

**European Bailout Right Thing to Do
But Greece Will Not Recover,
Portugal and Spain Probably Next, and
Canada's Economy Stronger than U.K. or U.S.**

**BDO Dunwoody Weekly CEO/Business Leader Poll
By COMPAS in *Canadian Business*
For Publication May 17, 2010**



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1.0 Overview

The European bailout of Greece was probably the right thing to do, but Greece will nonetheless probably not recover, say the CEOs and business leaders on the COMPAS business panel. Despite a protracted economic crisis, Greece will probably not be forced to exit the European Monetary Union, say members of the panel. Portugal, Spain, and potentially Italy will probably be next to face an economic crisis resulting from hyper-government indebtedness. Meanwhile, Canada's economy seems stronger than that of the U.K. or U.S.

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 contains data showing that panelists believe that the European and IMF bailouts were desirable while some panelists have some misgivings about Canadian money going to Greece via the IMF bailout. Table 2b shows that most panelists are not optimistic about Greece's future—24% believing that Greece will not recover and the crisis will spread while 48% believing that the crisis will not spread but that Greece will face another crisis for a total of 72% believing that it will be sometime before Greece is out of the woods.

Table 2c shows that panelists believe that Greece will not recover and will demand another bailout within the year while table 2d shows that panelists tend to doubt that Greece will be forced out of the EMU.

Table 2e shows that Portugal is the most likely of 7 countries to face a Greek-like crisis while Canada is the least likely.



The Greek Disease Part 2

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Table 2a: (Q1) There's continuing debate about the Greek economic crisis, its origins, and potential fallout. On a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly, how much do you agree with the following opinions? NO ROTATION

	Mean	7	6	5	4	3	2	1	DNK
Europe was right to provide Greece with the bailout	5.2	23	24	28	10	6	5	3	2
The IMF was right to contribute to the bailout	5.1	19	24	28	11	10	2	4	2
It was right for the IMF to use Canadian monies in the bailout of Greece	4.5	14	18	22	15	11	7	8	5

Table 2b: (Q2) Assuming that a major European bailout takes place, which of the following outcomes is most likely ROTATES POLES

	%
Greece will not recover and the crisis will spread	24
The economic crisis will not spread but Greece will face another crisis	48
The economic crisis will not spread and Greece will recover	21
Don't know or no opinion	7

Table 2c: (Q3) On a 100 point probability scale, what is the probability that Greece will fail to recover within the year and will call for a second bailout?

Mean	DNK
64	6



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Table 2d: (Q4) On a 100 point probability scale, what is the probability that Greece will be asked to leave the European Monetary Union within the next couple of years?

Mean	DNK
42	13

Table 2e: (Q5) On a 100 point probability scale, what is the probability of an economic crisis within the year in each of the following countries?

	Mean	DNK
Portugal	58	6
Spain	53	6
Italy	48	6
United Kingdom	33	6
United States	29	6
China	21	6
Canada	15	6

The following verbatims provide a nuanced sense of panel opinion:

Governments need to increase taxes and reduce costs. Europe has been too liberal in labour benefits and laws, which is all fine when the economy rolls merrily along. However when the economy declines the benefits in the past need to be rolled back so as to increase productivity. Having a sustainable economy within borders like China and India is great but even those large developing populations require imports that are paid by exports. In a mature economy, that is not possible and exports need to exceed imports, but when other countries are not buying, those countries need to compromise on what they consume and how they support their citizens. This monetary crisis will be resolved within



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Greece or it will result in them leaving the EU to address their social issues without EU interference.

Greece and its population have to get their house in order. They cannot continue to pretend to be a rich country without having a tax base to support "rich country" benefits. No more bailouts without serious measures being in place and accepted.

It appears that the inter-government and IMF support given will avoid a major breakdown in any one country unless there is political problem with law and order.

Please note the over arching ability of public service unions to create irresponsible havoc.

The Euro members and EU are now paying dearly for allowing Greece and other "weak" countries to join the Euro when their economies and politics were not ready.

You can only spend what you don't have for so long before the system implodes. Such is the fate of socialist governments. Canadians should pay attention.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted May 10 – 11, 2010. 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=109 are deemed accurate to within approximate 9.4 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

