Opinion | The Great Capitulation Is Over. What Will Take Its Place?

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Guest Essay

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Credit...Dave Bowers

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Looking back, we will remember 2025 as the year of the great capitulation. It was the year liberal democracy lost its nerve, as law firms, universities, media organizations, corporations and countries appeased an increasingly illiberal United States in an unseemly and miscalculated scramble to get the best possible deals for themselves.

Paradoxically, only China — hardly an avatar of liberal democracy — had the political will and the economic leverage to stand up to an American administration bent on rewriting the rules of the liberal international order that the United States itself had created. Beijing, it turned out, understood Washington better than many of America's allies did: appeasing a predatory hegemon doesn't work.

What does work — as I learned when I led Canada's first renegotiation of NAFTA as the minister of foreign affairs in 2018 — is using the bargaining chips you have, including retaliating when you are attacked.

In 2026 we should all learn that lesson. This should be the year that liberal democracy fights back, in earnest. In many ways, that fight is already underway. It began in countries like my own and Australia, where what had seemed like likely election victories for the populist right were stymied by a surge of patriotic resistance. A few months later, Norway and the Netherlands followed suit.

Then U.S. voters had their turn. On Nov. 4, Abigail Spanberger and Mikie Sherrill, both centrist Democrats, triumphed in the governors' races in Virginia and New Jersey; a democratic socialist, Zohran Mamdani, was elected mayor of New York City; Katie B. Wilson, a progressive transit activist, was elected mayor of Seattle; an aggressive redistricting measure was passed overwhelmingly in California; Taylor Rehmet flipped a reliably Republican State Senate district in Texas; and down-ballot Democrats prevailed in nearly every other competitive race.

There are, of course, counterexamples, like the victories of the populist right in a recent presidential election in Poland and in parliamentary elections in the Czech Republic, the success of extreme right candidates in Latin America and the rise of the right-wing populist Nigel Farage's Reform U.K. party in the United Kingdom. But it is crucial to recognize victories by liberals and progressives, too, because the biggest threat to liberal democracy in 2025 was the defeatist temptation to just throw in the towel and accept the thesis that all that uplifting stuff about the arc of history was sentimental claptrap, and that the age of monsters had begun.

Writing about "liberalism in the end times," as he put it, the brilliant Bulgarian political scientist Ivan Krastev recently raised the question of whether "in an age of populist revolution and radical upheaval, the center-left can do anything more than survive." His grim reflections echoed those of the writer and battle-hardened former Canadian Liberal Party leader Michael Ignatieff, who suggested that perhaps the best that liberalism can do in this revolutionary moment is to batten down the hatches — to hope it will still be around to clean up, and maybe rebuild, after the storm has passed.

Mr. Krastev's and Mr. Ignatieff's analyses reflect a broader crisis of confidence — a self-flagellating worry that liberal democracy, far from presiding over the end of history, may have run its course.

That anxiety has two dimensions. The first is political: a sense that liberal democracy no longer works as politics, and that the center or center-left may no longer be able to win at the ballot box. The second is policy-based: a fear that a government grounded in the democratic and capitalist principles that the center and center-left have espoused cannot deliver economic security.

Self-doubt can be self-fulfilling, though. As the great capitulation of 2025 showed, it is both crippling and contagious. Imagining that the right-populist shift might be permanent, leading toward illiberal democracy at best and authoritarianism at worst, leaders and institutions adjusted to what they had come to believe was the new normal. That capitulation became self-reinforcing: once a few chief executives gave in, pressure mounted on others; each country that chose appeasement made it harder for others to stand firm.

It doesn't have to be that way: Consider Minneapolis. Tens of thousands of ordinary Americans risked

freezing temperatures, pepper spray, stun guns and worse to stand up for their neighbors. Plutocrats chose discretion over valor; regular people chose resistance. And it worked. Cowardice is a social virus, but courage is also contagious.

The great capitulation was a mistake, but behind it was an understandable rationale: a misreading of the 2024 and 2025 elections. It grew partly out of a genuine respect for democracy, a belief that maybe voters, especially in the United States, the United Kingdom and parts of Europe, had been permanently won over by what right-wing populism offered.

That self-criticism, however, reflected a profound misunderstanding of what had actually happened in major elections in 2024 and 2025. Although America still sets the world's mood music, President Trump's relatively narrow victory over Vice President Kamala Harris should not be understood as a secular or global shift toward the extreme right by the populace itself.

In fact, in democracies around the world, 2024 and 2025 were the years when incumbents paid the price for the post-Covid inflation spike. Just as Democrats lost to Republicans in the United States, so Germany's Social Democrats were defeated by the Christian Democrats. But elsewhere, the trend ran in the other direction: Labour defeated the ruling Conservative Party in Britain, the center-left triumphed over the right in South Korea, Prime Minister Narendra Modi of India lost his parliamentary majority, and the center-left opposition claimed victory in Lithuania.

The 2024 elections, including in the United States, weren't a tectonic social and cultural shift. They were not about rejecting the Enlightenment; they were a complaint about the cost of ground beef. Voters were not embracing patriarchal dictatorship; they were just angry that the rent was too damn high, and that the grocery bills were, too.

As a journalist-turned-politician, I understand the appeal of an exciting political narrative. It is certainly more thrilling to suggest that the postwar liberal order is permanently giving way to right-wing authoritarianism than it is to conclude that voters were simply angered by higher prices and punished the parties that had been in power when inflation surged. But 2024 wasn't the year voters consigned liberal democracy to the dustbin of history; it was instead, as John Burn-Murdoch put it in The Financial Times, a "graveyard of incumbents," and the gravedigger was inflation.

Understanding 2024 as the year of inflation and anti-incumbency offers a clearer view of the current political landscape. That is a useful lesson for traditional small-c conservatives, who are perhaps the most bereft political tribe in countries where the extreme right has taken over. Most have chosen to become part of the great capitulation, but they need not continue to be. In fact, traditional conservatism, with its support for democracy around the world, a strong military and small government at home, could have a renaissance if it is prepared to break with the extreme right and its fantasies of feudal isolationism.

For liberal democratic parties out of power, recognizing what really happened in 2024 provides a measure of optimism — as long as prices stay high, affordability is great politics. But what happens when you win? To succeed, liberal democratic governments must confront two challenges that have vexed them for the past quarter-century, if not longer.

The first is the authoritarian effort to overturn the liberal international order. Russia, with China's support, is seeking to undermine the rules-based system and its founding principle: that one sovereign state may not annex the territory of another.

Starting with Russia's annexation of Crimea in 2014, the world's democracies have failed Ukraine. Liberal democracy is thin gruel indeed if it cannot defend itself. Any liberal criticism of U.S. unilateralism needs to reckon with that abdication. But thanks to the astonishing courage and resolve of the Ukrainian people, as this criminal war enters its fifth year, this is still a fight that liberal democracy can win. I accepted an unpaid, volunteer role as an economic adviser to President Volodymyr Zelensky and left the Canadian Parliament last month because I believe Ukraine can succeed — and because I believe Ukraine's success is critical to the future of liberal democracy everywhere.

For European liberals in particular, providing Ukraine with the support it needs to prevail offers a significant strategic advantage. In 2025, the war in Ukraine was Europe's Achilles' heel. The continent's vulnerability to Washington's insistence on monetizing America's trans-Atlantic security relationships was one of the main causes of the great capitulation.

By contrast, a secure and independent Ukraine — at peace and on a path to European Union membership — could transform Europe's Achilles' heel into its shield. With its eastern flank well defended, Europe would be free to move past the appeasement of 2025 and begin to claim the mantle of global leadership. The Belgian prime minister memorably remarked at Davos that although Europeans were prepared to be happy vassals, they would not accept a role as miserable slaves. Maybe there is a third option: How about leaders of the free world?

The second major test for liberal democracy is an economic one: Across the democratic world, governments are struggling to deliver security and dignity for ordinary people amid rising prices and stagnant wages. That challenge may prove harder to overcome in economies that reward wealth over work.

The growing frustration over affordability reflects this conundrum. People want decent jobs, comfortable homes, good schools — including early learning and child care — quality health care and real prospects for advancement for their children. Economic growth is essential to realizing these hopes, but only if its benefits are widely shared, both through well-paying jobs and the tax revenues that fund public goods.

That's hard to deliver in an age of global plutocracy, when the innovators who typically drive growth can shop for lower taxes across jurisdictions. How, then, can governments both generate growth and ensure that its rewards are broadly shared? As Wab Kinew, the politically deft social-democratic premier of the Canadian province of Manitoba, likes to put it, the economic horse has to pull the social cart. But in a globalized economy — one in which the strongest horses can always jump the fence and graze in pastures where the carts are not so heavy — that is easier said than done.

The advent of A.I. will make squaring this circle even harder. It may well deliver the productivity gains and economic growth that aging Western societies need, but it is also exacerbating the winner-take-all dynamic that has characterized the digital revolution, deepening income inequality in the process.

Making market democracy work for working people is a daunting challenge, but it is hardly a new one. In fact, it has been the defining political question since the Industrial Revolution.

Consider, for example, the work of Henry George, the 19th-century economist and reformer, who famously explored the paradox of "progress and poverty" in his best seller of the same name. That is how George described Gilded Age New York — and it could just as easily apply to America's great metropolis now. The tension between encouraging inventors and ensuring that their inventions benefit society as a whole helps to explain why we find the Luddites both sympathetic and wrongheaded. Even the Nordic countries, which have long balanced the horse and cart better than most, are struggling to maintain that equilibrium.

But liberal democrats should not mistake the persistence of this problem for evidence that liberal democracy itself has failed. It isn't a reason to give up — or to capitulate.

The extremist right's political genius lies in its emotional appeal, as it gives voice to the legitimate anxieties of those who feel that their lives are too hard even as the economy continues to grow.

Recognizing this frustration, the extremist right names three culprits: elites (especially educated ones), foreign countries and immigrants. That message is effective on the campaign trail, but once the extreme right is in power there is little evidence that these slogans translate into policies that actually deliver for the middle class.

Recent experience bears this out. The chain saw of President Javier Milei of Argentina worked better as a

campaign prop than it has as an economic elixir. Prime Minister Viktor Orban of Hungary has been more successful at consolidating political power than at delivering prosperity; as a result, he faces a tough election fight. The right-wing leaders who have remained most popular in government, like Prime Minister Giorgia Meloni of Italy, have done so by avoiding any serious attempt to actually advance an extreme right-wing populist economic agenda.

Right-wing populists have succeeded by acknowledging what regular people — especially young people — experience in their daily lives: the countries of the non-geographic west need to do a far better job getting our economies to work for working people. This unapologetic diagnosis is political jet fuel, and deservedly so — because it is true.

But recognizing the problem is not the same as solving it. And once you are in government, you own the problems you inveighed against in opposition. Liberal democrats out of office need to be as fearless in pointing to the failings of today's political economy as their opponents were when "the libs" were in charge. They need to have the courage of their convictions and their own values as they try to come up with solutions to the problems of the age.

It starts with saying no to the great capitulation — and with getting elected from that unapologetically self-confident position. The next job is to figure out what has been bedeviling us since the twin rise of the industrial revolution and popular democracy. How do you have both invention and the economic growth it drives while broadly sharing its fruits, as democracy demands? That is an incredibly hard balancing act and has been for centuries. The one thing we know for sure is that the xenophobic, misogynist authoritarianism on offer from the extreme right is not the answer.

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