

”It May Work in Practice, But Does It Work in Theory? Explaining the Trend Towards “Do-It-Yourself” Economics”

Abstract

In 1986, the late David Henderson, the former chief economist at the Organization for Economic Co-Operation and Development (OECD), published a book entitled Innocence and Design: The Influence of Economic Ideas on Policy, which were based on his Reith Lectures from the previous year. In this book, he outlined the elements of a concept which he defined as “do-it-yourself economics,” which emphasized a case-by-case approach to economic policy, as opposed to one that was associated with a comprehensive vision or theory. Some of the following statements constitute examples of “DIY economics” at work:

- Industries or activities can be classified as either “essential” or “non-essential,” or ranked in order of priority.
- Governments should ensure self-sufficiency in essentials, and provide support to high-priority sectors.
- International competition is primarily between states.
- Exports are good, imports are bad
- Import restrictions and export subsidies increase total employment

This presentation will seek to explain why this outlook has gained adherents, across countries and political traditions, in the wake of recent international events, such as the global financial crisis of the late 2000’s and the worldwide COVID-19 pandemic. It will also attempt to outline the potential implications of this paradigm shift for the future direction of domestic and international economic policy.