A critical shift in consumer psychology

Sir, “The curse of weak global demand” may have its several macroeconomic causes, as Martin Wolf writes (Comment November 19). But more fundamentally, the reason would seem to lie in a critical shift in consumer psychology which transpired in the wake of the financial crisis and the great recession. Basically, people learnt to make do with less and surprisingly to become satisfied with more modest habits of consumption.

Recently National Public Radio (NPR) asked its listeners to respond to the question: “How’s your economy doing?” One gave a telling response: after losing his good, middle-class job in 2008, he remained unemployed for two years as he looked for comparable employment. He then gave up looking and retooled, acquiring a new technical skill.

This acquisition enabled him to find several more modest jobs that allowed him to continue paying the bills and to keep his family afloat. He expressed surprise at how little he actually needed to remain content and welcomed his new, more sober life-style!

Perhaps the “new mediocre” that Christine Lagarde describes when talking of the world economy is not something to disparage after all. Perhaps the relative stasis in which the Japanese find themselves is not something to lament, but rather to emulate. Certainly the environmentalist’s problems created by excessive economic growth, showcased by China for example, might more easily be addressed.