

World food price crisis

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There is something shockingly familiar about the news over the last few days. Tax havens remain in trouble, and are causing trouble. Banks remain under scrutiny, are failing to recognise their obligations, and are resisting regulation, partly by using tax havens. Stock markets are increasing in value, although there is no clear underlying reason why that should be the case given the current state of the world economy. Another potential banking crisis is looming if American municipalities default on their debt. But most important of all, as [the Financial Times notes this morning](#), there is a looming world food price crisis.

The price of corn and soya bean have just reached their highest levels in 30 months. This is serious. These are staple products. These affect developing countries. These price increases will induce real poverty. Shortages will have serious economic impact. And if central bankers react to the resulting inflation by increasing interest rates then, although that reaction will be wholly unjustified, they will create a recession.

The underlying sense of unease that I, that we have learned nothing as yet about how to manage the realities of our economy, continues to grow. The need for a new economic understanding is pressing. I noted recently (and can't find the link now) that Paul Krugman said something very similar recently. The difficulty is that neoliberalism is dead, but in the absence of an alternative it remains in place. And that's worrying for real people who will be facing the real problems its prescriptions give rise to. Like hunger.