

Abstract

This thesis contains three essays related to the work of economist Joseph Stiglitz. The first essay describes the contribution of Stiglitz to economic theory by analysing problems of information asymmetry, new Keynesian and institutional economics, rationality, and market theories. Shortcomings of neoclassical economics are described and possible solutions are outlined. The last part of this essay summarizes the main critique of Stiglitz's work.

The second essay applies the topic of information asymmetry by discussing whether the current level of economic development leads to convergence or divergence in the technology and information levels. The conclusion is that even though globalisation affects the level of technology and information, we do not see convergence as predicted by several theoretical models and information asymmetry remains an important element in the economy.

The last essay links the Stiglitz-Greenwald theory of credit rationing using recent Czech data from years 2007-2009. Data confirm that credit rationing increases, information asymmetry increases, and the transmission mechanism does not function well during economic decline. I conclude that Czech banks increase their screening of clients and consequently credit rationing in the times uncertainty leading to ambiguous development of interest rates. Recent Czech data can confirm Stiglitz-Greenwald monetary theory.