

Harper, Ignatieff, an Election, and Economic Forecasting

BDO Dunwoody Weekly CEO/Business Leader Poll
By COMPAS in *Canadian Business*
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1.0 Overview

Given continuing talk of the vulnerability of minority governments and a never ending possibility of a new election, CEOs and business leaders on the COMPAS business panel were asked to assess how economic policy is made and what kind of government would perform best.

Panelists believe that the opinions of the G7 are among many factors that influence economic policy. The views of the Opposition in Parliament in a minority government situation affect the economic performance of a government to a considerable degree, they feel. It is perhaps for this reason that panelists perceive either a Harper majority or an Ignatieff majority as best for the economy.

Between a Harper majority and an Ignatieff majority, the former is perceived more often to be the better performer—by a factor of 3:1 to 4:1—in respect of assuring economic growth, inflation control, controlling taxes, and keeping a lid on spending.

These are the key findings from this past week's Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine under sponsorship of BDO Dunwoody LLP.

2.0 Detailed Findings

Table 2a displays panelists' assessments of the influence of a variety of factors on the formation of economic policy. The remaining tables display panelists' assessments of the effectiveness of alternative governments in respect of growth, inflations, taxation, and spending.



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Table 2a: Thinking of pressure from outside the government, please score the influence on the spending practices of Stephen Harper's minority government of each of the following bodies on a 7 point scale where 1 means no effective pressure to spend and 7, a lot of effective pressure to spend. RANDOMIZE

	Mean	7	6	5	4	3	2	1	DNK
The Opposition in Parliament	4.9	19	29	17	10	10	7	6	3
Finance Ministers at the G7 and G20	4.5	7	22	25	17	12	11	3	3
The public	4.4	9	15	26	22	10	8	7	3
The media	4.3	7	17	21	23	10	11	6	5

Table 2b: As you know, there has been much talk about the future of the economy, about the possibility that Canada's growth rate will top other major countries, and also the possibility of a federal election. Suppose an election were held. Which of the following possible governments do you think would be most effective at creating the best overall conditions for economic growth?

	%
A majority Harper government	69
A majority Ignatieff government	19
A minority Ignatieff government backed by the NDP and Bloc Quebecois	7
A minority Harper government	3
Don't know or no opinion	3



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Table 2c: Which of the following possible governments do you think would be most effective at controlling inflation?

	%
A majority Harper government	65
A majority Ignatieff government	18
A minority Harper government	7
A minority Ignatieff government backed by the NDP and Bloc Quebecois	5
Don't know or no opinion	5

Table 2d: Which of the following possible governments do you think would be most effective at controlling tax levels?

	%
A majority Harper government	69
A majority Ignatieff government	13
A minority Harper government	11
A minority Ignatieff government backed by the NDP and Bloc Quebecois	5
Don't know or no opinion	2

Table 2e: Which of the following possible governments do you think would be most effective at controlling government spending?

	%
A majority Harper government	62
A minority Harper government	17
A majority Ignatieff government	14
A minority Ignatieff government backed by the NDP and Bloc Quebecois	3
Don't know or no opinion	4



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The following verbatims provide a nuanced sense of panel opinion:

Unfortunately, neither the Liberals nor the Conservatives have skill, intelligence and vision to lead Canada past this economic slowdown. Any stimulus to the economy has been created by businesses themselves and not by any actions of the government.

Canada, Canadians and Canadian business truly need a Conservative majority government. There has existed for far too long political disruption from opposition parties that only serves to slow most all fronts important to our great country.

We're holding our nose!

I am not a committed Tory---but a 5 party system belongs in Italy, not Canada.

As usual the sending is going to kick in just as the economy begins to recover.

The majority government will be much more efficient, however, the present minority government should do all its best to govern and avoid elections in the near future. The next election should not be called for until 2011.

To tackle a \$50 billion deficit-even if half of it is structural and will dissipate after a recovery - will require enormous political will and discipline. The same goes for the inevitable inflation. The Liberals are not going to be able to do that and a minority government of any stripe would be hobbled by the need to spend to gain support.

Only a majority Conservative government has the potential to do this without digging a deeper financial hole or aggravating inflation.

Mr. Ignatieff is no Jean Chretien when it comes to controlling reducing government spending and it remains to be seen whether he can be as single-minded in this regard as Mr.



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Chretien. In fact, it's unlikely very many (if any) politicians can match the former Prime Minister's resolve once he had made up his mind. This was good for managing Canada's finances but not so good for maintaining Canada's military. It's a large claim to say, untested, that one could be maintain sufficient discipline and say no without ever having been in any similar circumstances. At least with Harper, he has some track record that we can examine in this respect and has demonstrated for goof or bad that he can make a difficult decision and stick with it. By way of example, Canada's significant military commitment and role in Afghanistan comes to mind.

An election is not necessary but, as usual, egos get in the way of practicality. Although not completely enamored with the Harper government, I am apprehensive about the Liberals, especially if there is a minority and we have shades of a coalition possibly. The Liberals have a history of overspending (except when Martin was the Minister of Finance) and they could promise more than what is already committed to by Harper. The growing debt is too much of a burden and interest rates will not stay as low as they are. When they increase, the additional cost burden will drive program costs down, by necessity, or add to the deficit.

I am so fed up with all the fighting among politicians and they never listen to the people and what we want. We do not want another election. They are like little kids fighting in a sandbox to see who gets control. There are too many politicians in the government now and the right hand [has] no idea what the left hand is doing so nothing gets done. Fire them all and start all over again with someone who cares and not these high paying lawyers who are only in there to line their own pockets as well as their friends.



We need another election now like we need another hole in our head. Learn to work together for the common good people.

Though I am no fan of Mr. Harper, I hope we do not have an election until the end of the term because the cost of the actual election and resettling is too high. If we have an election now the current crop of parliamentarians will be too focused on tying up loose ends and campaigning to get anything done. We already have had one disruption too many. Furthermore no one seems to know Ignatieff who got in because he was or made himself look like the best of a bad lot.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted September 14 - 17, 2009. 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 n=122 are deemed accurate to within approximate 8.9 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

