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**From:** Blake C. Goldring  
**To:** Defence Watchers  
**Re:** PULLING TOGETHER TO MEET CANADA'S NEW MOMENT

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In 1939, Canada was not an industrial power. Its 10,000-man military was threadbare, its procurement system buried in red tape, and its capital markets had no framework for financing national security.

Then C.D. Howe took charge. Within a few years, Canada had become the fourth-largest producer of allied war materials, and built an industrial economy almost from scratch. That transformation didn't happen because Canada had the resources. It happened because Howe did something radical: He replaced a compliance-based system with a mission-driven one.

Today, the threats are different but the structural dysfunction is eerily familiar. Defence procurement moves at the speed of bureaucracy, not the speed of relevance. Private capital sits on the sidelines, unable to price the risks that come with classified projects, political uncertainty, and sovereign liability.

The government has stated its ambitions clearly. What is still missing is the financial architecture to turn those ambitions into operational reality.

Consider what Canada is up against. Annual defence spending could approach \$150 billion within a decade – roughly triple what we spend today – as we strive to meet the 5-percent NATO target.

That would be one of the largest federal expenditures in Canadian history. No government can absorb that alone. This requires government, industry, and private capital working together in a disciplined, deliberate way.

The government has laid out the what. The urgent task now is designing the how.

This starts with four institutional building blocks.

The first is a centralized defence finance hub: A trusted, standardized environment where private capital, venture funds, and national security priorities can converge. Defence capital flows to places that combine institutional trust, regulatory clarity, secure contracting, and financial standardization. Without a hub that concentrates that expertise, capital will continue to flow elsewhere. The recent establishment of the Defence Investment Agency as an arms-length departmental body – soon to have its own minister, and a mandate to operate at speed – is a welcome acknowledgment that defence procurement is not like buying office furniture.

The second building block is a defence bank. Some risks in national security are not simply underpriced by markets; they are genuinely unpriceable. War, sanctions, classified constraints, sudden shifts in the political winds – rational investors avoid these exposures because no framework exists to absorb them.

A defence bank changes that equation by taking on sovereign-level risks that private capital cannot bear, freeing investors to participate confidently in the areas they can manage: Construction, operations, credit, and especially venture investment in dual-use technologies like AI, quantum computing, cybersecurity, and autonomous systems.

And Canada has a model for this kind of patient, mission-oriented capital deployment. For more than 60 years, the Caisse de dépôt et placement du Québec has turned provincial startups into global competitors. The Canada Strong Fund, recently announced as a \$25-billion generational investment vehicle, has the potential to do the same – if it is governed with the same independence and commercial discipline.

The third building block is a responsible investment framework that finally settles the environmental, social, and governance (ESG) question. For years, institutional investors avoided defence on the grounds that it conflicted with ESG principles. That logic is collapsing under the weight of reality. European pension funds and sovereign wealth managers are already reclassifying defence investment as a social good, because they understand that without security, the social fabric that makes ESG investing meaningful cannot survive. Canada's institutional investors need clear, principled guidelines that distinguish investments in national security from prohibited activities. That clarity would unlock a significant pool of domestic capital that is currently sitting on the sidelines.

The fourth building block is a collective realization that national resilience is a core part of our defence preparedness. Activities like Exercise Canada Paratus – bringing together government, academia, industry, and the military – explored how Canada's healthcare systems could cope with sustained conflict.

None of this is theoretical. Private markets are already moving. Specialized security technology investment strategies are being launched, and dual-use venture capital focused on national security is finding its footing. The question is whether Canada builds the institutional framework to channel that activity at scale, or whether the capital and talent flow to jurisdictions that have already built it.

Eighty-seven years ago, Howe looked at an unprepared country facing an existential threat and decided that institutional pace was not good enough. He centralized decisions, cut red tape, and built what did not yet exist.

The lesson is not nostalgic. When the moment demands it, Canada can organize, scale, and deliver beyond what anyone imagined possible. The Defence Investment Agency and the finance hub are this generation's version of that same decisive choice. The remaining architecture is within reach. The capital is available. What remains is the will to move from conversation to action – before the moment decides for us.

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