Fact or Fiction: Capitalism Resilient?

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For more than a decade, the global economy has defied repeated shocks—populist politics, authoritarian shifts, war, and a pandemic—while continuing to grow. Since 2011, global GDP has expanded at an average of 3% a year, unemployment in advanced economies has hovered near record lows, and stock markets from the S&P 500 to the MSCI World Index remain close to all-time highs.

Fact — This resilience reflects the enduring merit and widespread adoption of capitalism. Competitive markets, entrepreneurial initiative, and the free flow of goods, capital, and ideas have allowed both rich and emerging economies to adapt and thrive. In advanced economies, governments learned after the 2008 financial crisis to apply targeted fiscal stimulus, cushioning downturns without smothering private enterprise. In emerging markets, more countries embraced inflation targeting, flexible exchange rates, and locally denominated debt—policy shifts that reduced vulnerability to external shocks.

Capitalism’s global reach also fostered supply-side agility. Markets responded faster and more effectively than state planning during crises: mask, sanitiser, and semiconductor production surged during the pandemic; shale oil drilling in the U.S. created a global glut that kept energy prices stable despite geopolitical upheaval.

Fiction — That this resilience is permanent. The very activist policies that softened past blows now carry heavy costs. Pandemic-era stimulus exceeded 10% of GDP in many rich countries, with Europe adding another 3% during the energy crisis. Rising interest rates—now averaging 3.7% for 10-year government bonds—are making public debt harder to sustain. America ran a 7% deficit last year despite strong growth, while political resistance to spending cuts and reform is hardening.

Meanwhile, a drift toward protectionism risks undermining the very openness that gives capitalism its adaptive strength. The IMF reports a tenfold surge in rich-world industrial policies since 2017, from tariffs to subsidies and local purchasing mandates. Such measures may shield domestic jobs temporarily but distort prices, reduce efficiency, and make supply chains more brittle.

The Verdict — Capitalism’s global adoption and proven adaptability have delivered unprecedented economic resilience. Yet debt overhangs, fiscal fatigue, and rising protectionism threaten to dull its edge. The next serious shock will determine whether capitalism’s resilience remains fact—or slips into fiction.