Jim O'Neill: 'Well meaning, but unconvincing'

ING's Rob Carnell takes issue with Jim O'Neill's latest article on economics which suggest those who practice it need to go back to the drawing board

ING's Chief Economist in Asia-Pacific, Rob Carnell

Is it time for economists to go back to the drawing board? That's the question the economist Jim O'Neill poses in his article 'Can economics shake its shibboleths?'. Perhaps best known for coining the term BRICs to describe the rapidly developing countries of Brazil, Russia, India and China, the renowned economist argued that since the 2008 financial crisis, economic orthodoxies have been collapsing left and right.

I'm not convinced. It takes the reader on a well-trodden journey that critiques the economics profession. It's hard not to warm to the intent – even as a practitioner of the dismal science. The article canters through a wide-ranging set of modern day issues: Some of these are indeed economic in nature (the Phillips Curve, monetary policy impotency, the productivity conundrum). Though others are more politically oriented (the current US approach to trade, China's threat to US hegemony, tax and regulatory policies) and the article might have done better to focus on just one set in more detail than to cover the amount of ground that it does, which is prodigious.

In many cases, the really fascinating issues the article touches on are too briefly considered. And there are too few suggestions of policy remedies or conclusions that can be drawn. Sure, a great deal in economics doesn't work in the real world as it is supposed to do. But *'what are we going to do about it?'* would have perhaps been a more fruitful line to follow.

On monetary policy for example, why not explore why unorthodox policies are failing to deliver inflation targets? Why not critique inflation targets themselves? Both are easily done as well as interesting, and genuinely address economic orthodoxy in a way the aside on China's development really doesn't.

I did find myself agreeing emphatically with the comment that economists (amongst others) should "stop prattling on about productivity all the time". But again, I would have appreciated a more detailed exposition on why this (in my view, most useless term in the economics lexicon) should be relegated. Indeed, that might have gone some way to stopping the prattling.

Read Jim O'Neill's article here

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