

**Harper's Economic Action Plan and the Recession—Not Clear Whether Recession Has Ended or More Spending Needed; Business Leaders Praise Harper Government, Its Infrastructure Spending, and Tax Relief, But Are Divided about the Merits of Regional Relief Efforts**

**BDO Dunwoody Weekly CEO/Business Leader Poll**

**By COMPAS in *Canadian Business***

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## 1.0 Overview

CEOs and business leaders on the COMPAS panel are divided about whether Canada is out of the recession. A large minority believe that it is too early to tell. For this reason, they tend to recommend holding off on any new spending.

Panelists are not equally enthusiastic about every aspect of the federal government's Economic Action Plan. They give resounding scores for infrastructure spending and tax relief but they are divided on the merits of "protecting jobs in regions, communities and sectors of the Canadian economy that have been most affected by the recession."

The Harper government nonetheless earns a high score for its performance in respect of the Economic Action Plan.

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 Details

Members of the business panel are divided about whether Canada is out of recession and whether more spending is needed, as shown in tables 2a and b. A sizeable minority believe that it is too early to tell on either matter. Meanwhile, the Economic Action Plan's contributions to infrastructure spending and tax relief are widely praised, as shown in table 2c. By contrast, far less support is expressed for protecting regions that are especially vulnerable to the recession.

Despite some reservations about the Economic Action Plan, the Harper government nonetheless earns a high overall performance score for its Plan. Its score of 68% is rarely exceeded by governments or politicians.



*Table 2a: (Q1) There's talk about whether Canada is out of the recession or not. Which of the following opinions is closest to your own: ROTATE POLES*

	%
Definitely out of it	5
Probably out of it	34
Too early to tell	30
Probably not out of recession yet	14
Definitely not out of the recession yet	17
Don't know or no opinion	1

*Table 2b: (Q3) Should Canada make further investments in the fight against recession? ROTATE POLES*

	%
Definitely not	14
Probably not	30
Perhaps, too early to tell	25
Probably	20
Definitely yes	10
Don't know or no opinion	1



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*Table 2c: (Q2) The Government of Canada's Economic Action Plan involves investing \$61-billion to fight the recession. Almost all of this has now been committed. Please score each of the following features of the Economic Action Plan on a 7-point agreement scale where 7 means it makes a strong contribution to the fight against the Recession and 1, the opposite. RANDOMIZE*

	Mean	7	6	5	4	3	2	1	DNK
Infrastructure--Investing in roads, water treatment facilities, transit, parks and other components of infrastructure such as home renovation support.	5.6	20	41	25	9	2	3	2	0
Permanent tax relief for individuals and relief for Canadian businesses with special relief on new business investment.	5.3	21	29	26	12	5	4	2	1
Creating the economy of tomorrow by supporting research at colleges, universities, federal laboratories and research facilities as well as by investing more in clean energy.	4.9	18	22	18	21	12	7	2	1
Strengthening Canada's financial system by providing up to \$200 billion through the Extraordinary Financing Framework and to improve access to Financing for Canadian households and businesses.	4.9	9	26	31	21	8	4	2	0
Providing more financial and training support for the unemployed.	4.6	9	18	25	27	13	6	1	1



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	Mean	7	6	5	4	3	2	1	DNK
Protecting jobs in regions, communities and sectors of the Canadian economy that have been most affected by the recession.	4.4	6	19	24	28	11	9	4	0

*Table 2d: (Q4) On a 100 point performance scale, what score would you give the Government for its Economic Action Plan to date?*

Mean	DNK
68	3

The following verbatims provide a nuanced sense of panel opinion:

The American car companies need to be allowed to die a long overdue natural death.

As usual, much of the infrastructure investment will be made long after the end of the recession. Having said that, the government has done better than most other nations at keeping the deficit somewhat under control.

Like boosting a battery, artificial economic stimulus can only last so long and is in no way a problem free way to keep the country running. I worry that we are writing promissory notes that will cost a lot down the road.

The government did what it had to do-although they should have been better prepared than they were. But I doubt if the impact will be as significant as expected. The next challenge will be to win the recovery by improving the economy and managing the deficit down.



Once again the most vulnerable are left out of any plans. People with disabilities, among the last hired are the first to lose their jobs. As the recession claims more people, the support staff needed to carry out the personal supports required will be looking at other jobs or adding to their workload by taking on more work. Again affecting the quality of the lives of Canadians with disabilities.

They made a lot of announcements that created a lot of signs on the highways - but there has been little actual work or cold hard cash spent to date.

They have committed the money but it has been held up in red tape and hasn't been spent.

In my area there seems to be a lot of road building etc. not much help to other sector of the construction industry

I really see Canada as being a leader in today's economy. Compared to most other countries we are doing well

In retrospect we hit the panic button on the recession. We have over-provided due to the political optics of being seen to 'fix' the problem. Easily 50% of the stimulus package was/is unnecessary. We tax payers will pay dearly for years to come. Governments, including Canada's, are notorious for their grandiose intentions with our money. It's unfortunate that the balance of power resides with the Liberals and Dippers who never saw a dollar they would not like to tax the hell out of so they can spend it on 'fixing' things. When will Canadians wake up to the fact there is 'no free lunch'!

Currency appreciation wipes it all out. Canada cannot compete at parity.

Prior to the recession, the government was in surplus. That basic structure was due to employment, business taxes and a nation that spent thereby resulting in additional VAT. Jobs have gone and business levels have hit earnings, and taxes. The spending programs are such that few jobs are created



for the dollars so spent and it is into a segment of the economy that has a somewhat limited spill over into the main stream of the economy. More needs to be done to get businesses to hire back people so that the cycle can start again, i.e. create jobs. Small businesses are NOT getting any of the gravy.

Let business get on with the business of investing in their businesses to create wealth in this country! There is far too many government regulations that prevent any ongoing action!

There will be lots of problems with this quick fix to the economy. There is much too much attention being paid to consumerism and not enough to manufacturing and food production.

We will never see one cent back from investment in GM.

Why would anybody think that the government can significantly affect Canada in a world wide recession?

It is a major mistake to imagine investing in education and "letting manufacturing go" will bring prosperity back.

Creativity - including inventing items that generate wealth in a global context - is not taught, and right now it is the quality we need most.

### **3.0 Methodology**

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted October 14 - 16, 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



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comparably sized general public studies. In studies of the general public, surveys of n=118 are deemed accurate to within approximate 9.1 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

