



February 24, 2026

From: A.J. Goulding
To: Major Project Observers
Re: WHY BORING IS BEST FOR NATION-BUILDING

Canada is in the throes of major project mania.

A renewed focus on major projects is welcome, provided they help build a stronger, more productive economy. And while the projects identified to date may all be worthy, they do not appear to be part of a broader, coherent strategy to unleash the full potential of Canadian creativity and entrepreneurship.

Ottawa's recently established Major Projects Office should be the catalyst to create a thoughtful process for allocating government resources, reforming project permitting, developing world-leading research institutions, and tackling embedded oligopolies.

Although it is understandable that the new office should be given a list of projects to work on, it would be better to move from what appears to be an ad hoc process to one intertwined with an overall strategy to strengthen the Canadian economy.

Government resources are finite; they should be prioritized not based on who shouts loudest but a least cost/greatest reward analysis that empowers, rather than crowds out, the private sector.

A sensible approach would be to establish periodic application windows where projects can be evaluated against each other in a transparent, thoughtful, but time-limited process. This means clearly identifying what sort of market failure the intervention is intended to address, assuring that more than one province benefits, involving First Nations, and acknowledging trade-offs given that not all projects can be supported.

Under such a framework, the types of projects which might be supported include strengthening the nuclear supply chain, including enrichment and disposal facilities, supporting development of electricity and telecommunications connections to the north, and a nationwide program to plug orphaned wells, among others.

But the framework would also be capable of saying no. Projects that benefit a single province should be paid for by that province's taxpayers and ratepayers. Thus, large scale generation projects in a single province would not receive federal support.

The creation of the project office is an admission that Canada's permitting framework is broken. But its establishment bypasses and delays the necessary hard work to create one that functions well.

A handful of projects get special treatment, while thousands of potentially beneficial ones languish. If the system is broken for large projects, it is certainly broken for the rest. The office needs to be accompanied by reforms that eliminate duplicate processes; impose page limits; balance the need for consultation with the imperative for timely, clear and final decisions; staff agencies so that decision timelines can be met; and clarify lead agencies.

While the project office has focused on hard assets, investment in soft attributes like data collection, dissemination, modelling, and research will create a foundation from which Canada can further innovate. Good data leads to better decision-making; US institutions were formerly the gold standard for the depth, quality, and availability of their data.

But as entities as diverse as the National Institutes of Health and the US Energy Information Administration come under increasing pressure to modify their work or reduce their output, Canada can no longer rely on the United States for key data inputs. The combination of short-sighted US immigration policies and a hostile environment for science presents an opportunity for Canada to create and staff world-leading research institutions, and to increase the quality and availability of key data.

Investment in megaprojects is insufficient to insulate the Canadian economy from geopolitical shocks. Long-running challenges, such as enhancing competition, reducing interprovincial trade barriers and a coherent, stable policy environment, must also be addressed.

Megaprojects should be evaluated through a multi-dimensional lens consistent with that policy environment: For example, the Alto high speed rail project could ultimately create competition in passenger transport, open access to cheaper housing, reduce emissions, and help knit the country together.

The word "strategic" is often code for an excuse to proceed with an otherwise uneconomic project. Similarly, wrapping an initiative in a maple leaf and calling it nation-building is insufficient. Accepting the world as it is means also recognizing and addressing Canada's shortcomings.

While moving major projects forward is important, greater lasting impact will come from eliminating Canada's productivity deficit, even if it doesn't result in a single ribbon cutting. Structured evaluation of projects paired with successful efforts to address barriers to growth will better position Canada to withstand global challenges.

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