

Opinion | 20 March 2019

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](#)

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.