



Hi ,

As the Canadian government is working to bolster our national sovereignty, there's a long list of important — and expensive — projects to undertake.

We need to expand our military capabilities with new kit and new capacity. We need to build dozens of major national infrastructure projects. Canada aspires to build out sovereign cloud and AI compute infrastructure. Heck, just this week Prime Minister Mark Carney announced plans to open a Canadian consulate in Greenland, as we see ways to support our allies and resist American aggression.

But how are we going to pay for all this?



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One of the quiet truths of modern Canada is that we don't really have a way to invest in the country. Sure, Canadians pay taxes and contribute to CPP, but the rest of our savings flow into private, intermediated investment products with no mandate to build Canadian capacity.

Way back during the First World War, Canada did something revolutionary: We asked ordinary people to become lenders to the state. Victory Loans, launched in 1915 at 5.0-5.5% interest, were patriotic and wildly successful. More than a million Canadians purchased them, which is extraordinary, considering that Canada's population was only about 8 million people at the time.

Victory Loans let people co-finance national priorities, and let citizens feel like they had a stake in the Canadian national project. As one historian of the war economy writes, the bond campaigns helped to cement trust in public institutions, reinforce collective purpose and forge a new identity: the citizen as investor.

After the war, the concept evolved. War Savings Certificates and later Canada Savings Bonds emerged as permanent, universal tools that allowed Canadians to save safely while helping governments build postwar Canada.

Launched in 1946, Canada Savings Bonds were a triumph of inclusive finance. In the 1980s and 1990s, nearly half of all Canadian households held them. They were simple, guaranteed and liquid. But as important as the dollars-and-cents of it, Canada Savings Bonds made everyone that bought them a stakeholder in the country's long-term development.

But then they declined. Falling interest rates, the rise of mutual funds, online brokerages, and the government's discomfort with guaranteeing above-market rates slowly eroded the program's standing.

Canada Savings Bonds were discontinued in 2017 following a KPMG report which argued that there was "no valid economic rationale" for maintaining the savings bonds. At the time, the government noted that 2.5 million Canadians still held more than \$6 billion of Canadian government retail debt products.

Another part of this story is that when the Canada Pension Plan launched in 1965, it invested almost exclusively in provincial bonds: a public, domestic, low-risk strategy that was grounded in nation-building. In the late 1990s, this structure was commercialized. The CPP Investment Board emerged as a global asset manager, and today nearly half of the national public pension fund is invested in the United States. Only about 12% of CPPIB's investments are in Canada.

That modernization marked a deeper transition: **Canada's largest public pool of savings was decoupled from domestic economic strategy**. The public's capital was no longer for building Canada, it was for optimizing returns.

This shift mirrored a broader one: **household capital became privatized, intermediated and less connected to national purpose**.

Yet even CPPIB's current leadership is signalling a bit of a shift. Last October Manroop Jhooty, CPP's head of total fund management, emphasized that Canada is once again becoming an attractive destination for long-term capital. He has urged policymakers to "move quickly" to make Canada investable. Other reporting notes that CPPIB is increasingly "bullish" on investing in Canada.

A tension of sorts is emerging: Prime Minister Carney is going around the world selling Canada as a great place for foreign capital to invest in Canada's strategic assets, but why isn't our own public wealth already playing a key role?

In much of the world, it is still normal for households to have access to state-backed, purpose-driven savings tools that tie their own financial security to national capacity. Canada is the outlier.

Many peer countries never abandoned the idea that retail investors are part of state-building. Other jurisdictions have spent the past decade expanding the tools that let citizens co-finance national transitions. Green bonds are now standard sovereign instruments in the U.K., Germany, France, the Netherlands, Japan and Singapore. These securities fund everything from grid updates and public transit to building retrofits, biodiversity projects and clean-energy infrastructure.

Canada does not issue sovereign green bonds. Ontario has stepped into this gap: the province is now the largest issuer of Canadian-dollar green bonds, regularly financing transit and energy-efficiency projects. But at the federal level, there is no longer a pan-Canadian, retail-facing instrument that allows households to participate in the generational shift we've been navigating.

Demand for proposed EU Defence Bonds is already outpacing expectations, with investors signalling that security is now a legitimate asset class. Italy's BTP Futura bonds mobilized domestic capital for pandemic recovery and rewarded households with loyalty bonuses linked to Italy's GDP performance. Perhaps the most innovative example, Ireland's Prize Bonds use monthly draws to attract small savers while preserving capital and providing the state with stable financing.

A Canadian Sovereign Savings Bond (SSB) could tap into something we think we're underestimating in Canada: people actually want to do more for their country.

You can feel it in the elbows-up pragmatism of communities making better purchasing decisions and changing their vacation plans. There's a quiet but growing appetite to participate in the country's economic direction not as passive consumers, but as contributors. These new bonds could be digital, but also beautiful — designed by a range of Canadian artists to pump up the pride.

This prospect has been making its way back into the policy conversation. Earlier this year, the federal NDP proposed new Victory Bonds for infrastructure funding, and economist Armine Yalnizyan called for modern Victory Bonds in the Toronto Star last spring. Personal Finance columnist Rob Carrick also wrote about reviving savings bonds last year.

So far, "buying Canadian" has been an exercise in expenditure and consumption. But it can also be about investing in the country, if we revisit a low-risk mechanism for everyday people to invest in reclaiming Canada's sovereignty.

Until next time,

Vass

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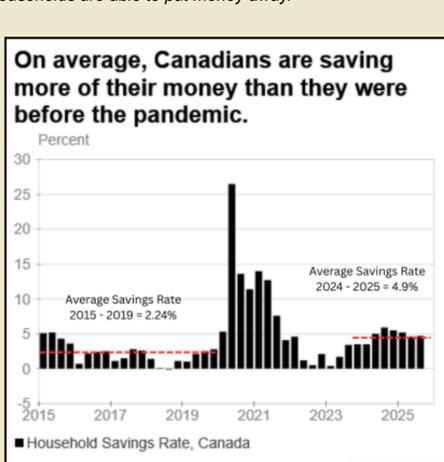


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### Chart of the Week

Canadians are saving a larger share of our income than we were in the 5 years before the pandemic. For those with the means to save, higher savings could indicate a stronger economy with higher incomes. But it could also be an anxiety response to economic uncertainty.

Another factor to consider: increased savings rates aren't spread equally, and low-income households are actually borrowing to make ends meet while high-income households are able to put money away.



### SHIELD In the News

- "Everything Costs More Because the Algorithm Says So" Shield Managing Director Vass Bednar wrote about dynamic personalized pricing, and the problems it's causing in the economy. [Read it here.](#)
- "A significant amount of turmoil under the surface..." Shield Economist Kaylie spoke to The Tyee about labour market data released last week. On the surface the jobs numbers look pretty steady, but it really depends on your age, your gender, and where you live. [Read it here.](#)

**Song of the Week:** "The Money" by Akells & Portugal. The Man.

"How much are you saving?! How much are you spending?"



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