

The myth that corporations know the answer to all life?...

Published: January 13, 2026, 3:43 am

The world has changed. Covid is the main reason. In the UK Brexit is also a major factor. Add them together and the assumption of many within financial markets that there is going to be a return to 'normal' is wrong.

A mass of data reveals that today. I can only pick a selection. Start with food supply. As [the FT has noted today](#), the UK farm workforce has been reduced by a sixth as a result of Covid-19 and Brexit. One of the consequences is that 5 to 10 per cent less chicken is being produced than normal and there is 10 per cent less turkey production. Christmas turkey production is expected to be down by 20%. Get your orders in early. Other areas are obviously impacted as well.

The result is that food shortages are not just due to a shortage of drivers. They are due to genuine shortages. And as for drivers, John Lewis is apparently planning to pay them £5,000 more a year, which will however simply correct a long term wage decline and a supply problem that was predicted long before Brexit because the UK based workforce was ageing and not being replaced by new recruits.

But this is not the only disrupted market. The forecast was that once Covid was over (and there was a naive expectation in the spring that this would be happening by now) then financial markets would return to normal, interest rates would rise, and 'usual' relationships would be re-established. But again, this is not true. As the [FT again reports](#), the stock of negative-yielding bonds in the world is growing again, and has now reached US\$16trn, only \$2trn short of its peak. All German state debt now trades at negative yields. Japan is back in negative rates for some of its debt, and so too are France, Spain, Italy and even Greece with regard to their shorter-dated debt. Those buying this debt know they will make a loss from doing so, and buy it nonetheless.

What is the combined message? I suggest there are a number of points to note.

First, real markets are in a mess and it is not clear when they will get out of that mess again. What is clear is that labour is being undervalued. It's not just labour shortages are real, but that the long term suppression of wage rates, which has around the world

been most associated with the decline in trade union power over the last forty years, and which has been associated with steady increases in corporate profitability, has to be reversed if people are to be attracted into what have become deeply unattractive jobs because of the conditions and pay attached to them, like truck driving. Covid is not sending out temporary signals in this case: it is sending out long term indications that there needs to be a change in the balance of power in the marketplace, and labour needs a larger share of the rewards.

Second, the financial markets are suggesting that they do not think Covid is over as yet.

Third, they are also sending out the strongest possible indication that they have little faith in corporate profitability being restored, which is why investors are willing to take a guaranteed loss on placing their money in government bonds.

Fourth, markets also think the corporate sector has no answer to the problems it faces or they would not be placing their money with the government. Markets are clearly indicating they see neither indication or adaptation in financial markets to suggest that corporate fortunes are changing.

Fifth, there is the clearest indication that markets see no hint of government defaults as a result of quantitative easing. In fact, it would seem that they are reassured by it. Nor do they think inflation a real risk, come to that.

Sixth, governments are clearly not issuing enough debt to meet demand for it. As a result of QE restricting government debt supply, excess liquidity in markets because of QE, and insufficient actual government spending on infrastructure despite low rates there is not enough debt to meet demand so its price may be too high, and hence the yield is negative. The obvious solution is for governments to spend more, including on training, as a pre-requisite.

What is to be concluded? Simply that as I noted at the outset, the world has changed. Covid was, first of all, a blip, then a recession, and now it is something else. Now it looks as though it is the precursor of a reset. We need that reset. Over-powerful corporations do need to be constrained. Real wage rates do need to rise. Markets do need to re-orientate. Governments do need to appreciate that the world now sees them as not just a safe haven, but as a real creator of value. Rethinking of long term investment strategies, both in real and financial markets need to change as a result. And all that is before I ever mentioned climate. But, in truth, I think the awareness of that hangs over all this.

The transition to the world we have no choice but live in now has begun. The route to it will not be smooth. But the pre-March 2020 economy is now history, never to be seen again. What is emerging is something new. It may be better. We will have to wait and see, but it is possible that the myth that corporations know the answer to all life's

mysteries may have been shattered. The world will be a better place if it has been.