

Canada to host new multilateral bank to fund imperialist war

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Canada has been named host nation of the Defence Security and Resilience Bank (DSRB), a new multilateral financial institution designed to facilitate a massive rearmament drive by NATO members and their allies. The DSRB aims to raise up to \$185 billion for its member countries to spend on their militaries, by providing low-cost loans and credit guarantees for the purchase of military goods.

The Liberal government, led by former central bank governor Mark Carney, has played the leading role in the development of this new multilateral bank, as part of its effort to drastically increase Canada's military spending and cultivate military ties with powers other than its historic military-strategic ally south of the border. The immense cost of this rearmament drive will be paid for by equally drastic cuts to government spending on social services and attacks on the living standards of the working class.

With the establishment of this new financial mechanism to fund a vast increase in military spending, Canadian imperialism and its European allies are racing to bolster their independent capacity to wage war, as the increasingly desperate attempts of the US to maintain its economic hegemony by military means at the expense of its erstwhile allies and enemies alike disrupt long-established inter-imperialist alliances.

The DSRB initiative, if realized, will be a key mechanism enabling the Carney Liberal government, and many others across the NATO alliance, to radically increase military spending. On taking power, Carney moved to sharply increase military spending to meet NATO's 2 percent of GDP target immediately, with the 2025-2026 military budget ballooning to over \$63 billion.

This year's budget announced \$80 billion in new military spending initiatives, with much more to come. Carney has repeatedly pledged to meet the new NATO target of 5 percent of the GDP for military spending by 2035, saying that over the next decade, "Canada will unleash half a trillion dollars in defence investment—from submarines and aircraft to drones, sensors, and radar systems."

Earlier this year, the Liberal government announced its new Defence Industrial Strategy (DIS), a blueprint for the subordination of economic life to war production and a plan for the largest sustained militarization of Canadian society since the Second World War. With plans to spend \$290 billion on defence-related infrastructure and \$180 billion on domestic military procurement by 2035, the DIS promises an immense flood of capital into Canada's military industrial complex—a wave of investment that low cost loans from the DSRB would no doubt facilitate. The Liberals aim to more than double the size of the workforce in the military industry and increase Canada's arm exports by over 50 percent.

The Canadian bourgeoisie has been compelled to more aggressively assert "sovereignty" over military production due to the breakdown in the decades-long military-strategic partnership with US imperialism. The American financial oligarchy's embrace through Trump of an "America First" agenda based on Washington's "right" to unchallenged dominance over the Western hemisphere has exacerbated conflicts between North

America's twin imperialist powers. Indeed, the very existence of the Canadian federal state is at stake, given Trump's repeated threats to make Canada the 51st state.

The ruling class north of the border has responded by attempting to diversify economic relations and military-security ties, a tall order given that three-quarters of all Canadian exports flow to the United States and bilateral military cooperation through NATO and NORAD is extensive. Ottawa is attempting to expand cooperation with the European imperialist powers, who are themselves engaged in massive rearmament programs, and allies in the Asia-Pacific like Japan, South Korea and Australia.

As the broad political support from across the political spectrum for Canadian imperialism's rearmament drive shows, the ruling elite is united in this drive to rapidly increase military spending and ensure Canadian imperialism has the power to violently assert its interests on the world stage. These gargantuan sums of money spent on imperialist war will be paid for by the working class, as governments cut social services to the bone and funding for housing, healthcare, and education are starved by austerity. The immense debts accrued by the state to finance rearmament will be another argument for the "hard choices" of spending cuts, privatization, and increased exploitation demanded by the ruling class.

The concept of a multilateral financial institution dedicated to funding a rearmament drive for European and Canadian imperialism originated in NATO headquarters. The former NATO Head of Innovation Rob Murray, who is currently the CEO of the DSRB Development Group, proposed the bank as a means of correcting the recurring problem of military "underinvestment" in the imperialist alliance. The DSRB is one of the mechanisms by which the warmongers hope to overcome popular opposition to exploding military budgets, driven by NATO's target of spending at least 5 percent of the GDP on war and military-related infrastructure.

In the introduction to his detailed report explaining the purpose of the DSRB, published by the pro-NATO foreign policy think tank the Atlantic Council in late 2024, Murray openly admitted that the problem is that "the public in many European nations and Canada prioritize spending on healthcare, education, and public infrastructure" over the military. The DSRB, its proponents argue, would be a means of overcoming the popular opposition in the working class to rearmament.

In a set-up akin to multilateral lending institutions like the World Bank, the member countries of the DSRB will provide the initial capital for the bank in the form of paid-in capital—cash provided directly to the DSRB and counting towards the member country's NATO 5 percent target—and pledges of "callable capital" that the member country would provide to the bank if it was ever in crisis. The DSRB would then leverage these assets, collectively underwritten by a core group of member countries with strong credit ratings on international financial markets, to issue AAA rated bonds. The proceeds of these bonds would then be used to provide member countries with low-cost financing to fund the purchase of military goods and infrastructure.

The DSRB loans would allow NATO members and their allies to access financing for military spending at lower interest rates and over longer terms than they might otherwise have been able to access—essentially pooling the strong credit ratings of a proposed core group of countries to provide more favourable financial terms for countries with weaker credit ratings.

The stated goal of the proponents of the DSRB is to facilitate massive expenditure over time on longterm military procurement and infrastructure projects, to upgrade the military capacities of NATO members and their allies in the face of rapidly spiralling international crises. With the Trump administration focused on ruthlessly pursuing the interests of US imperialism, from the war in Iran and the drive for a “New Middle East” to its interventions in the Americas, its NATO allies can no longer depend on the US guarantee of military protection and must devote hundreds of billions to rearm themselves for the wars to come.

A second function of the DSRB would be to provide credit guarantees to commercial banks and institutional investors, like pension funds and private equity firms, for the financing that they provide to companies across the supply chain for military goods, from large contractors manufacturing fighter jets, tanks, drones, warships and submarines, to those producing munitions, and start-ups in military tech and AI. The bank would underwrite the credit provided to companies in the military supply chains, in an effort to “de-risk” these loans and facilitate access to capital for the firms that profit from producing the means of destruction. In so doing, the DSRB would allow its member nations to encourage the flow of capital to strengthen their own “national champion” companies in the military industry, as well as the established giants of the US military-industrial complex.

While the concept of a multilateral bank to fund military spending has been promoted by NATO International staff for years, formal negotiations to establish the DSRB began earlier this year. The initiative has found an eager champion in Prime Minister Carney, who prior to becoming the governor of the Bank of Canada and of the Bank of England, worked for 13 years at Goldman Sachs.

The negotiations to draft a charter outlining the DSRB’s governance and operations took place earlier this spring in Montréal, with 19 founding member countries participating. Prior to the negotiations, Carney issued a statement promoting Canada’s “leading role” in establishing the bank and calling the DSRB a “cornerstone of collective security.” Isabelle Hudon, the CEO of the Business Development Bank of Canada, was Canada’s chief negotiator at the talks in Montréal, and indicated that Canada’s initial contribution of paid capital to the DSRB could be more than \$1 billion.

At the end of negotiations, which reportedly took less time than anticipated, Canada was unanimously named as the host country for the headquarters of the new bank. The headquarters would bring, according to estimates, up to 3,500 high-paid jobs in military finance to its yet-to-be-determined host city.

Canada’s financial elite and representative of big business have expressed their enthusiastic support for the establishment of the DSRB in Canada, eagerly anticipating the flood of capital it will direct towards the military industries, the further restraint it will place on public spending, and the opportunities for profit it will bring. “Canada is the right home for this new initiative,” said David Pierce, vice-president of government relations at the Canadian Chamber of Commerce. “Our world-class defence industry is a major driver in the economy right now, which will be a growing economic force as we increasingly invest in it.”

Of the 11 commercial banks that have announced their support for the DSRB, six are Canadian. RBC was the first to pledge its support last summer, followed by the rest of the “Big 6” that dominate the finance industry in Canada (TD, BMO, CIBC, Scotiabank, National Bank) earlier this year. International lenders that have backed the new multilateral bank

include JPMorgan, Dutch bank ING Group, and Germany’s Deutsche Bank, Commerzbank AG, and Landesbank Baden-Württemberg, all of which endorsed the initiative in 2025.

Despite the plans to establish the multilateral bank by the end of 2026, support for the DSRB is not unanimous across the membership of NATO. Aside from Canada, none of the other 18 founding member countries who participated in the negotiations have been named.

While DSRB Development Group CEO Rob Murray is a former British Army officer, in the fall of last year a spokesperson for the Starmer Labour government’s Treasury told reporters that “the DSRB proposals are not backed by the UK government, and the representatives of these concepts do not represent the government or any of its ministers. The UK has no plans to join this initiative.” Shortly before the DSRB negotiations began earlier this year, the UK, Finland and the Netherlands announced that they were “exploring setting up a new mechanism by 2027” to finance joint military procurement.

Likewise, even though several major German banks have backed the initiative, the German government indicated late last year that it does not support the creation of the DSRB. “Strengthening defence capabilities is a new priority for the German government,” a German finance ministry spokesperson told reporters. “(However) the German government’s focus is on the rapid implementation of existing instruments, in line with the capability requirements of the member states.” The German government is already spearheading a massive European rearmament campaign. In a separate statement, an official from the German Defence ministry told the press, “Germany can refinance itself on the markets at the best terms and would not have any financing advantages by borrowing through a multilateral bank.”

While the proponents of the DSRB have argued that the multilateral bank would be larger than the existing financial mechanisms to fund military spending, the lack of support from the UK and Germany—who would undoubtedly need to be in the group of core member countries to secure the bank’s AAA credit rating—raises significant doubts as to whether the DSRB will be able to realize its grand ambitions.

With the announcement that the headquarters of the DSRB would be located in Canada, different regional sections of the Canadian political elite immediately began to position themselves as the best suited to host the bank. The cities of Toronto, Ottawa, Montréal and Vancouver have all launched competing bids to be the host city of the DSRB, with the Carney government to decide the winner.

In a statement announcing the city of Toronto’s bid to host the DSRB, Ontario’s hard-right Conservative premier Doug Ford argued that “a successful DSRB has the potential to turn Canada into a global capital for defence financing and manufacturing... as our nation’s financial capital, with a skilled workforce and unparalleled global connectivity, there’s no better place for the bank to be headquartered than Toronto.”

Lining up with the right-wing premier and echoing his enthusiasm to host the bank that will accelerate the drive to rearm Canadian imperialism, the “progressive” mayor of Toronto Olivia Chow—former NDP MP and the widow of former NDP leader Jack Layton—told the press: “This institution will bring more than 3,500 jobs to Canada. It will elevate our profile on the world stage and reinforce our credibility as a trusted ally in a moment when that credibility genuinely matters... Toronto is where Canada’s financial leadership lives. It is where the DSRB should live too.”

In an indication of the intensity of the competition between the cities vying to host the DSRB, leaders from across the political spectrum in Québec denounced promoters of Toronto’s bid for allegedly highlighting the Ontario city’s “political stability”—accusing them of “scare tactics” by indirectly pointing to the possibility of Québec’s separation from Canada. Currently leading provincial polling, the Parti Québécois (PQ) under right-wing demagogue Paul St-Pierre Plamondon has pledged to hold another

referendum on Québec's independence within its first mandate, if it comes to power.

Coalition Avenir Québec (CAQ) Minister of International Relations Christopher Skeete, Montréal Mayor and former Liberal MP Soraya Martinez Ferrada, and PQ MNA Pascal Paradis all lined up to denounce the “fear mongering” over a potential referendum being used as an argument against Montréal hosting the DSRB. “They’ve been doing this for a while now. But when you resort to scare tactics, it’s because you don’t have much to show for yourself,” Martinez Ferrada told *La Presse*.

The co-spokesperson of the “left” pro-independence party Québec Solidaire (QS), Sol Zanetti, lined up alongside the CAQ, the PQ, and the mayor of Montréal to defend the city’s bid to host the new multilateral bank to fund imperialist war. “Montréal is a major city that is already home to many high-level international organizations,” he argued. “Montréal has everything it needs to host any organization and has nothing to envy Toronto.”

Perhaps embarrassed by Zanetti’s naked endorsement of a key financial mechanism in the Canadian elite’s drive to massively boost military spending, QS’s other co-spokesperson, Ruba Ghazal, later issued a statement mildly critiquing arms manufacturing as a misallocation of social resources and saying that Québec has “more to offer the world” than a bank financing military spending. Nowhere in her statement did she breathe a word of criticism of the horrific violence unleashed already by the US and its imperialist allies or the immense dangers posed by the new military build-up.

While the social-democratic New Democratic Party has maintained a notable silence on the DSRB at the national level, the NDP premier of British Columbia, David Eby, has given his full-throated endorsement to the city of Vancouver’s bid to host the DSRB, saying: “Without question Vancouver is the right choice and the strategic choice.” BC NDP Minister of Jobs and Economic Growth Ravi Kahlon added, “British Columbians understand that our national security and defence capabilities matter more now than ever. Supply chains matter, innovation matters, resiliency matters.”



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