

The world's politicians have their heads in the sand as...

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A selection of FT headlines from the barrage of email newsletters that I receive from them each morning provide very clear indication of the scale of the actual, underlying, realisation that is hitting the world economy right now as a consequence of the closure of the Strait of Hormuz, even if few people are willing to address the obvious consequences that are going to arise, [as I do in this morning's video](#).

First, there is the false hope:

Oil drops nearly 6% as two China-bound supertankers cross Strait of Hormuz

Brent crude falls to about \$105 a barrel as Asia-bound vessels raise hopes of resumption of energy flows

MAY 20, 2026

It appears these vessels did pass through the Strait. But it would appear they paid Iran to do so, and that will, given current tensions, provoke a US reaction. Note too, that the oil was headed for China. Two tankers will not solve its oil crisis, or anyone else's, come to that.

And, have no doubt that this oil crisis is spreading. India is bracing itself for the economic shock of what is happening. Modi is, I am sure, preparing himself for the civil unrest that might arise as a consequence.

Narendra Modi prepares Indians for economic shock after 'decade of disasters'

Fuel prices rise as prime minister says he can no longer shield citizens from impact of Iran war and other global events

That civil unrest is already developing in Africa, and both cases lend support to my thesis that, almost inevitably, this Crisis is going to hit the world's poorest people, whether in the poorest countries or the poorest people in our country, the hardest, which is precisely why we must have intervention to prevent hardship.

Protests spread in Africa as fuel crisis deepens

At the same time, it is clear that the case for making that intervention is not being heard amongst the financial elite. This headline refers to a reaction in the US, where some US Fed officials are very worried about signals being given that interest rates might be cut when they would wish to increase them in the face of inflationary pressure, when increasing rates can have no benefit at all when that inflationary pressure arises from absolute physical shortages of supply. The battle to stop neoliberals making everything about the coming crisis very much worse has clearly started.

Many Fed officials called for central bank to drop rate-cut signal in April

Minutes from latest meeting highlight growing concerns about rising inflation sparked by Iran war
MAY 20, 2026

And let us not pretend that the UK will be exempt from the consequences of this crisis. This is just one headline indicating the fact that it will be:

UK housebuilders suffer £8bn hit from Iran war

Share prices have fallen sharply as hedge funds bet the industry will bear the brunt of the economic fallout
MAY 20, 2026

Meanwhile, Rachael Reeves tried to suppress her inner panic by, as ever, outsourcing the solution to her problems to the market, only to find that they told her that they were not playing ball:

Rachel Reeves drops push for food price cap after retail backlash

Treasury's effort to persuade UK supermarkets to agree on voluntary measures struggles to secure support
MAY 20, 2026

M&S boss slams 'preposterous' proposal to cap food prices

Stuart Machin's comments come as government pushes supermarkets to sign up to voluntary price limits for key items
MAY 20, 2026

Rachael Reeves has a lesson to learn, and it is one that will contradict everything she has ever learned and done. It is that on this occasion it is down to her, as a politician, to act. She cannot rely on the market to do so.

If she does, she will fail, and people will suffer. Markets are not interested in relieving suffering. The companies she usually talks to are only interested in exploiting. Nothing

that will relieve the current crisis will, in that case, happen by the voluntary action of markets.

It will be down to her (if she is still in office) to take the necessary steps to prevent extreme suffering in the UK. I outline what these are [in this morning's video](#). The question is, has she got the courage to act? The same question will be asked of almost every politician in the world very soon. As yet, no one knows the answer, but there is one thing that I think we can predict: they will all react too late. That will cost lives and have massive lasting consequences.

We are on the edge of a precipice, and so far, the world's politicians have chosen to ignore that fact. Maybe that will be enough to consign their neoliberal thinking to history. That is the only glimmer of hope I can find in all this, but it will come at far too high a price