

## Prof Hines disappoints

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I [mentioned the questions](#) I proposed to ask Prof Jim Hines at his lunchtime meeting today in a blog post this morning.

I was amused to find he had read them in advance of the meeting.

He noted I'd said:

*I'm not expecting adequate answers.*

I'm sorry to report I did not get them. And this was despite the fact that he reported he's read my blog and therefore had prior notification of what I might ask.

On transparency he said transparency was, of course, a good thing. It seems clear he thinks we now have: he spoke warmly of recent new information exchange agreements as if he thinks they solve the problems on this issue. That's extraordinarily naive. And when challenged on the subject of automatic information exchange he offered that standard response of the right wing economist: I couldn't recommend it until we had data on whether it worked. What a wonderful argument that is: we can't make change for lack of data and we won't get data until we make change and so we can't change the current and rather convenient status quo. Let's be clear about this: this is not an argument for evidence bad policy, it is an argument for lack of evidence based obstruction.

On banking he was as lame. Private sector banks he says are our salvation. State owned banks — and he was categorical that state owned banks are a bad thing — hinder markets he said. So we need tax havens to promote private sector banks. He failed to note that it was privately owned banks that failed: those places that had state owned banks are doing much better than those with private sector banks right now. Evidence clearly could not get in the way of dogma

The same was true on my third question. he had created a theory, he said. The evidence supported it. Therefore it was right he said. But I had a theory, I am quite sure the evidence would support it, and yet I am wrong he said. He didn't address the more

nuanced points at all.

This was typical of his whole approach. For example, John Christensen referred him to the report of a Norwegian commission, staffed by academics, which argued the exact opposite of what Prof Hines said. He dismissed the report. He said it was not objective, he said. He is objective, he said. That's not an argument. That's an assertion — and quite candidly a false one as well. Of course he's not objective. But to say that the Norwegian team did not use data rigorously or appropriately is a serious charge — and one I am sure is unfounded.

All he could really say is, time and again, that the data supports his view. Curiously a man advising the European Commission was sitting beside me. He said he came with an open mind. But, like me, he knows this data. It is just not good enough to support the claims he made.

And his examples were economically flawed too. For example, he claimed secrecy jurisdictions are essential to ensure investment takes place. Without their tax arrangements then some investments could not occur. My answer is simple: if tax abuse is needed to ensure an investment is viable it's a misallocation of resources to do it.

And I'll guarantee he has real problems really separating FDI and portfolio flows through tax havens.

And so it went on, and on.

Two quotes from him to conclude:

*"If they [tax havens] get in the way of free functioning markets I'm against them"*

Which somewhat shoots all his other arguments down in flames.

And:

*"Intuitively the message message of economics are hard to swallow even though they're true"*

Depends whether there's any substance to your argument or not Jim, that's what I say. Not one of the questioners was with him today. Which may say quite a lot.