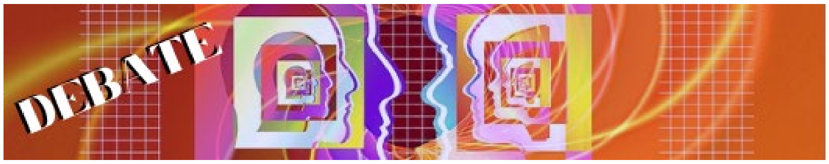
Liberty Nation GenZ



Why Do Free Markets Work?

Today, the economic system of the US is a topic of heated debate; socialist ideas are making a resurgence, while capitalism is criticized on the one hand and celebrated on the other. In the video "Why Do Free Markets Work," you heard ***three reasons*** *in favor of capitalist free-market economics. These were*:

1. It promotes wealth: Trade is voluntary, and businesses only enter deals that benefit them. This way, everyone can make a profit.

2. It promotes fairness: With an open and free system, everyone plays by the same rules.

3. It promotes innovation: As businesses compete with each other to provide the best products, they are always working on improvements and new development.

Now, let's look at ***three reasons*** *against using the free market system of economics:*

1. Exploitation: As companies compete, each one may try to attract customers by offering their products at a lower price. As they try to cut costs, companies may pay their workers less or cut benefits. They may also hire workers in poor countries to do jobs for less money and in harsh or unsafe conditions. Laws to limit the demands placed on workers have ensured that employees have certain rights.

2. Uncontrolled use of resources: With everyone competing to make a profit, people and businesses can grow very quickly – but they also use up a lot of resources. This can affect the environment. In his 1833 "tragedy of the commons" scenario, British economist William Forster Lloyd used the example of a shared grassy area or "common" in English villages. Farmers were allowed to let their cattle graze on the land, but Lloyd claimed that if one farmer put too many cows in the area, the land would become over-grazed. In this way, the greater good would suffer due to the business decisions of an individual. Laws and regulations can be used to make sure that resources are not overused at the expense of the wider population.

3. Inequality: One of the most common arguments against free-market capitalism is wealth inequality between people. In this system, people who provide more valued products or services can demand a higher price, while others may work hard in important jobs but not earn much money because their job is not valued as highly. For example, nurses provide an essential service, but they do not earn as much money as investment bankers.

Once a company or individual gains success, it also gains more power. Some companies eventually grow to have so much power and wealth that the playing field is no longer level. In this way, a big company can control the market and drive smaller competitors out of business. In extreme cases, a monopoly can form, where a company dominates the market.