

DOI: 10.24193/tras.76E.2
Published First Online: 10/27/2025

LAUDATIO
In support of awarding the title
of Doctor Honoris Causa,
by Babeş-Bolyai University,
to Professor Joseph Eugene Stiglitz
– Columbia University, USA

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Esteemed Rector and President of the Senate, honored representatives of central and local administration, distinguished colleagues, dear students, ladies and gentlemen,

We are gathered here today to honor an exceptional individual — a brilliant scholar, an outstanding economist recognized as one of the most influential thinkers of our era, an esteemed and active public intellectual, and a passionate advocate for democracy, sustainable development, and social justice.

Academic background and career

Professor Joseph Stiglitz's remarkable academic journey began at Amherst College, where he studied from 1960 to 1963, graduating summa cum laude. He then pursued his doctoral studies at the Massachusetts Institute of Technology (MIT), earning his Ph.D. in economics in 1967.

In 1970, at just 27 years old, Stiglitz was appointed as a full professor at Yale University. Over the course of his distinguished career, he held academic positions at some of the world's leading institutions, including Stanford, MIT, Oxford, and Princeton, before joining Columbia University in 2001.

Throughout his illustrious career, Dr. Stiglitz has been invited as a visiting researcher or visiting professor at numerous universities and institutions worldwide, delivering influential lectures on economic policy, growth, and inequality. Notably, he was a Fulbright Scholar at the University of Cambridge, where he collaborated closely with well-known economists Joan Robinson and Frank Hahn.

Key scientific contributions

As of April 2025, Nobel laureate economist Joseph E. Stiglitz has authored or co-authored over 1,100 academic publications. Specifically, SciSpace lists 1,168 papers, while IDEAS/RePEc catalogs more than 1,100 entries under his name. On his Google Scholar profile, Professor Stiglitz has received over 393,000 citations. This reflects his significant influence in the fields of economics and public policy, placing him among the top 10 most cited economists globally.

Joseph Stiglitz is a leading figure in the field of information economics and has profoundly influenced our understanding of markets and information asymmetry. He explored how such imbalances can lead to market failures, including adverse selection and moral hazard.

Adverse selection: occurs before signing a contract, when one party (often buyers or employers) cannot distinguish between different quality levels, leading to suboptimal outcomes. For example, in insurance, high-risk individuals are more likely to buy the coverage.

Moral hazard: emerges after a transaction, when one party alters behavior because the costs are borne by the other party (e.g., after buying health insurance, a person might engage in riskier behavior, skipping regular exercise, knowing that the insurer will cover their medical costs).

His pioneering work on asymmetrical information identified two key mechanisms through which less-than-perfect information is managed:

Screening: actions taken by less-informed parties (such as employers or insurance companies) to separate high-risk individuals from low-risk ones by observing choices they make. For example, insurance companies ask for medical tests and detailed health histories to screen high-risk from low-risk customers.

Signaling: in contrast, informed parties may take actions to credibly disclose their private information. For example, individuals might invest in higher education to signal their productivity and competence to prospective employers.

Stiglitz's research demonstrated that while these mechanisms partially reduce information asymmetries in markets, they seldom succeed in fully eliminating them.

Besides asymmetric information, adverse selection, and moral hazard already discussed, Professor Stiglitz is adding another key concept: credit rationing. He analyzed how credit markets operate when lenders and borrowers have different information – 'Credit Rationing in Markets with Imperfect Information' (with Andrew Weiss, 1981).

In standard economic theory, supply and demand should clear markets. Lenders do not necessarily respond to excess demand for loans by raising interest rates. Instead, they limit the amount of credit available – even to willing borrowers at the current rate. This work was influential for understanding why some small businesses and individuals have limited access to financing.

One of Joseph Stiglitz's significant contributions to labor economics theory is the Efficiency Wage Theory, developed in collaboration with Carl Shapiro. This theory proposes that paying workers' wages above the market equilibrium level can enhance productivity, lower employee turnover, and improve overall efficiency. It challenges the traditional economic assumption that employers should minimize costs by offering the lowest possible wages. Stiglitz demonstrated that higher wages can: boost worker productivity, discourage effort avoidance, reduce turnover and the associated training costs, improve the quality of the workforce, and reduce adverse selection problems.

In his broader economic analysis, Professor Stiglitz also explored the dynamics of risk, uncertainty, emphasizing their crucial impact on market behavior, economic efficiency, and public policy.

In the realm of public sector economics, Stiglitz stresses the importance of government intervention to correct market failures, to achieve efficient resource allocation, and to promote equitable income distribution. He argues that public action – through instruments such as taxation, subsidies, regulation, and the direct provision of goods and services – is essential when markets alone cannot produce socially optimal outcomes. In particular, he highlights the need to address externalities, public goods, imperfect competition, and information asymmetry.

Welfare economics is another central area of Stiglitz's work, where he systematically examines how economic well-being can be assessed and how public policies impact social welfare. In theory, perfectly competitive markets can be Pareto efficient (as per the

First Fundamental Theorem of Welfare Economics). In practice, markets are almost never perfect.

Stiglitz argues that a Pareto efficient state is one in which resources cannot be reallocated to make someone better off without making someone else worse off. However, he critically examines the limitations of Pareto efficiency, particularly regarding equity considerations. Stiglitz emphasizes that policy decisions often involve a trade-off between efficiency and fairness, advocating for progressive taxation and redistributive policies as necessary tools to promote a more equitable society.

Stiglitz has also been a vocal critic of unregulated free-market policies, particularly those promoted by the International Monetary Fund (IMF) and World Bank during the era of the 'Washington Consensus' in the 1980s and 1990s. In his influential book *Globalization and Its Discontents* (2002), he argued that the economic reforms imposed on developing countries frequently exacerbated poverty and instability rather than promoting growth.

Through his work, Stiglitz contributed to a significant shift in development economics, emphasizing the importance of institutions, governance, and the realities of market imperfections, rather than liberalizing markets alone to drive prosperity.

In *The Price of Inequality* (2012), Stiglitz examines how growing disparities in income and wealth not only threaten economic efficiency but also erode social cohesion and democratic institutions. He challenges the notion that inequality is an inevitable feature of capitalism, instead framing it because of policy decisions, especially those enabling rent-seeking behavior, where the powerful extract wealth without contributing to economic productivity.

Joseph Stiglitz's recent works, particularly *The Road to Freedom: Economics and Good Society* (2024) and *People, Power, and Profits: Progressive Capitalism for an Age of Discontent* (2019), critique the neoliberal concept of freedom, contending that genuine freedom depends on strong institutions, effective regulation, and comprehensive social protections. He promotes a model of 'progressive capitalism' that seeks to harmonize market dynamics with democratic principles and social equity.

In the book *The Euro: How a Common Currency Threatens the Future of Europe* (2016), Stiglitz explores the economic and political challenges caused by the euro, arguing that the currency's structure and the austerity fiscal policies accompanying it have deepened divisions in Europe and affected economic growth. In his view, without major reforms, the euro may ultimately threaten European unity.

In his latest book, *The Origins of Inequality, & Policies to Contain It* (2025), Stiglitz provides an in-depth examination of the systemic drivers behind economic inequality and outlines practical policy solutions for mitigating them. Expanding on his previous research, he explores the underlying structural and political forces responsible for today's pronounced disparities in income and wealth.

Professor Stiglitz revolutionized economic methodology by introducing rigorous mathematical modeling to analyze markets characterized by imperfections. His work challenged traditional assumptions of perfect information and rationality, instead focusing on

more realistic scenarios. He pioneered analytical tools for understanding search behavior, screening, signaling, and incentives under uncertainty – concepts that have become foundational across diverse branches of economics, including finance, public economics, and industrial organization.

Beyond his technical contributions, Stiglitz profoundly influenced the discipline's intellectual landscape. He normalized the critical examination of core assumptions such as perfect competition and complete information, thereby paving the way for deeper, more nuanced explorations of economic realities.

Public service, journalism, and policy work

Stiglitz served as the 19th Chair of the Council of Economic Advisers (1995-1997), appointed by President Bill Clinton. During this period, he helped design U.S. economic policy on key issues such as:

Promoting Progressive Economic Policies. Stiglitz championed initiatives to reduce income inequality and foster inclusive growth. He highlighted the critical role of education, technological advancement, and human capital investment in sustaining long-term economic development.

Evaluating Welfare Reform. During the push for welfare reform in the mid-1990s, Stiglitz played a key role in evaluating the economic implications of proposed policies. He supported policies that preserved the social safety net while promoting employment and self-reliance.

Fiscal Responsibility and Deficit Reduction. Stiglitz endorsed the Clinton administration's deficit reduction strategies. His contributions helped shape the fiscal environment that ultimately led to federal budget surpluses by the end of the decade.

Emphasizing Innovation and Technology. He underscored the transformative role of information and technology in economic expansion, influencing policy directions during the rapid technological growth of the late 1990s.

Shaping Globalization Policy. Stiglitz advised on globalization and trade issues, later emerging as a key critic of its execution, especially regarding its adverse effects on developing nations – critiques informed by his experiences during this era.

As Chief Economist and Senior Vice President of the World Bank (1997-2000), Joseph E. Stiglitz reached several major achievements:

Advocacy for Transparency and Open Dialogue. Stiglitz pushed for greater transparency in the World Bank's operations and in global economic policymaking. He advocated for a more open and participatory development process, encouraging dialogue with stakeholders, including NGOs, civil society, and developing country governments.

Criticism of the Washington Consensus. He was a vocal critic of the 'Washington Consensus' a set of neoliberal economic policy prescriptions that emphasized deregulation, privatization, and liberalization. Stiglitz argued that these policies often failed to account for the social and institutional context in developing countries, and sometimes worsened inequality and instability.

Focus on Institutional and Social Dimensions of Development. He emphasized the importance of strong institutions, social capital, and education in fostering long-term development. His work broadened the development agenda beyond pure economic growth to include poverty reduction, equity, and sustainability.

Reforming Development Policy Approaches. Stiglitz contributed to shifting the World Bank's development philosophy towards a more nuanced, country-specific, and people-centered approach. He argued for policies that supported inclusive growth, recognizing the importance of governance, corruption control, and social cohesion.

Influence on Post-Crisis Thinking. In the aftermath of the Asian Financial Crisis (1997-1998), he criticized the handling of the crisis by the IMF and called for reforms in international financial architecture to better protect developing countries from external shocks. His critiques of the IMF and Washington Consensus earned him recognition as a leading voice of reform in global financial institutions.

In 2008, French President Nicolas Sarkozy launched the *Stiglitz-Sen-Fitoussi Commission* to challenge GDP as the sole measure of economic success. Led by Nobel laureates Joseph Stiglitz and Amartya Sen, along with Jean-Paul Fitoussi, the commission sought better ways to assess societal well-being and progress.

GDP measures market output, but ignores key aspects like income distribution, environmental health, and unpaid work. A country can have a rising GDP while facing inequality, pollution, or social unrest. The commission advocated shifting from production to well-being, emphasizing health, education, and life satisfaction – factors central to quality of life but missing from GDP. Non-market activities like caregiving and volunteering are vital but uncounted in GDP. The report urged tracking environmental sustainability and resource use to protect future generations – aligning with global concerns over climate change. Rather than one number, the commission proposed a dashboard of indicators to reflect the complexity of economic and social life, guiding better policy decisions.

The work of the Stiglitz-Sen-Fitoussi Commission represents a landmark in the evolution of economic thought. By advocating for a more holistic and nuanced framework for measuring prosperity, the commission illuminated the need to move beyond GDP and toward metrics that truly reflect human and environmental well-being. Its legacy continues to influence academic research, policy debates, and international discussions on redefining the goals of development in the 21st century.

Joseph Stiglitz has also been very active as a public intellectual and commentator. He has written numerous editorials and articles for major international publications, including *The New York Times*, *The Guardian*, *Financial Times*, and *The Washington Post*. His writings often address economic inequality, globalization, climate change, economic policy, and the role of international financial institutions. He frequently appears in TV interviews, podcasts, and YouTube discussions, and he is often invited to comment on economic issues and policies at international economic forums and conferences.

Professor Stiglitz emphasizes that information is a public good, and access to information is essential to a democratic society and a well-functioning economy, too. He advocates for high-quality journalism, which he considers journalism's crucial role in fostering government transparency and encouraging civic participation.

On many occasions, Stiglitz also referred to the necessity to formulate an appropriate regulatory framework for social media to limit societal harms like misinformation and disinformation, and to ensure an effective media environment.

Major distinctions and awards

Joseph E. Stiglitz remains one of the most influential and respected voices in both academic economics and global policy debates. He has been honored with numerous distinctions throughout his career. Several of these accolades have included laudation speeches that highlight his significant contributions to economics and public policy. Here are some notable examples:

Nobel Prize in Economic Sciences (2001): Joseph Stiglitz was a co-recipient of the 2001 prize, alongside George A. Akerlof and A. Michael Spence. The award recognized their analyses of markets with asymmetric information.

John Bates Clark Medal (1979): Presented by the American Economic Association to the economist under 40 who has made the most significant contribution to economic thought.

Gerald Loeb Award for Commentary (2010): Recognized for his insightful analysis in 'Capitalist Fools and Wall Street's Toxic Message'.

Sydney Peace Prize (2018): Honored for leading a global conversation about the crisis caused by economic inequality and advocating for just solutions.

Officer of the Legion of Honor (France, 2012): Bestowed by the French government for his contributions to economics and public discourse.

Foreign Member of the Royal Society (2009): Elected for his exceptional contributions to science.

Golden Plate Award of the American Academy of Achievement (2009): Presented by Archbishop Desmond Tutu in recognition of his outstanding achievements.

Premi Internacional Catalunya (2023): Awarded for his work on global economic justice and inequality.

Academic and Professional Distinctions

Stiglitz has received over 40 honorary doctorates and at least eight honorary professorships from institutions worldwide:

- University of Oxford (UK)
- University of Cambridge (UK)
- Harvard University (USA)
- Georgetown University (USA)
- Arizona State University (USA)

- University of Buenos Aires (Argentina)
- University of Vienna (Austria)
- University of Barcelona (Spain)
- Université Libre de Bruxelles (Belgium)
- University of Paris-Dauphine (France)
- École Normale Supérieure de Lyon (France)
- Sciences Po, Paris (France)
- University of Bologna (Italy)
- Norwegian Business School (Norway)
- Chinese University of Hong Kong (China)
- Waseda University (Japan), etc.

Memberships in Prestigious Societies:

- American Academy of Arts and Sciences (1983)
- National Academy of Sciences (1988)
- American Philosophical Society (1997)
- British Academy (1993)
- European Academy of Sciences and Arts

Other relevant activities

Professor Stiglitz is currently a co-editor at the Journal of Globalization and Development and served on the editorial board for numerous prestigious journals and reviews, such as: Journal of Economic Perspectives, World Bank Economic Review, Review of Economic Design, Journal of Economic Theory, Revista de Econometrica, The Geneva Papers on Risk and Insurance Theory, etc.

He serves as a counselor and holds membership on the boards of several prestigious academic institutions, NGOs, and professional associations: National Science Foundation, National Economics Foundation, American Economic Association, Center for Economic Studies, Nikkei International Academy, Barcelona Graduate School of Economics, American Economic Association, Econometric Society, etc.

Joseph Stiglitz has profoundly altered the landscape of economic thought. His work on information asymmetry, market failures, and inequality challenged and extended classical theories, providing a more nuanced and realistic picture of how economies operate. His commitment to applying these insights to real-world problems, from poverty alleviation to financial regulation, exemplifies how economic theory can inform public policy for the betterment of society.

Professor Stiglitz's impact transcends academic boundaries, positioning him as one of the most influential public intellectuals of our time. His relentless pursuit of truth, equity, and justice in economic thought and policy exemplifies a profound commitment to humanity. Through his distinguished career, he has demonstrated the power of economics as a tool for positive global change.

We are deeply honored that Professor Joseph Eugene Stiglitz has accepted the title of *Doctor Honoris Causa* from Babeş-Bolyai University, following the nomination by the Faculty of Political, Administrative and Communication Sciences. This distinction stands as a testament to his extraordinary contributions, and we are privileged to be associated with one of the foremost scholars in the fields of economics and public policy. May his voice continue to inspire and guide the pursuit of a more just and equitable world.

Cluj-Napoca
May 8, 2025

Vice-Rector
Professor Dan LAZĂR, PhD