

A new economy may be closer than you think

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I am intrigued by the continuing decline of the big supermarket chains. Leave aside Tesco's accounting problems at the moment and the impact on share prices and go deeper. What is this really all about?

First, and most obviously, this is about declining living standards. This is a fact for many.

Second, there appears to be a rejection of brands in what is happening. That is enormously powerful if true. People are showing themselves willing to ignore hype and will substitute products and vendors to get value having realised that much of what they are being asked to pay for is, in many cases, the froth of advertising.

Third, there is an increasing awareness of local being not just welcome, but good. People want shops in their communities. That's really important.

Fourth, there seems to be a desire to cut waste. I thought it was just our household doing this (we've had a real thing on this for some time, and have changed shopping patterns quite significantly as a result), but it isn't. It's obviously general. The reality is that buying less more often pays in this way, and can also be more creative. All of that is good.

And, fifth, and at least as important, there is a rejection of choice in this move. People are overawed by the big supermarket, it seems. I am not surprised, but I would not have assumed my own considerable distaste for them might be more general until the trend had become apparent. The fact is, it seems, that people are actually put off by being presented with too many options and too many alternatives. They have neither the time, nor inclination, to make so many complicated choices and are realising that in far too any cases the cost of choosing is in any case too high: simply assembling the information is an exercise they do not want to undertake. So they go somewhere that has done the job for them by setting a criteria (price) as priority and has an offering set against that sole criteria where limited options are then put to them. People can handle that, and like it.

All this, though, has enormous implications for the economy far beyond the fate of the share price of Tesco and Sainsbury's. Take for example the whole philosophy of New Labour. It was all about choice. So people had to, for example, choose and book in the NHS and this government is insisting GPs must provide an alternative private option to patients. But patients never wanted that alternative. They wanted a good local hospital.

And patients do not want their own care budgets. They can't handle all the data required to make the resulting choices. They want care.

The same is true with railways. People don't want a choice of train operating companies. They want trains that work.

This list could go on, and on.

But it also says that the green, localisation agenda is now becoming real, not because of the political sell in of the idea, but because of the fact that it is now so clear it works, on the ground, in reality.

And the rejection of brands is also significant. If that really takes off more widely - and I am not so confident on this one - then the impact is massive for everything from GDP to the state of the media, which is wholly dependent on advertising to survive. If the idea of a brand is rejected then the advertising budget goes with it. What then?

The potential for a change in direction in the economy is more widely implicit in this rejection of the giant consumer shed than is at first obvious. This suggests that my theory of the cappuccino economy has much going for it.

In that theory I argue that the foundation of a cappuccino is strong black coffee - an espresso. That, in my metaphor, is the state. It is the foundation on which the private sector economy — the hot frothy milk — can be built. And right on the top, whether chocolate or nutmeg, is the topping that is used to persuade us that all the exciting things in life come from the frippery only the private sector delivers, and which does, therefore, apparently justify the view that only it adds value.

Right now I suspect, quite strongly, that a lot of people are rejecting the chocolate or nutmeg and not just because they cannot afford it, but because they do not want it. And I also think that the Scottish referendum clearly showed a desire for a different type of economy: the mixed economy where the milk and espresso are not separate elements, but combine constructively without the need for the topping of an artificial froth to make things appear something they're not.

If that's true then it's also unsurprising if people are alienated from the neoliberal parties, because they aren't talking to people, and especially the young, any more. I may be wrong, of course, but I'm not so sure I am. I think something very significant is happening and that increasing incomes will not change it, because we have changed.

We no longer want coffee offered using a pile of names most of us still think purely pretentious. We may want, at least in this metaphor, to go back to the days when you ordered a coffee and the choice was black or white.

I stress: I'm not saying they want a bad, instant coffee. They want a really good coffee. But they don't need every thrill in life to be supposedly implicit within the coffee and its marketing. They know that there's much more to the coffee (life) experience than that. That's why locality is important, for example. Life is about living in community in this new world.

But what it all means is that a new economy may be closer than you think.

There's more on this idea in [Chapter 5 of The Courageous State](#).