

We Greet the New Year with Optimism: The First Newsletter (2026)



Wilfredo Lam (Cuba), *Les Abalochas dansent pour Dhambala, dieu de l'unité* (The Abalochas Dance for Dhambala, the God of Unity), 1970.

Dear friends,

Greetings from the desk of **Tricontinental: Institute for Social Research**.

Are we entering the new year with anxiety or with hope? I am hopeful because in my travels I see that people around the world are disappointed with the present state of things – they want to live in a society that is not eclipsed by hunger and suffering. But I am not so optimistic as to think that dissatisfaction alone will transform this world of **climate catastrophe** and genocidal war into one of dignity and peace. While the feeling exists, it has not yet helped us carve a path towards something better.

For decades, organisations like the United Nations Conference on Trade and Development (UNCTAD), founded in 1964, have provided empirical analyses of the suffering in our world. In December of last year, UNCTAD released its 2025 *Trade and Development Report*, which contained several novel and important findings. Below are six points that bear our attention.



Mangu Putra (Indonesia), *Exploitation*, 2000.

1. **Global growth is stagnating and uneven.** UNCTAD projected that global GDP growth would slow to 2.6% in 2025, down from 2.9% in 2024 – a sign of secular stagnation. Developing countries, led by the Asian powerhouses, were projected to grow by 4.3% and drive 70% of global growth. Meanwhile, Latin America and the Caribbean was expected to see slower growth relative to 2024, while Africa's overall growth was projected to tick up unevenly. Sections of the Global South are the growth engine, but they remain structurally subordinated to the centres of finance in the Global North: value is produced in the periphery yet mediated, priced, and often appropriated through the financial and trade system dominated by the core.
2. **The Global North dominates trade through the financial system.** UNCTAD estimates that 90% of world trade depends on trade finance and the banking system. World trade is sensitive to shifts in interest rates,

liquidity in financial markets, and the sentiment of investors; these can affect trade as much as changes in real output. UNCTAD's data shows that global financial swings – in credit, capital flows, and risk appetite – closely track with swings in world trade volumes. With the US dollar's share of international payments via the SWIFT system once more at around 50% of all payments, and with the US accounting for half of global equity market value and 40% of bond issuance, the dollar hegemony continues to prevail over the Global South. In other words, world trade circulates in Northern containers and is underwritten by Northern credit.



Behjat Sadr (Iran), *Untitled*, 1974.

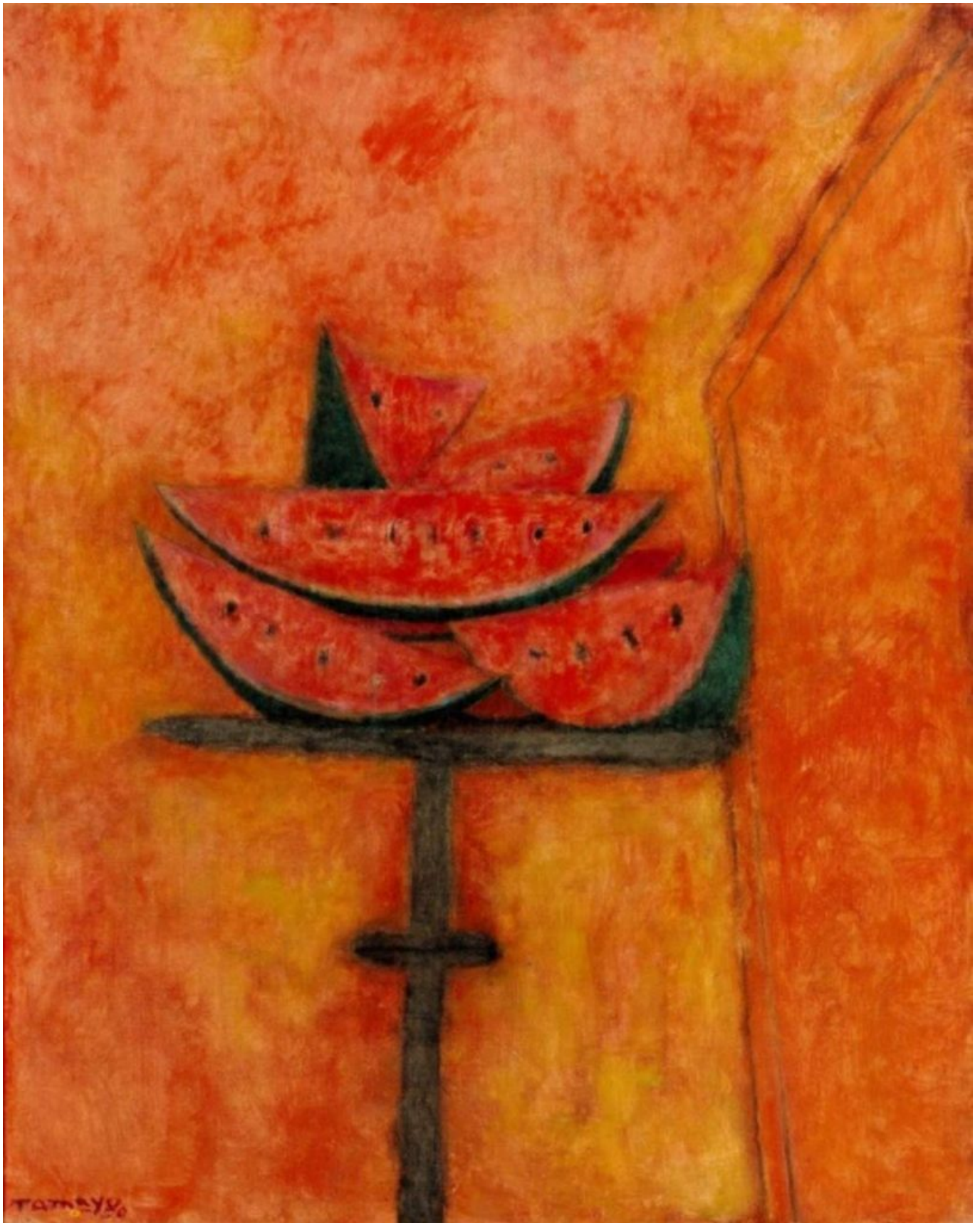
3. **The crisis of hyper-imperialism creates uncertainty.** The report repeatedly mentions global ‘elevated policy uncertainty’. This is a technocratic euphemism for a crisis of hegemony in the imperial core, with US President Donald Trump’s trade war at the heart of it. Tariff escalations and geoeconomic confrontation have become entrenched features of the world system rather than mere temporary shocks. These developments will continue to depress investment and trade, leading to stagnation in the North Atlantic states and sections of the Global South most vulnerable to North-South trade patterns.
4. **The Global South debt crisis is intensifying.** Half of the world’s low-income countries (35 out of 68) face a high risk of debt distress. ‘Debt defaults’, UNCTAD notes, ‘have historically led to outsized, long-lasting reductions in output; a lack of access to international capital markets; and sharp increases in borrowing costs that hamper any subsequent economic recovery’. On average, underdeveloped economies borrow at interest rates of 7%–11%, while advanced economies borrow at 1%–4%. This disparity is a **structural** feature of the

international financial architecture, not simply a reflection of the fundamentals of this or that economy. Debt continues to be used to discipline the countries of the Global South, particularly in **Africa**.



Sam Joseph Ntiro (Tanzania), *Harvesting Cotton*, 1957.

5. **The climate crisis feeds into the debt crisis.** The countries most vulnerable to the climate crisis are forced to pay for their vulnerability through higher interest rates. According to the report, these countries ‘transfer \$20 billion per year to external creditors just to cover higher interest costs due to climate risks, even though they have barely contributed to generating that risk. This cost has risen from \$5 billion in 2006, totalling a cumulative \$212 billion by 2023’. This process could be characterised as a form of climate-debt peonage, with those least responsible for carbon emissions being forced to subsidise Northern bondholders through higher risk premiums.
6. **Food is becoming a speculative asset.** In chapter III, ‘The Financial Architecture of Global Food Trading’, UNCTAD explains how major food traders earn over three-quarters of their income from financial intermediation – financing deals, trading derivatives, and earning fees from managing risk and credit – rather than from the physical trade in food commodities. The report warns that financialised commodity markets threaten food security in the Global South by amplifying price volatility, and – as UNCTAD showed in its 2023 *Trade and Development Report* – that food has increasingly become a speculative asset.



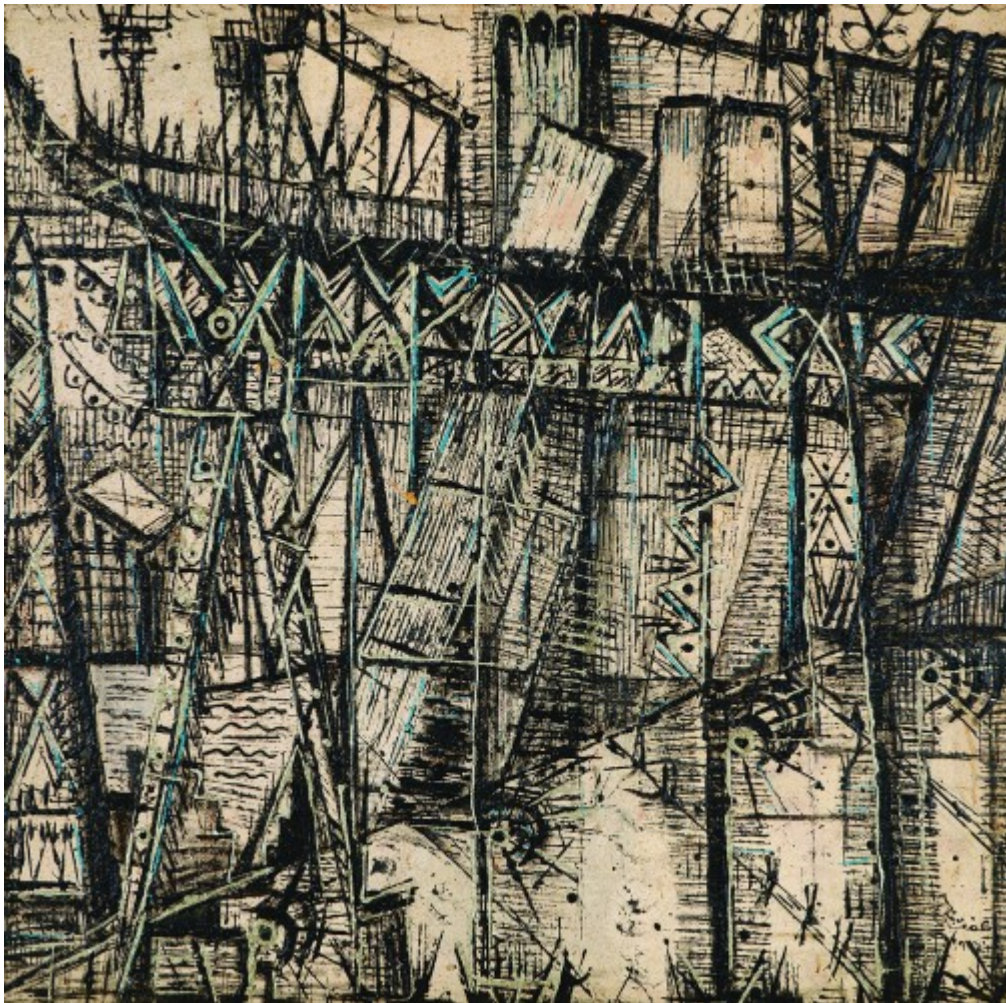
Rufino Tamayo (México), *Tajadas de sandía* (Watermelon Slices), 1950.

In 2019, UNCTAD published one of its most radical **reports** in recent years, arguing that to rely on the system to fix itself was ‘wishful thinking’. What is needed, the report said, is a system-wide reform of neoliberalism and a Global Green New Deal led by the public sector. Since then, UNCTAD has produced consistently useful empirical analysis, but its proposed solutions have become increasingly diluted. By 2023, UNCTAD **said** that there was a need to ‘realign the global financial architecture’, and in 2024 it **stressed** the need for ‘rethinking development in the age of discontent’. The latest report contains one of the most powerful empirical critiques of the system, but it ends with vapid phrases about ‘macroprudential tools’, ‘closing data gaps’, and ‘targeted reforms’. Can these rhetorical gestures and technocratic flourishes solve the social and political problems of our world?

What we need is a programme that is more than rhetoric. We need a commitment to a **New Development Theory**, which we have been building at our institute. In the course of our research, it has become clear to us that there are ten basic policies that countries in the Global South need to adopt in order to overcome neoliberalism and dependency:

1. **Democratic planning.** Establish a democratic, national planning commission with real authority over investment, trade, and industrial priorities.
2. **State-led industrial policy.** Launch an industrial policy that identifies strategic sectors (digital infrastructure, food processing, machinery, pharmaceuticals, and renewable energy) and supports them through public procurement, subsidies, credit, local-content and technology-transfer requirements, and protection from foreign competition.
3. **Capital controls and taxation.** Implement strategic capital controls that prevent capital flight, speculative inflows, and currency attacks; strengthen oversight to curb illicit financial flows; require reinvestment of profits in domestic productive sectors; and adopt progressive taxation to penalise rent-seeking.
4. **Public development finance.** Establish and enhance public development banks to channel credit into long-term industrial, agricultural, housing, and infrastructure projects.
5. **Public ownership.** Nationalise strategic sectors such as energy, mineral extraction, transport, telecommunications, and finance.
6. **Food sovereignty.** Rebuild food sovereignty through agrarian reform, which would mean confronting landlordism and agribusinesses. In some contexts, this would entail land redistribution, in others, democratically achieving scale through cooperatives. Invest in irrigation, storage, and agricultural transport, end dependence on food imports and volatile global markets, and stabilise prices through public intervention in food markets.
7. **Technological sovereignty.** Break dependency on intellectual property by using compulsory licensing, public research institutes, South-South technology pools, and open-source platforms to develop domestic technological capabilities in health, energy, and communications.
8. **Regional integration.** Develop regional South-South trade and payment systems such as regional clearing mechanisms, local-currency trade, and coordinated industrial chains.
9. **Debt sovereignty.** Conduct public audits to identify illegitimate or odious debt. Suspend debt payments when necessary and pursue collective renegotiation with other Global South countries to weaken creditor power.
10. **Universal public goods.** Guarantee healthcare, education (including vocational and technical training aligned with industrial priorities), housing, transport, and energy through public provision, while linking these services to domestic production systems (through public construction firms, state pharmaceutical companies, and public energy utilities).

This ten-point agenda is only the beginning of what we are trying to develop through the New Development Theory. The Economics and Historical Sociology departments of our institute are hard at work mapping the mechanisms of global dependency and identifying strategies to break them. We plan to develop new analytical tools, such as a Dependency Index and a Digital Sovereignty Index, to provide a rigorous analysis of the current state of dependency and the productive forces across the Global South. Our work now hinges on turning dissatisfaction into a programme to build a better world.



Effat Nagi (Egypt), *The High Dam*, 1966.

In the triumphant years of decolonisation, the newly independent Third World countries produced anthems of independence and development. Abdel Halim Hafez, the legendary singer of Egyptian independence, sang a song in 1960 called *Hekayet Shaab* (A People's Tale). It told the story of Egypt's revolt against its corrupt monarchy in 1952, the building of the Aswan Dam, the attempt by Britain, France, and Israel to block its construction, and Gamal Abdel Nasser's nationalisation of the Suez Canal. The song opens with this rousing verse:

We said that we would build it.
And we built the High Dam.

With our own money and the hands of our workers.
We said that we would and we did it.

We will do it again.

Warmly,

Vijay