Now you're thinking

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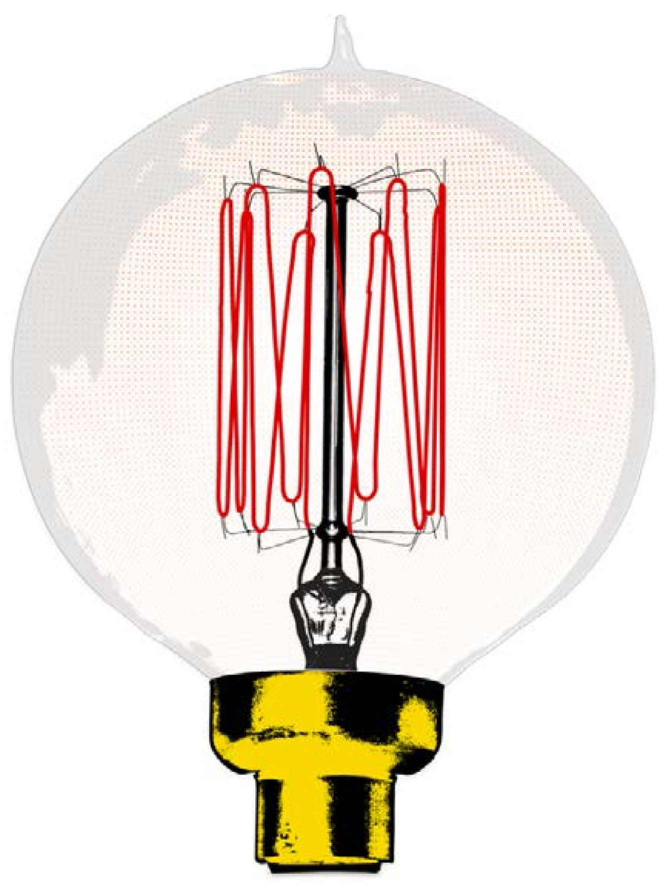

Canada's Economy Under Siege

GDP as a Defence Strategy

As economic pressure replaces military force as a primary tool of statecraft, GDP has become a strategic target rather than a passive statistic. Understanding how to grow it is therefore essential — a matter of national security. For Canada, that means moving beyond population-driven expansion of GDP toward productivity, investment, and export capacity that builds real economic strength in a post "rupture" world.

Summary

- Economic growth has been dominating the national conversation yet what growth actually means is rarely examined.
- In a world of economic warfare, GDP isn't just a statistic; it's a measure of national strength and resilience.
- Canada's economy has grown bigger — not stronger — and that carries strategic risk.

In case it wasn't already obvious, the events of the first few weeks of 2026 have made one thing clear: Canada is caught in the middle of an economic world war. We are not just collateral damage in tensions unfolding elsewhere; be it Greenland, Europe or South America. We are a target in the trenches.

So, if Canada is being targeted economically, then the metric that matters most is the one that is referenced constantly yet generally grasped only superficially.

GDP in a Dangerous World

We often hear the letters GDP casually thrown into conversation as if their meaning was self-evident — an economic acronym everyone is expected to understand.

Gross Domestic Product is one of the most frequently cited numbers in public life, yet one of the least examined. The three letters are invoked in political speeches, market commentary, and corporate boardrooms as a proxy for prosperity, confidence, or national success. But beneath that familiarity lies a problem: there is rarely an understandable connection made between economic growth, as measured by changes in GDP, and the pressing issues facing the nation. That matters, because prosperity is not abstract. A country's fiscal capacity, investment appeal, and relevance in this new era of economic warfare depend directly on how its economy, as measured by the components of GDP, is protected, diversified, and grown.

Understanding GDP is no longer a yawn-worthy academic pursuit. For Canadians, it is suddenly mandatory in a dangerous world.

Speaking at Davos in January, Prime Minister Mark Carney described a global "rupture," a break from an era of rules-based integration toward one defined by rivalry, resilience, and power politics. Economic relationships once taken for granted are being reassessed. Supply chains are being re-engineered. Global influence is increasingly pursued through economic means, and at times reinforced through military force as well.

Carney's description of rupture demands a change in posture. As he put it in Davos, "*We actively take on the world as it is, not wait around for a world we wish to be.*"[1] His words are a blunt acknowledgment that idealistic constructs of the past no longer hold when existential issues rise to the top of the national agenda.

[1] Davos 2026: Special address by Mark Carney, PM of Canada; World Economic Forum; January 20, 2026

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Economic Bullseye

Economic warfare does not target armies or territory. Instruments such as tariffs and sanctions aim at an adversary's financial jugular: its GDP. The objective is not territorial conquest, but constraint — to weaken an opponent's ability to grow, invest, trade, and fund its public priorities, and ultimately to impose economic hardship on its citizens. In turn, this improves the aggressor's relative economic and political position without having to bear the expense or risk of military action.

The arsenal is nothing new. Economic weaponry hails from earlier eras, with 17th-century mercantilism offering an apt analogue.[2] States once sought power by controlling trade routes, securing access to strategic resources, and protecting domestic production. Today's tools are more sophisticated, but the logic is familiar. Tariffs, sanctions, capital restrictions, industrial subsidies, and supply-chain interventions are now routinely deployed as instruments of statecraft. Energy markets, shipping lanes, trade agreements, and financial systems have become contested terrain.

On this landscape, GDP — the flow of economic activity through a country's economy — becomes the bullseye. A targeted nation whose economy is impaired cannot sustain its public finances, attract foreign capital, or absorb prolonged social stress such as unemployment.

The converse is also true. A strong, resilient GDP, supported by diversified access to markets and critical resources, becomes a country's first line of defence in a geoeconomic world. It provides optionality, competitive staying power and strategic leverage in negotiations.

[2] See Now You're Thinking Issue 014 Oil, Mercantilism and the Return of Gunboat Economics; Studio.Energy; January 12, 2026

[3] Mark Carney's Plan to Build a Stronger Canada; Liberal Party of Canada

Bigger But Not Stronger

Canada enters this era of economic warfare from a position of weakness.

The country's GDP problem is not new. For years, economic growth has leaned heavily on population growth, consumer spending, and expanding government activity, rather than on making the economy more productive or building new export capacity. As a result, the economy has grown, but not in strength. Yes, GDP has risen over the past decade, but spreadsheet measures like GDP-per-person have hardly budged. At first glance, Canada looks like it's

GDP Flashback

Interprovincial Pipe Line Company Postcard

Source: 1950's Postcard from the Collection of Peter Tertzakian

Construction of the 1,800 km Edmonton to Great Lakes Pipeline, shown in this postcard, by the Interprovincial Pipe Line Company was completed in late 1950. Today the pipeline is part of the Enbridge system. This historical infrastructure project contributed to GDP through initial investment for the build and continues to add to Canada's GDP decades later by flowing oil to customers in Central Canada and the US.

growing. Dig deeper into what composes GDP, and the foundations appear weak.

Aside from overdependence on a single trading partner, the core source of weakness is productivity. If GDP is the size of the economy, productivity is the horsepower behind it. Businesses have invested too little in machinery, technology, and export-enabling infrastructure. Projects have taken too long to approve or were never built at all. Canada's economy stays busy, but it does not build muscle. That weakness matters far more now than it would have in a calmer world.

Fire Alarm

In a global economy, where economic strength is increasingly used as leverage, complacency is a risky place to be. So too is pinning hopes on a return to the past.

That vulnerability has not gone unnoticed. Following his election in the spring of 2025, Prime Minister Carney articulated a clear national ambition: "*Together, we'll… build the fastest-growing economy in the G7.*"[3] It is a bold benchmark, and a revealing one. In this more coercive geoeconomic environment, GDP growth is no longer just a measure of prosperity. It has become a proxy for sovereign resilience, competitiveness, and strategic capacity. Carney's message sounded less like a campaign slogan and more like a fire alarm.

Policy is beginning to reflect that urgency. Ottawa is placing renewed emphasis on protecting and expanding Canada's economic reach, particularly through exports and new trading partners. Legislation such as Bill C-5 aims to accelerate approvals for major infrastructure and resource projects, while also targeting long-standing interprovincial trade barriers. The objective is clear: grow GDP externally through exports and internally by reducing friction within the domestic economy. Before those strategies can be evaluated, however, there is a more basic requirement: understanding what GDP measures, how it is constructed, and therefore identifying the strategic levers that can be exercised in an aggressive world of economic coercion.

Up Next

As we continue to explore GDP, one of our upcoming issues provides a "GDP 101" to establish a shared understanding of this key economic diagnostic tool.

That will be followed by a detailed examination of Canada's GDP composition and what the data reveal about the country's growth model, investment patterns, and structural weaknesses, including analysis of the contributions of the oil and gas sector.

And finally, we wrap-up by exploring what is possible, quantifying the GDP implications of building new energy infrastructure, particularly an oil pipeline to Canada's West Coast.

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