

JOSEPH STIGLITZ

A Nobel Prize winner

LEVEL: B1+

Why Free Markets Do Not Always Work

Joseph Stiglitz is a famous American economist and a Nobel Prize winner. He is known for his idea that free markets do not always work well. One of his main arguments is that people in the market do not have the same information.

For example, a bank knows more about loans than its customers, and employers know less about workers than workers know about themselves. This situation is called information asymmetry. Because of it, markets can make bad decisions and become unfair.

Stiglitz also believes that the government should play an important role in the economy. He supports public investment in education, healthcare, and technology. In his opinion, the state should regulate banks and large corporations to protect ordinary people.

Another important idea is inequality. Stiglitz says that high inequality is bad for economic growth and democracy. When wealth is concentrated in the hands of a few, the whole economy becomes weaker.

Stiglitz is not against globalization, but he criticizes the way it is managed. He argues that global rules often help rich countries more than poor ones.

Stiglitz believes that markets need rules. Without them, free markets can create crises, inequality, and social problems.

