

WHEN NATIONAL INTERESTS CHANGE

What connects an energy MOU between Alberta and Ottawa, canola for cars in China, and a search for capital in the middle east?

In his [2021 book](#), Mark Carney quotes favourably from the works of economist John Maynard Keynes. Keynes famously favoured updating one's thinking when the facts change, even if doing so meant disagreeing with an earlier self. When someone suggested this might be inconsistent, Keynes replied: "When the facts change, I change my mind. What do you do sir?" Developments in military spending and global democracy indicate a changing world. Carney's recent travels and [speech in Davos](#) suggest he is updating his view of Canada's national interest.

Military spending can be seen as a proxy for how governments evaluate global security. The end of the Soviet Union in 1989 produced a decade-long "peace dividend" of lower spending. As seen in Figure 1, since then military spending has generally increased and is presently accelerating faster than any time in the last 50 years.

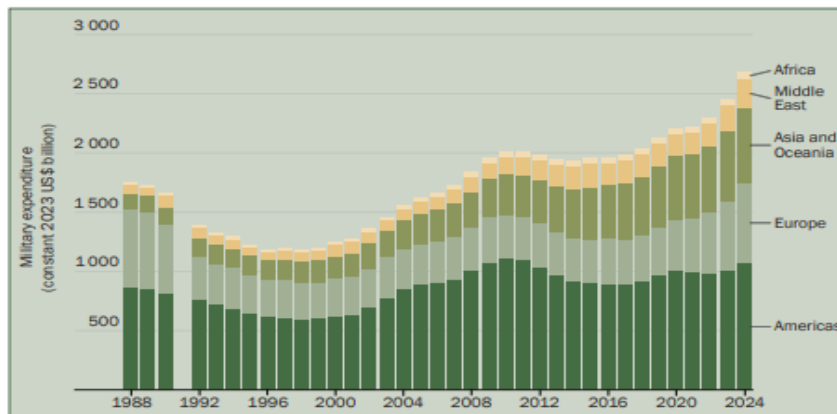


Figure 1: World Military Expenditure by Region, 1988 – 2024 Source: Stockholm International Peace Research Institute, 2025

Although most military equipment is decommissioned without seeing a conflict, it seems many governments now believe the world to be sufficiently insecure and are willing to risk the potentially poor return on such an investment.

No two full democracies have ever gone to war with each other. Figure 2 shows that for the first time in 20 years, autocracies outnumber democracies, even using a very generous definition of democracy that includes states which fail to meet basic rights requirements but do hold regular elections. Only 29 countries meet the stricter definition of *full democracy* which involves protection of a broad set of rights.

Growth in military spending and fewer governments that are unlikely to go to war mark a changing world.

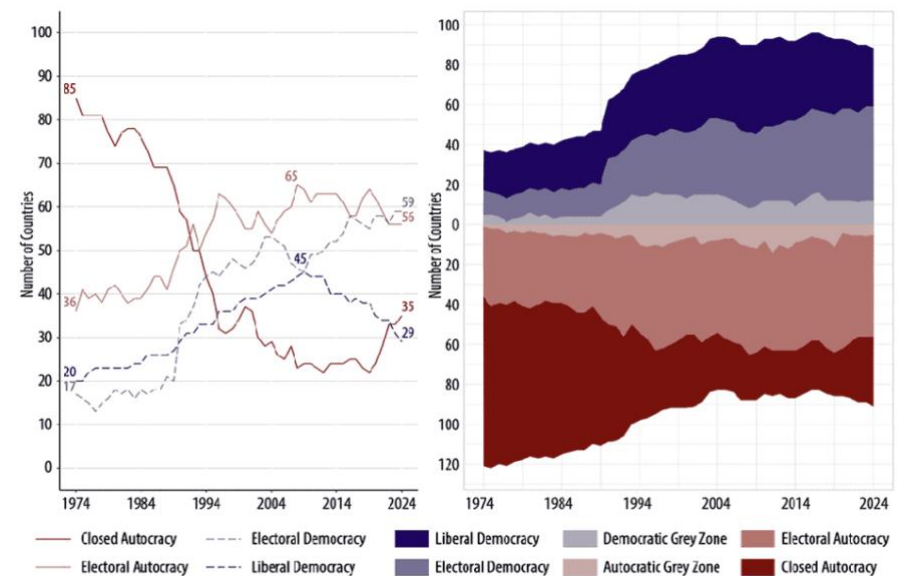


Figure 2: Governing Regime Types, 1974- 2024 Source: Democracy without Borders, 2025

Increased military spending entails significant opportunity costs with respect to other government priorities and indicates a major shift in global politics. Retreating democracy complicates global governance.

Carney appears to have updated the thinking that informed his book and now has a more pragmatic view of Canada's role in the world. One in which an MOU with Alberta, cars from China, and capital from the Middle East make sense.