



SUBMISSION TO THE HOUSE OF COMMONS STANDING COMMITTEE ON FINANCE

Pre-budget consultation in advance of the 2026 budget

Canada needs to strengthen the ownership agenda

Submitted by Social Capital Partners

Introduction

Canadians are in the process of choosing a new economic strategy in light of unprecedented attacks from the United States on our economy, sovereignty, and the livelihoods of millions of Canadians.

Canadians have reluctantly embraced our new reality: the United States is a danger to Canada, to other democracies around the world, and can no longer be trusted.

The choice by the Trump administration to monetize its economic leverage to extort Canada and other allies represents a sea change for Canada. The transformation in the U.S. has also accelerated the collapse of the neoliberal global economic order. Together, these have radically transformed the operating environment in which Canada's economic policy decisions are being made.

At Social Capital Partners, we applaud the federal government's commitment to decrease our economic vulnerability, increase our economic sovereignty, and invest in our domestic industrial capacity. We support what we see as the government's two main strategies thus far to achieve greater economic independence:

- catalyzing capital investments in big national projects to improve Canada's economic performance, and
- finding more reliable, trustworthy, democratic economic partners and allies.

We are reassured that the federal government has placed Canadian sovereignty at the core of its strategy. Canadians want to play an ambitious leadership role in building a peaceful, democratic world in which brutality and criminality do not triumph.



We encourage the government to complement its current investment and growth agenda with a focus on inequality and ownership. We outlined the importance of this approach in our 2025 budget submission.¹

In that submission, we encouraged the government to pursue its economic growth agenda in ways that deliver broadly-based opportunities for people to build economic security and own assets. We argued that the government’s economic strategies should be intentional in rejecting approaches that lead to further concentration of ownership of Canadian economic assets, which in turns contributes to unsustainable wealth inequality. We reiterate that advice today.

Progress on the ownership agenda

We were happy to see in the Spring Economic Update that the government began to articulate a strategy focused on the need for Canada to own and control more of our own productive assets. The government should deepen this focus on who owns our economy, for what purposes, and how we ensure that those making decisions about our economic assets care about the long-term well-being of Canadians.

Whether it is American big tech controlling our digital and information ecosystems, U.S.-based financial firms rolling up Canadian businesses and consolidating local markets, or large traditional corporate players extracting enormous wealth from their Canadian subsidiaries – these are all threats to our strategic autonomy, the health of Canadian democracy and the resilience of the Canadian economy.

We were pleased to see questions of ownership and economic sovereignty featured in the 2026 Spring Economic Update. We celebrate the government’s commitment to Employee Ownership Trusts (EOT) and the employee and co-operative ownership movement more broadly. By eliminating the expiry date in the initial EOT legislation, and by leveling the playing field between EOT exits and private equity (PE) exits, the government has eliminated policy and market uncertainty. Business owners now have the freedom to choose a succession path rooted in their values rather than an arbitrary deadline.

We also celebrate several government initiatives that underline the government’s commitment to sovereign ownership of the Canadian economy. These include:

¹ [Social Capital Partners Pre-budget Submission 2025](#)

- the Buy Canadian policy,
- a whole-of-government approach to competition policy, and
- many industrial strategies that use the federal government’s balance sheet to pursue an ownership agenda, including loan guarantees, first-loss capital, equity positions in strategic industries, and the mobilization of crown corporation and other agencies (including CDEV, BDC, the CGF) in pursuit of Canada’s economic objectives.

Recommendations

We encourage the government to deploy a wider range of policy and fiscal levers to expand access to capital and increase pathways to ownership for more Canadians. A focus on creating more opportunities for more broadly-based ownership of the Canadian economy should inform the government’s economic plans.

We recommend that the federal government:

1. Establish business succession as a national priority

76% of Canadian business owners plan to exit within the next decade, representing \$2 trillion in business assets, yet fewer than 10% have a formal succession plan.² Without deliberate intervention, the default outcomes are businesses absorbed by PE, rolled into larger corporate structures, or closed entirely.

We recommend the federal government establish business succession as a national priority and build a suite of programs and financing vehicles to transition business assets to employees, Canadian entrepreneurs, co-operatives, non-profits, and community organizations.

As the Canadian Small Business Financing Program is moved to the Business Development Bank of Canada, we continue to encourage improvements to the program design that would enable increased entrepreneurship through acquisition.³

2. Invest in alternative financing infrastructure

Canada's enterprise financing system is dominated by a small number of big, publicly traded, deposit-funded banks that provide nearly 80% of small and medium-sized

² [Succession Tsunami](#)

³ [Social Capital Partners Pre-budget Submission 2025](#)

enterprise (SME) lending outside Quebec.⁴ While these banks are internationally respected for their strength and stability, their institutional design creates predictable boundaries around what they can finance.

The result is the undercapitalization of viable enterprises, which, in turn, produces predictable, cumulative exclusions that compound over time into lower productivity, narrower entrepreneurship, weaker community resilience, and entrenched inequality.

Our recent report, *Built to Exclude*, examines this issue and argues that Canada needs to invest in building and supporting alternative financing infrastructure to serve the enterprises commercial banks cannot structurally reach.⁵

We recommend that the federal government: ⁶

- Adopt institutional diversity in enterprise financing as an explicit federal policy objective
- Commission a formal review of Canada's alternative financing infrastructure — credit unions, public financial institutions, CDFI-equivalent lenders, Community Futures, and mission-driven intermediaries — to assess current scale and identify gaps
- Establish a formal Canadian CDFI designation with associated capitalization, tax treatment, and reporting standards
- Review whether prudential rules calibrated for systemically important banks are appropriately adapted for credit unions and smaller deposit-taking institutions.

3. Ensure that Canada's new sovereign wealth fund is a key instrument in Canada's industrial strategy

In SCP's budget submission last year, we called on the federal government to create a sovereign wealth fund. We are pleased that the government is moving forward to do so.⁷

We would encourage the government to establish the fund as a key instrument in Canada's goal to build sovereign industrial capacity. The fund should have a mandate to buy and invest in existing firms across strategic sectors. It should also provide patient capital to

⁴ [Built to Exclude](#)

⁵ [Built to Exclude](#)

⁶ [Submission to the Standing Senate Committee on Banking, Commerce and the Economy on its study of access to credit and capital markets for small and medium-sized enterprises](#)

⁷ [Social Capital Partners Pre-budget Submission 2025](#)



facilitate acquisitions by Canadian entrepreneurs, employees and communities in strategic sectors where those buyers cannot otherwise compete with private equity or foreign bids.

4. Expand the government’s focus on investment attraction to drive capital toward long-term social, environmental and economic resiliency objectives

The federal government has prioritized catalyzing private sector investment into large national projects. This is important, but the federal government can also play a role in derisking and crowding-in philanthropic, mission-driven and institutional capital into projects that build long-term economic resilience and community well-being. Many projects are ready to launch with an appropriate federal intervention or backstop.

We recommend that the federal government ensure that Canada’s fiduciary and regulatory frameworks explicitly allow for the consideration of long-term social, environmental, and resilience outcomes alongside financial returns. The federal government should host a complementary Canada Investment Summit focused on mission-driven investors and assess opportunities to institutionalize this priority through a dedicated Minister or an Office to drive the rapid delivery of projects.

Conclusion

Canada is wealthy. We are the world’s ninth largest economy. We are respected around the world. Our people are the world’s most educated. There is no reason why we cannot come through this period of geopolitical rupture more prosperous, more equal and more democratic.

There are many lessons to take from the turmoil of the past few years, but one seems undeniable: deep inequality fuels cruelty, conflict and a breakdown in democratic societies. In fact, inequality is increasingly recognized by institutional investors as a systemic risk to the climate, the economy and democracy.⁸ The federal government should be intentional about confronting this risk.

Canada generates enormous benefits for its citizens, but too many of the economic benefits in recent decades have been concentrated into too few hands. That is the product

⁸ Conceptual Foundations



of a model of extractive and financialized capitalism that is not working for most people. Canada can choose a different path by making policy choices that shape the market in ways that build broadly shared wealth and pathways for working people to own assets.

The government is already taking many positive steps. It should now accelerate those by making ownership, access to capital and inequality core components of its economic strategy.

About Social Capital Partners

Who owns the economy matters. Social Capital Partners believes working people deserve a fighting chance to build economic security and wealth. A Canadian non-profit organization founded in 2001, we lead public policy research and advocate for ideas that push back against inequality and broaden access to wealth, ownership and economic security.