also affect a policy that sometimes has little to do with economics. He also comments on the problems of poverty, concentration of wealth and assets and land ownership. The concluding comments are made in the context of the State of Israel and the role that the Israeli government plays due to the extraordinary geopolitics of the state of Israel. He argues that such a situation makes it imperative for the government to involve itself actively in the economic matters. (*Sundus Saleemi*).