

**The G8 Agenda:
Business Leaders Want Pressure on Putin to Democratize
and on Africa to Clean Up While They Are Divided on Kyoto,
Foreign Aid Effectiveness, U.S.-China Trade, and
Farm Subsidy Issues**

**BDO Dunwoody/Chamber Weekly CEO/Business Leader Poll
by COMPAS in the *Financial Post*
for Publication July 11, 2005**



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1.0. Introduction

This week's web-poll of CEOs and business leaders explores a series of agenda items relating to the 2005 G8 Summit.

CEOs agree that:

- Russia's Vladimir Putin, the new G8 Chairman, should be cajoled into taking concrete steps towards re-establishing the democratic process in Russia, the independence of judges, and freedom of the press, and
- The west's commitment to Africa should begin with efforts to clean up corrupt African governments and providing trade opportunities in place of a single-minded focus on aid, often the case of have-nots in the west subsidizing haves in Africa.

CEOs are divided about:

- The merits of Kyoto,
- What Paul Martin should encourage President Bush to do regarding Kyoto,
- Whether China's potential currency re-valuation would resolve U.S.-Chinese trade friction;
- The effectiveness of foreign aid;
- Likelihood of Europe and the U.S. ending agricultural protection programs; and
- Whether Canada should bring an end to the Wheat Board and dairy quotas.

These are some of the key findings from this week's web poll of business leaders and CEOs, sponsored by BDO Dunwoody LLP and the Canadian Chamber of Commerce.



2.0. Putin Should Be Cajoled into Respecting the Democratic Process, the Independence of Judges, and Freedom of the Press

By a margin of nearly 4:1 (table 1), Canada's CEOs and business leaders agree strongly that Russia's Vladimir Putin, the new G8 charman, should be cajoled into demonstrating respect for the democratic process in Russia, the independence of judges, and freedom of the press.

Table 1: (Q1) As you know, the meeting of the G8 is taking place shortly and Russia's Vladimir Putin will become Chairman. It's been suggested that Putin be cajoled into showing that he will respect the democratic process in Russia, the independence of judges, and freedom of the press. On a 7 point agree-disagree scale where 1 means disagree a lot with this opinion and 7, agree a lot, what score would you give?

| Mean | 7 | 6 | 5 | 4 | 3 | 2 | 1 | DNK |
|------|----|----|----|----|---|---|---|-----|
| 5.0 | 23 | 19 | 23 | 13 | 8 | 4 | 6 | 5 |

3.0. CEOs Split As Ever On Kyoto

Business leaders' perceptions of the merits of the Kyoto Protocol on the environment have remained unchanged since COMPAS first asked the question in February 2002, as shown in table 2. Business leaders remain divided about the merits of the agreement.

Respondents are also divided about the position that Paul Martin should adopt in his dealings with President Bush. About a fifth each take the polar position that Martin should pressure Bush to embrace Kyoto or the opposite, polar position that concern about global warming is unfounded, as shown in table 3. The remaining three-fifths are divided between those who would have Martin encourage Bush to acknowledge climate issues without necessarily signing onto Kyoto and those who would avoid climate issues altogether because Canada has more pressing bilateral matters to address.



Table 2: (Q2) Another G8 issue is Kyoto. Advocates of Kyoto say that the treaty would combat global warming at a moderate economic cost while its opponents believe that the treaty is an unworkable solution that would seriously damage Canada's economy, especially because the U.S. will not sign it. Would you say that...[ROTATE POLES]

| | July 2005 | Feb. 2005 | Sept. 2002 | May 2002 | Feb. 2002 ¹ |
|---|--------------|--------------|---------------|-------------|---------------------------|
| The advocates are entirely right | 4 | 3 | 2 | 5 | 9 |
| The advocates are largely right | 17 | 15 | 10 | 12 | 19 |
| Both sides have their merits | 32 | 34 | 42 | 33 | 28 |
| The provinces led by Premier Klein are largely right | 30 | 28 | 26 | 31 | 26 |
| The provinces led by Premier Klein are entirely right | 17 | 17 | 15 | 14 | 16 |
| DNK/ Refused | 1 | 3 | 5 | 6 | 2 |

Table 3: (Q3) At the G8 Summit, should Paul Martin...
[CHOOSE ONE, RANDOMIZE]

| | % |
|---|----|
| Encourage President Bush to sign onto Kyoto | 20 |
| Encourage President Bush to publicly acknowledge that climate control is a problem but not talk about Kyoto | 31 |
| Stay away from Kyoto because Canada has other more pressing bilateral matters | 29 |
| Stay away from the climate issue because the argument about global warming is not yet scientifically proven | 19 |
| DNK/ Refused | 1 |

¹ In February 2002, response categories were: The Prime Minister is entirely right," "The Prime Minister is largely right," "Both sides have their merits," "The provinces led by Premier Klein are largely right," and "The provinces led by Premier Klein are entirely right"



The following verbatims capture some of respondents' views on Kyoto:

Canada was crazy to sign and ratify Kyoto. Bush's opposition is the one policy he got right during his presidency.

[The] Prime Minister can talk to Bush about Kyoto as much as he wants but Bush will never accept it.

Global warming may well be a reality - it has warmed and cooled many times over geological history and time after all. The REAL question is, is the current warming human-caused, can humans stop it, or is it just an entirely normal natural phenomenon to which we would be much better off trying to figure out how to adapt, rather than acting like King Canute trying to turn back the tide? Would that be a wiser way to allocate our scarce resources?

4.0. CEOs Are Divided about the Effect of Re-Valuing China's Currency on Resolving U.S. – Chinese Trade Friction

Another issue addressed by the G8 Summit is China's trade surplus with the U.S., made possible in part by an undervalued currency. On a 100 point probability scale, respondents gave 48 points for the probability of resolving the trade friction between U.S. and China by re-valuing China's currency, as shown in table 4. Thus, respondents are evenly split about the impact of a revaluation upon relations between the two countries.

Table 4: (Q4) Another G8 issue is China's trade surplus with the U.S., made possible in part by an undervalued currency. Suppose China agrees to re-value its currency, on a 100 point probability scale, how likely is this to resolve U.S.-Chinese trade friction?

| | |
|------|-----|
| Mean | DNK |
| 48 | 3 |



5.0. Creating Good African Governments and Facilitating Trade Are Both Greater Priorities than Sending More Aid

An overwhelming number of business leaders (84%) (table 5) believe that the west's priority should be to focus on helping create clean, good government in Africa before risking larger foreign aid contributions. Most respondents (81%) (table 5) also say Canada should focus on making it easier for African countries to export to our country because pro-trade policy is much less likely to breed corruption or even resentment than a pro-aid policy. A vast majority of business leaders (85%) take the sceptical view that foreign aid is often a case of poor Canadians subsidizing the rich in Africa, as shown in table 5. In the same spirit, only a minority of business leaders embrace the Geldoff/Bono/Live 8 view that "It's long overdue for the developed countries to assign much larger sums to foreign aid."

Table 5: (Q5) Still another issue is aid to Africa. Please use a 7 point scale to score your agreement or disagreement with each of the following opinions where 1 means disagree a lot and 7, agree a lot. [RANDOMIZE]

| | Mean | 7 | 6 | 5 | 4 | 3 | 2 | 1 | DNK |
|---|------|----|----|----|----|---|---|---|-----|
| Because of rampant corruption in many African countries, foreign aid is often a case of the have-nots in the west giving money to the haves in Africa. | 5.8 | 39 | 30 | 16 | 7 | 5 | 2 | 1 | 1 |
| The west should focus on helping create clean, good government before risking ever larger foreign aid contributions. | 5.7 | 37 | 30 | 17 | 7 | 6 | 1 | 3 | 1 |
| Targeted foreign aid that invests directly in infrastructure such as clean water and advances in farming can achieve a lot in Africa without much risk of fuelling corruption or keeping dictators in power | 5.4 | 30 | 25 | 21 | 11 | 8 | 5 | 1 | 1 |



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| | Mean | 7 | 6 | 5 | 4 | 3 | 2 | 1 | DNK |
|---|------|----|----|----|----|----|----|----|-----|
| Canada should focus on making it easier for African countries to export to our country because a pro-trade policy is much less likely to breed corruption or even resentment than a pro-aid policy. | 5.4 | 24 | 27 | 30 | 6 | 6 | 1 | 3 | 3 |
| It's long overdue for the developed countries to assign much larger sums to foreign aid | 3.4 | 8 | 7 | 16 | 15 | 19 | 17 | 19 | 0 |

The following verbatims capture some of the flavour of respondents' concern about foreign aid:

G8 countries should focus on developing good governance systems and opening up trade with African countries. Giving direct financial aid to corrupt African regimes only reinforces the status quo.

Corruption in Africa does not seem to turn around. Except in the very few countries that have some sort of democratic process, it is always possible that one leader replaces another, who will want to get his turn at money generated within. Those countries that have long term leaders, like Zimbabwe, are so poorly managed that they, in effect, kill their own people. Aid should be given to countries that have good government and programs to improve their nation's economy. Trade should also be opened to those countries. That would show others that this is the road to success. Treating the other countries should be on a case by case basis with lots of strings attached to any aid given.

Although there is a lot of pressure from public opinion about helping Africa, it seems there is no real will from G8 leaders to address this issue properly once [and] for all. The real problem is not reducing or forgiving the debt which is still a big factor, but to allow African products in general and agricultural products in particular have access to developed countries. As far as the protectionism policy prevents free and fair access of African products to the developed markets, we are not going to see any tangible improvement in Africa.



It is about the time to force G8 leaders not to act hypocritically anymore.

NOBODY talks about the real problem of OVERPOPULATION. [The] G8 and the Third World should take a lesson from China 20 years ago [and to a lesser extent, India]. Need major emphasis on birth control and 1 child per family. This will change the Third World much for the better within 2 generations. Foreign aid should be tied to implementation and progress on birth control.

Not all respondents share fully the majority's reservations about foreign aid: The G8 leaders need to start working together to end world poverty - enough is enough!

There should be less about money being given to be wasted and more about actually delivering the aid. Nobody should starve today. Help should be given to the neediest in a humanitarian manner and none to those that are half way up the ladder.

6.0. Europe and U.S. Unlikely To End Agricultural Protection Programs; If They Do, Wheat Board and Dairy Quotas Should Also End

On a 100 point probability scale, respondents assign an average 33 points to the likelihood of Europe and the U.S. ending agricultural protection programs within the next decade, as shown in table 6. In practice, most do not believe that these expensive subsidy programs will end but a significant minority take the opposite view.

Most panellists (69%) would bring an end to the Wheat Board and dairy quotas if indeed Europe and the U.S. end their subsidies, as shown in table 7. This may not be a surprising findings given the free market orientation of business leaders as well as their jaundiced expectations about an end to agricultural subsidies abroad. If the European and American subsidy programs persist, business leaders are nonetheless not united in favouring continuance of the Board and Canada's dairy quotas, as shown in table 8.



Table 6: (Q6) Europe and the U.S. have reportedly agreed to end their agricultural support programs. On a 100 point probability scale, how likely are Europe and the U.S. to end agricultural protection programs within the decade?

| | |
|------|-----|
| Mean | DNK |
| 33 | 1 |

Table 7: (Q8) Suppose the Europeans and Americans do indeed eliminate their agricultural protection programs, should Canada bring an end to the Wheat Board and dairy quotas? [ROTATE POLES]

| | |
|---|----|
| | % |
| Definitely end the Wheat Board and dairy quotas | 39 |
| Probably end | 30 |
| Not sure | 13 |
| Probably not end | 8 |
| Definitely not end the Wheat Board and dairy quotas | 7 |
| DNK/ Refused | 2 |

Table 8: (Q7) Suppose the Europeans and Americans do not reduce their agricultural protection programs, should Canada bring an end to the Wheat Board and dairy quotas? [ROTATE POLES]

| | |
|---|----|
| | % |
| Definitely end the Wheat Board and dairy quotas | 21 |
| Probably end | 18 |
| Not sure | 19 |
| Probably not end | 23 |
| Definitely not end the Wheat Board and dairy quotas | 16 |
| DNK/ Refused | 3 |



The following verbatim capture some of the flavour of respondents' concern about the Wheat Board and dairy quotas:

Issues such as the Wheat Board and dairy quotas [are] tied to provincial politics. Canada should be working to eliminate inter-provincial trade barriers which continue to exist.

If utopia should ever miraculously appear [with an end to agricultural subsidies abroad], then Canada would certainly need to remove our market protections, and likely privatize the Canadian Wheat Board.

7.0. Methodology

The *National Post*/COMPAS web-survey of CEOs and leaders of small, medium, and large corporations and among executives of the local and national Chambers of Commerce was conducted July 6-8, 2005. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of 145 are deemed accurate to within approximately 8.2 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D and Tamara Gottlieb.

