Further Reflections on the Year of Elections – Where Are We Now?

BY DAVID CHMIEL

In a world where global politics and security seem to shift with every headline, understanding the forces behind today's volatility is more crucial than ever. This article takes you inside the aftermath of 2024's "Year of Elections," exploring how voter pessimism, rising populism, and unpredictable leaders are redrawing the map of international risk. Discover why businesses and analysts alike must stay agile in this era of relentless change.

Writing about the current global political and security environment puts me in mind of the Greek legend of Sisyphus, the prince who was condemned to spend eternity pushing an enormous boulder up a steep hill, only for it to roll back to the bottom every time he approached the summit. Such is the relentless pace of change in our world that, just when you think events have achieved something approaching a steady-state equilibrium, something new arises to alter one's perspective fundamentally. The boulder rolls back down the hill and you trudge downwards to commence the analytical process all over again. Nevertheless, it is vital to adopt a longer-term perspective and to question assumptions made about the future direction of global political and economic events.

The forces driving that relentless pace of change are influenced, in no small part, by the decisions made by voters in elections around the world in 2024. The fact that an estimated half of the world's population live in countries that held some form of national election last year led to it being dubbed "The Year of Elections" and when 2024 ended, the global political landscape looked remarkably different than it did at the year's start. In many of those elections, control of governments and legislatures changed outright. In others, incumbent leaders and parties retained power, but often with reduced majorities that forced them into coalitions with other parties, thereby constraining their mandates and injecting additional uncertainty into political analysis.

At the end of last year and the beginning of this year, I wrote a pair of articles for *The Secured Lender* looking at the immediate aftermath of "The Year of Elections." Not surprisingly, much has changed since. President Donald Trump took office as the 47th president of the United States and set about shattering long-held assumptions about US domestic and foreign policy, not least in his announcement of "Liberation Day" tariffs targeting most countries around the world. Voters have continued to go to the polls albeit in at least two cases – Canada and Australia – previously unpopular governments managed to secure re-election amidst the economic uncertainty and bursts of nationalism unleashed by US trade policy. India and Pakistan appear to have averted a major war in South Asia, the war in Ukraine rumbled on and the conflict in the Middle East threatened to expand as Israel and then the US attacked Iran's nuclear facilities. At the risk of embarking on another Sisyphean climb up the mountain, it seems as good point as any to asses these recent developments and consider what further insights can be gleaned in the aftermath of "The Year of Elections".

Perennial Voter Pessimism and the Turn to Populism

One striking feature of last year's elections was that many, particularly in G7 member states, were held against a backdrop of considerable pessimism among voters. This was a key reason why so many incumbent administrations failed to secure re-election. Voters sought change in the hopes that new governments would address their underlying economic worries. In polling conducted by Ipsos across all G7 member states in April 2024, this economic pessimism was evident. In both Germany and the United States, only 36 percent of respondents categorized their national economic situations as either "very good" or "somewhat good." The results were worse in the remaining five G7 members – Canada, France, Italy, Japan, and the United Kingdom. Contrast this to April 2019 when similar polling by Ipsos found that 76 percent of Germans and 64 percent of Americans rated their national economies as "very good" or "somewhat good." The intervening half decade was brutal on economic confidence.

DAVID CHMIEL
Global Torchlight

Since that survey was conducted in April of last year, voters in six of the seven G7 economies went to the polls in national elections – Italy being the exception. In Germany, the UK and the US, the incumbent parties were ejected from office altogether. In Canada and Japan, governing parties lost seats in national legislatures and in France President Macron's Ensemble pour la République lost control of the National Assembly altogether. Interestingly, however, there has been little improvement in economic confidence since. Except for Canada, where it increased slightly, and the US, where it remained constant, polling by Ipsos in May of 2025 found that economic confidence declined further across the G7 from levels recorded last April. Without any sort of meaningful improvement in peoples' perceptions of their economic prospects, that malaise has the potential to fuel further political volatility across some of the world's key industrial economies. President Macron of France admitted this himself when, in a year-end interview, he said that his decision to call snap elections for the National Assembly created more problems than it solved.

To be fair, events of the intervening period have done little to boost economic optimism. Uncertainty over whether the Trump administration would follow through with tariff threats has been a contributor to global economic uncertainty as has the risk that conflicts in the Middle East and elsewhere could impact global trade and energy flows. As a result, businesses have mitigated against this uncertainty by conserving cash, cutting costs and restricting investment where not wholly necessary. This, in turn, has fomented further political volatility in many affected countries.

In the UK, Labour Prime Minister Sir Keir Starmer has had the shortest of political honeymoons despite winning a landslide victory last July. Efforts to curb government spending through measures such as welfare reform prompted major rebellions within his own party and recently forced Starmer into a humiliating political U-turn that has left his government scrambling to fill holes in public finances. Further tax increases – building on ones announced in the Labour Government's first budget last year – are now almost inevitable. The main political beneficiary of this is not the opposition Conservative Party – still largely vilified after its 14 years in government – but the insurgent, populist Reform Party, which only secured its first seats in the House of Commons in last year's election. At present, Reform benefits from being the party of protest – a home for disaffected Conservatives as well as Labour voters who are more conservative on issues such as immigration, law and order and the UK's exit from the European Union. But pressure will build on Reform's leader, Nigel Farage, to present a coherent policy agenda setting out how he would govern the country given that his party now consistently leads opinion polls. Reform performed very well in UK local elections in May – taking outright control of a number of municipal authorities – and the next test will be how it performs in power. Failure to affect real change could staunch the party's momentum with voters but success in addressing local issues could pave the way for yet more electoral victories.

The newly elected German Chancellor, Friedrich Merz, faces challenges not altogether dissimilar from those in the UK. As was previously noted, economic confidence has collapsed in Germany over the past half decade owing to a host of factors ranging from weaknesses in the country's once-formidable export-reliant manufacturing sector to weaning the German economy off dependence on cheap energy from Russia.

The newly elected German Chancellor, Friedrich Merz, faces challenges not altogether dissimilar from those in the UK. As was previously noted, economic confidence has collapsed in Germany over the past half decade owing to a host of factors ranging from weaknesses in the country's once-formidable export-reliant manufacturing sector to weaning the German economy off dependence on cheap energy from Russia. Germany also confronts social policy challenges not dissimilar from those seen in many other industrialized economies in Europe and North America relating to issues such as immigration and crime. As with the UK, public frustration with establishment political parties has caused voters to look to populist alternatives on both the left and right. This risks upending the largely two-party political consensus that has prevailed in Germany for decades. A failure by Merz to address underlying economic and social concerns could further fracture the country's politics going forward and fuel yet more uncertainty about the future direction of the country's economic policy.

Earlier this year, Canada provided something of an exception to this trend of rejecting incumbents. Under the leadership of former Prime Minister Justin Trudeau, the governing Liberal Party was deeply unpopular with the Canadian public. The opposition Conservative Party of Canada (the CPC) under leader Pierre Poilievre had a commanding lead in the polls. The Liberals ousted Trudeau as leader earlier this year and replaced him with the technocratic Mark Carney, former Governor of the Bank of Canada and the Bank of England. Amidst multiple threats from the Trump administration both economic – in the form of tariffs – and rhetorical – in the form of repeatedly referring to Canada as the "51st State", Carney played upon both his experience and heightened nationalism among certain segments of the Canadian population to eke out a win for the governing Liberals in April's federal election. But this surprising result should not be reviewed as an outright rejection of the CPC's policy platform. Rather than see its support collapse during the campaign, the CPC secured its largest percentage of the vote in nearly forty years and the Carney victory was owed largely to the near-total collapse in support for the left-of-center New Democratic Party. Moreover, polling shows disparate gaps in political support and issue prioritization across age groups. Older Canadians prioritized standing up to the Trump administration as their key concern and favored Carney's Liberals accordingly. Younger Canadians cited longer-term issues such as housing and job creation as key worries and were more likely to vote for the CPC. As with other industrialized economies, Canada faces considerable structural challenges to the economic growth and security Canadians took for granted for decades. A failure by the politically inexperienced Carney to address these concerns could have reverberations the next time Canadians go to the polls, particularly if the spectre of Trump administration threats abates.

Tariffs, Trade and National Security

For businesses concerned about the effects of political events on their operations and profitability, the critical risk lies not in decisions taken by voters in ballot boxes, but how leaders and parties put electoral mandates into practice. The simple reality is that what is promised on the campaign trail is often not what is done in practice. There are always exceptions to the rule and one can arguably be found in President Trump's trade policy. Trump's campaign rhetoric on trade was decidedly protectionist and he had adopted such an approach to trade in his first term as well. Rather than moderating his position, President Trump's actions have arguably been more radical than many predicted. The "Liberation Day" tariffs announced in April do not focus on particular sectors nor do they distinguish between ally and adversary. They have largely universal application.

One of the major challenges for US and international businesses has been the sheer volatility of global trade policy changes since January. Tariffs are announced and then just as quickly paused to allow time for bilateral negotiations, only to be reinstated if deals are not reached. This applies not just to US trade policy, but also to the retaliatory measures adopted by foreign governments in response. Nor are these disruptions confined simply to tariff rates. While some countries have implemented countervailing tariffs against US exports, others have sought alternate ways of seeking leverage in negotiations with the US administration and adopted non-tariff measures such as banning exports of critical minerals or barring US companies from bidding on procurement contracts with foreign governments. We may talk about the risks of a global trade war, but we arguably confront the risk of broader economic warfare if policies and responses are not carefully calibrated. Additional uncertainty comes from the fact that many of the Trump administration's tariffs are being challenged in the courts and at the World Trade Organization. The overall regulatory landscape may remain unsettled for some time yet and that makes it harder for businesses to plan longer-term. The consequential battening down of hatches risks further economic insecurity and, with it, political volatility. The vicious cycle continues.

Another complication arises from the fact that trade can no longer be decoupled from a volatile international security environment. President Trump has been openly critical of countries – particularly fellow NATO members – that have failed to meet the organization's prescribed minimum levels of defense spending. That is a long-standing grievance and President Trump is not the first US president to accuse allies of failing to carry their weight on mutual defense – although he does so much less obliquely than his predecessors. This was already a point of contention when NATO members were expected to commit 2 percent of their GDP to defense spending and it is made more acute from the expectation that this should rise to 3.5 percent or even 5 or 6 percent. It is, therefore, not particularly surprising that President Trump is now tying trade relations with NATO allies to their commitments on defense spending. In late June, when attending the NATO Summit in Brussels, President Trump singled out Spain's failure on this account and threatened "to make them pay twice as much" in negotiations on a trade deal. This will have domestic political implications in countries targeted by President Trump. With the national treasuries of most industrialized economies already stretched, any increases in defense spending will potentially need to be met either with commensurate spending cuts or tax increases. For example, in December 2024, a survey by YouGov found that only 26 percent of Spaniards felt Spain was spending too little on defence. As President Trump ties trade to international security, many governments may find themselves dealing with recalcitrant domestic populations if they seek to realign domestic spending priorities to avoid punishing economic consequences from tariffs.

International security is particularly relevant when assessing the prospects for any meaningful trade deal between the US and China. The two countries remain strategic competitors whose foreign policy and national security interests seem to be increasingly at odds with each other. Concerns about overdependence on manufacturing facilities located in China led many multinational companies to diversify production through a combination of "nearshoring" or "friendshoring," but that realignment is now further complicated by the Trump administration's targeting of both allies and adversaries for tariff increases. There are indications that the US and China may be dialling back the tit-for-tat escalation of economic measures against each other – perhaps recognizing the mutual economic damage resulting therefrom. In early July, the two countries announced an agreement to lift export restrictions on certain items deemed essential for industrial production. But any sort of stabilization in US-China trade relations remains subject to a host of different factors and cannot be taken for granted. Moreover, it is thought that hawks within the Trump administration will continue to pressure the President to prioritize geopolitical and national security considerations in reaching a comprehensive bilateral trade deal.

All of this comes as President Trump signed the One Big Beautiful Bill Act into law on the 4th of July, permanently extending some of his first-term tax cuts and implementing a host of other measures from phasing out clean energy tax credits to raising the debt ceiling and increasing defense spending. It remains to be seen the degree to which these measures stimulate the US economy by potentially counteracting trade-related uncertainties and whether any US economic revival has a consequential effect on growth in the wider global economy. The clock is now ticking towards the 2026 midterm elections which will put these measures to the test and see whether Americans are prepared to let Republicans maintain control of Congress as well as the presidency or whether a divided government – with all of the uncertainty that entails – will be the order of the day once again.

The Risks of Escalating Conflict

Apart from domestic pessimism, last year's elections also took place against the backdrop of the most volatile international security environment in decades. Remarkably, however, foreign policy was largely not a decisive factor in how voters cast their ballots in many of those elections. While President Trump and Vice President Harris presented very different visions about the role of the US in the world, domestic policy issues such as taxation, immigration and law and order arguably played a greater role in last fall's presidential campaign. In other elections in the UK, EU member states and elsewhere, foreign policy was seemingly not a factor at all. Where it did crop up, it was largely in the context of how governments should adapt to a world in which the US disengaged from international affairs.

The global security framework remains highly unpredictable. Earlier in 2025, there were fears of a new regional conflict erupting as India and Pakistan threatened war in the wake of a terrorist attack in Kashmir – a risk made even more concerning by the fact that both countries are nuclear-armed powers. Meanwhile, the ongoing conflict in the Middle East took a dramatic turn when Israel commenced Operation Rising Lion by attacking Iran's nuclear facilities together with numerous Iranian military command and control capabilities, leading to Iranian retaliation against Israel. This was followed on June 22nd by Operation Midnight Hammer – the attacks by US Air Force B2 bombers on Iranian nuclear facilities at Fordow, Isfahan and Natanz. Later in June, Iran and Israel agreed to a ceasefire, but the region remains only one violation away from renewed conflict.

Quite remarkably, this has diverted a lot of media attention away from the ongoing war in Ukraine. In June, the UK Ministry of Defence estimated that more than one million Russian troops have now been killed or injured since the commencement of Russia's full-scale invasion of Ukraine in 2022 and Ukrainians continue to live with the risk of Russian attacks on urban areas as well as military targets. A perennial question is whether President Trump will finally lose patience with the absence of any conciliation by Russia that would progress his campaign promises to bring the war in Ukraine to an end. After pausing deliveries of weapons to Ukraine, the US announced in July that it would recommence those supplies. However, in keeping with his inclination to tie all things to trade, President Trump appeared ready to increase economic pressure on countries that continued to support Russia although it remains to be seen how extensive such measures would be, if implemented.

It remains remarkable that global markets are relatively sanguine about the current scale of conflict in the world and despite the levels of horror and suffering witnessed by those who are living in these conflict zones. That should not, however, engender complacency within businesses since the risk remains of further conflict events that could affect global economic conditions more fundamentally. The collapse of the current ceasefire between Israel and Iran could lead Iran to follow through with threats to block energy flows through the Straits of Hormuz, although the consequential effect on the economies of supporters of the Iranian regime such as China should not be ignored. Similarly, any assertiveness by China in the Taiwan Straits or in disputed waters of the East or South China Seas would have potentially material impacts on global trade. What is not clear is how the US would respond to such events given President Trump's inclination towards US disengagement in international affairs. While he has questioned the merits of US involvement in foreign wars, nothing is cast in stone – as was evident by the US intervention in Iran. Much as uncertainty about trade policy clouds business' risk and investment planning, so does the inherent unpredictability of conflict at a time when it seems to be consuming larger parts of the world.

Conclusions

While the "Year of Elections" may be relegated to the annals of history, its effects will be felt for years and decades to come. The decisions made by hundreds of millions of voters last year may have provided greater certainty about who would govern in many of the world's leading economies but not how they would do so. The uncertainty and pessimism that clouded many national psyches last year largely still prevails. Voters will want to see progress and political honeymoons are likely to remain very short indeed. Where establishment political parties fail them, there is every indication that they will continue to look to populist alternatives in many parts of the world. That uncertainty is further exacerbated by upheaval in trade policy and by the need for many governments to address systemic challenges caused by constrained budgets and competing demands on government spending to address a volatile geopolitical world which remains in a state of considerable flux. We are living in a period of fundamental realignment in domestic and global politics. For businesses seeking to navigate these challenges, the watchwords will remain "awareness" and "agility" and for political risks analysts like myself, the struggle with Sisyphean boulders will continue.

David Chmiel is the managing director of Global Torchlight, a geopolitical risk advisory firm, and a prolific speaker and commentator on international affairs and their impact on business.