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The Implications of the 2026 U.S. Midterms for Economies in the Global South



Why address this topic now?

Cairo Forum 3 brought together participants from more than 30 countries on November 1st and 2nd, 2026.[1] On the sidelines of the forum, some of those experts discussed the upcoming U.S. midterm elections. Two questions from those conversations frame this issue of Economic Lens. Did domestic concerns or events abroad play a greater role in shaping the election result? What could the outcome mean for economies in the Global South? We draw on the discussions to explain the experts' views and the reasoning behind them.

What the elections decided

Halfway through a U.S. president's four-year term, voters elect all 435 members of the House of Representatives and fill roughly one-third of the seats in the Senate. The midterms determine which party controls each chamber for the following two years.[2] Democrats won control of both chambers in the midterms held on November 3rd, 2026. By November 22nd, Democrats had won 258 House seats and Republicans 173, with four races still uncalled.[3] Democrats gained nine Senate seats; their largest midterm gain since 1958. They won Senate races in Texas and Ohio; two states Trump had carried by more than 10 percentage points in the 2024 presidential election.[4]

[1] Egypt State Information Service, Cairo Forum opens with participation from more than 30 countries, November 1, 2026
[2] USAGov, Congressional and midterm elections
[3] Associated Press, House results as of November 22, 2026
[4] Associated Press, Democratic Senate gains in historical context

Ballotpedia, 2026 U.S. Senate election results

Federal Election Commission, Official 2024 presidential election results

When the new Congress convenes in January, Democrats will decide which bills come up for a vote and which administration policies congressional committees investigate. Those committees can require officials to testify and examine how the administration has implemented federal programs and spent public funds. The Senate majority also gives Democrats the power to block Trump's Cabinet and judicial nominees. Even though Trump retains his veto, which Congress can override with a two-thirds vote in each chamber, the shift in the balance of power will put a check on his individualism by giving Democrats the votes to block key parts of his legislative agenda. Major changes to taxes or federal spending will therefore generally require an agreement with the White House.[5]

What drove the shift?

Some experts on the sidelines of the Cairo Forum expected domestic conditions, particularly the economy, to drive the midterm vote. The Associated Press (AP) Voter Poll supports that interpretation. When asked to name the most important issue facing the country, 39% of voters chose the economy, 33% chose the state of democracy, and 13% chose immigration. Together, these three issues accounted for about 85% of responses.[6] They point to an electorate focused above all on conditions at home and how the U.S. government was handling them.

Affordability was central to voters' economic concerns. Nearly nine in ten said the cost of living was crucial or a major factor in their vote for Congress. The poll also helps explain why this hurt Republicans. About two-thirds of voters said Trump's policies had made the economy worse, and roughly eight in ten of those voters backed a Democratic House candidate.[7]

Other experts argued that the war with Iran could influence the election because it had added to inflation at home. Disruptions to oil supplies helped push the average U.S. price of regular gasoline from $2.91 per gallon in February to $4.31 in October.[8] In September alone, rising gasoline prices accounted for more than half of the monthly increase in consumer prices.[9] The increase made it harder for Republicans to show, in the months before the election, that they were delivering on their promise to bring prices under control.

The two views are closer than they first appear. Only 4% of voters in the AP poll named foreign policy as the country's most important issue.[10] In a separate Chicago Council on Global Affairs survey, 86% of Americans said the war with Iran was having a negative effect on the cost of living.[11] The strongest reading of the evidence is that **domestic concerns drove the result, and the war made the most**

[5] U.S. Senate, Powers and procedures
National Archives, U.S. Constitution, Articles I and II
[6] National results from the 2026 voter poll conducted by SSRS for AP and other partners
[7] National results from the 2026 voter poll conducted by SSRS for AP and other partners
[8] U.S. Energy Information Administration, Short-Term Energy Outlook, November 2026
U.S. Energy Information Administration, Monthly U.S. regular gasoline prices
[9] U.S. Bureau of Labor Statistics, Consumer Price Index, September 2026
[10] National results from the 2026 voter poll conducted by SSRS for AP and other partners
[11] Chicago Council on Global Affairs, Americans, Foreign Policy, and the 2026 Midterms

pressing of those concerns worse. For Republicans, the political cost of the war was that it made an everyday expense harder to afford when voters were already judging the party on its promise to bring prices under control.

What do the midterms mean for economies in the Global South?

Opinions were also divided on what the midterms could mean for the Global South. Some experts expected significant economic consequences, pointing to possible changes in U.S. trade policy and global oil prices. Others expected the effects to be limited to specific areas and placed greater weight on how those countries could respond.

The second group argued that much of what happens next depends on the choices countries in the Global South make themselves. A midterm or even a presidential election can change how Washington responds to a conflict, deals with a particular government, or approaches an economic issue. A lasting shift in the broader relationship would require a change in what the United States seeks from its ties with these countries and how much weight it gives to their interests. The experts saw little reason to expect a change of that scale from the midterms.

The second group viewed Washington's decision to exclude South Africa, a founding G20 member, from the 2026 summit as alarming.[12] To them, it showed how little weight the United States was prepared to give to a prominent voice from the Global South in discussions on global economic policy. The episode gave these experts a practical reason to ask how developing countries could do more to advance their own priorities.

The room to act varies considerably across the Global South. Governments with a range of international partners have more options when one partner changes its terms and more leverage when negotiating a response. Countries that depend heavily on a single market, creditor, or security partner face greater costs in finding alternatives. The same shift in U.S. policy can therefore be manageable for one country and disruptive for another.

There is also room for countries to act together. Their interests may differ across many issues, yet they can agree on specific priorities and carry more weight in international negotiations by advancing them jointly. The midterms may change some of the conditions these countries face. Their influence over those conditions will depend in part on the partnerships they build and the priorities they can pursue together.

[12] Congressional Research Service, U.S. Participation in the G7 and the G20, November 2026
Associated Press, South Africa's exclusion from U.S.-hosted G20 talks

What can we conclude?

First, in our assessment, the international economic order is breaking down, and the shape of its successor remains unclear.

As Antonio Gramsci, the famous political theorist, put it, "the old is dying and the new cannot be born."[13] That image captures the uncertainty surrounding the international economic order today. The institutions that have governed it are under strain, and power is spread across a wider range of countries. It remains unclear who will set the rules of the next system, which institutions will uphold them, and how much say developing countries will have in shaping either.

Second, a change in Washington can affect individual policies without producing a structural shift. A new Congress or president can change how the United States handles a particular issue. A lasting change in its relationship with the Global South would require a deeper shift in what Washington seeks from those relationships and how much weight it gives to the interests of developing countries.

A new Congress can press for a different U.S. approach to the Middle East and influence specific decisions, such as funding for continued military operations. Those decisions might change the course of an individual conflict. A fair and lasting settlement would require a deeper shift in Washington's position on the disputes that drive conflict in the region, including how much weight it gives to the rights and interests of the people affected. Washington has shown little willingness to reconsider those positions, and the distribution of power under the existing international order gives the countries most affected limited leverage to press for that change.

Third, the initiative for lasting change lies with countries in the Global South themselves.

The future of the Global South lies in the hands of its own countries. The relationships they build with one another should give each country more room to choose its partners and pursue its own priorities. If those relationships divide countries into rival blocs, each dependent on a dominant power, they will have recreated the same system under different names.

[13] Antonio Gramsci, Selections from the Prison Notebooks, p. 276, as cited by Gilbert Achcar