

## **Mideast Crisis:**

- Fair Threat to World Economy But Oil Boycott Improbable**
- Energy Efficiency Must Be North America's Priority but Canada and U.S. Fail on Energy Efficiency Policies**
- Canada Must Encourage More Oil and Gas Exploration and Development**
- Harper Praised for Hezbollah Statements and Oil and Gas Policies**

**BDO Dunwoody CEO/Business Leader Poll  
by COMPAS in the Financial Post  
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## **1.0 Introduction**

The crisis on the Lebanese border is seen as a semi-threat to the world economy in the short-run, and an oil boycott is considered improbable. But members of the COMPAS panel of CEOs and business leaders are concerned for the longterm, seeing Hezbollah's military and religious missions as immense.

The key priority for Canada and the United States must be a strong commitment to energy efficiency and conservation, an area where the two countries earn failing grades, according to the panel. North America must also make a stronger commitment to oil and gas exploration and development.

On the positive side, the Canadian Prime Minister continues to earn stellar performance scores—high scores for his statements on Hezbollah and his government's oil and gas policy.

These are the key findings from the current web-survey of the COMPAS panel of CEOs and business leaders undertaken for the *Financial Post* under sponsorship of BDO Dunwoody LLP.

## **2.0 Immediate Economic Threat—Only Semi-Serious**

The CEOs and business leaders on the panel see the crisis as a semi-serious threat to the world economy, as shown in table 2A. They view the prospect of an Iranian-led boycott as improbable, as shown in table 2B. This may be because the Saudi government has been more critical of Hezbollah's military "adventure," as the Saudis have characterized it, than they have of previous military efforts against Israel.



Table 2A: "Using a 7 point scale where 7 means very serious threat to the world economy and 1, the opposite, how serious a threat to the world economy do you see the crisis in the Middle East today?"

| MEAN | 7 | 6  | 5  | 4  | 3  | 2 | 1 | DNK |
|------|---|----|----|----|----|---|---|-----|
| 4.6  | 3 | 19 | 42 | 15 | 15 | 5 | 2 | 1   |

Table 2B: Q2 "On a 100 point probability scale, what is the probability that Iran will try to start an oil boycott of the west?"

| MEAN | DNK |
|------|-----|
| 44   | 1   |

In their verbatim responses, members of the panel seem somewhat divided in their views about whether the threat to the world economy or the planet's stability is primarily in the short-term or the long-term. The view that the threat is short-term is expressed by one CEO in the following words: "The situation in the Middle East is very scary and everyone should step back and allow cooler heads to prevail...Remember that WW1 was sparked by a student assassination of an Austrian duke in a Balkan backwater. These kinds of things can easily get out of hand very quickly."

Other panelists see the problem as more serious in the long-term. As one CEO put it, "The despots of the moderate Middle East are non-players save for their oil in the ground... My concern is that my grand kids might see parts of the Middle East turned into a nuclear waste land, and Ali Baba and The Forty Thieves. The world community needs to see a checkmate within the next 60 - 90 days. Failing that, Iran and Syria will be emboldened." Reiterating an almost universal view on the panel, this CEO emphasized that the world's seemingly insatiable thirst for Middle East energy is "the oil [that] feeds the fire."



### 3.0. Hezbollah’s Military and Religious Missions Ambitious

As described in section 4, panelists are resolute advocates of energy efficiency and conservation for industry as well as consumers. Their commitment to conservation as well as further energy exploration is rooted in a conviction that the goals of Hezbollah are ambitious, as shown in table 3. Second to Al Qaeda in the number of Americans the organization has killed over the past generation, the Iranian funded and armed Hezbollah organization is seen as wanting to remove U.S. influence from the Middle East, destroy Israel, and establish a radical clergy-run theocracy across the region. A sizeable number of panelists also believe that Hezbollah has at least some ambition to establish a global clergy-run Islamist regime.

*Table 3: “As you know, the media reported that Hezbollah has been armed and funded by Syria and Iran, whose President called for the annihilation of Israel and defeat of the United States. On a 7 point scale where 7 means it’s truly their goal and 1, not at all their goal, please score to what extent each of the following is their objective?” RANDOMIZE*

|  | MEAN | 7  | 6  | 5  | 4  | 3  | 2 | 1  | DK |
|--|------|----|----|----|----|----|---|----|----|
| Removing U.S. influence from the Middle East                                 | 6.3  | 58 | 23 | 15 | 3  | 1  | 1 | 0  | 0  |
| Humiliating the United States and its allies in Iraq                         | 6.1  | 53 | 21 | 14 | 5  | 2  | 4 | 0  | 1  |
| Destroying Israel  | 5.9  | 51 | 21 | 11 | 7  | 5  | 2 | 2  | 2  |
| Establishing a radical clergy-run Islamist regime across the Arab world      | 5.9  | 44 | 25 | 17 | 7  | 2  | 3 | 1  | 2  |
| Jockeying for more power in competition with Jordan, Saudi Arabia, and Egypt | 5.4  | 33 | 18 | 24 | 15 | 4  | 5 | 1  | 2  |
| Establishing a radical clergy-run Islamist regime around the world           | 4.4  | 19 | 16 | 16 | 21 | 10 | 8 | 11 | 1  |



## **4.0. Energy Efficiency Must Become High Priority**

### **4.1. Both Harper and Bush Get Failing Grades on Energy Efficiency, Which Must Become Priority**

As shown in table 4, the Canadian government and (especially) the U.S. government earn failing grades for their energy conservation policies. Yet, energy conservation and efficiency are precisely the area where our governments should be placing their emphasis according to the panel, as shown in table 5. The overwhelming majority of respondents want federal and provincial governments to prioritize fuel efficiency in industry and among consumers.

The following verbatims illustrate the varied perspectives that panelists bring to their shared support for energy efficiency:

Encourage modern diesel engine use. They are now clean, powerful enough and more efficient than gasoline engines, they even won top level car racing events. A plug-in diesel hybrid is current prudent technology immediately implementable through an existing infrastructure. Fuel consumption of such vehicles could drop by 50%. Offer incentives especially for guzzler SUVs to convert to such design.

[We must stop] buy[ing] the oil [and] feeding the fire.

The most effective way to deal with countries such as Syria, Iran, Saudi Arabia, etc. is to improve fuel efficiency and develop logical and sensible alternatives to fossil fuels. By doing so we reduce dependency on a constantly depleting resource as well as take away the big stick from the countries that are wielding it.

Canada's energy policy is headed in the right direction, particularly with the new Conservative government's commitment to approve the Mackenzie Valley Pipeline. There is much more work required, particularly in Ontario where, until recently, they were going to burn expensive



natural gas to produce electricity. North American policy for natural gas supply and cost competitiveness is the one area where all governments need to do much more - North America has the most expensive natural gas in the world and this is making Canadian manufacturing industry uncompetitive with the rest of the world.

I don't know when the free world will cease being held hostage by oil producing and exporting countries. The majority of the Arab producing countries add little value to humanity and are raping us for higher oil prices. It is past time for the world to wake up!

[Our governments must introduce] laws and incentives to encourage alternative oil sources.

*Table 4: "Using a 100-point performance scale, how would you rate..." RANDOMIZE IN PAIRS*

|  | MEAN | DNK |
|--|------|-----|
| the Canadian government's declarations on Hezbollah and the crisis | 72   | 2   |
| the U.S. government's declarations on Hezbollah and the crisis     | 68   | 2   |
| the Canadian government's oil and gas policy                       | 59   | 2   |
| the U.S. government's oil and gas policy                           | 49   | 2   |
| Canadian energy conservation policy                                | 48   | 2   |
| U.S. energy conservation policy                                    | 41   | 2   |



*Table 5: "On a 7 point importance scale where 7 means very important and 1, the opposite, how important should it be for federal and provincial governments to use taxation, persuasion, and regulatory tools to..." RANDOMIZE*

|   | MEAN | 7  | 6  | 5  | 4  | 3 | 2 | 1 | DK |
|---|------|----|----|----|----|---|---|---|----|
| encourage fuel-efficiency among consumers in auto purchases and home heating            | 5.7  | 42 | 21 | 20 | 7  | 6 | 0 | 4 | 0  |
| encourage industry to adopt greater fuel efficiency in manufacturing and transportation | 5.6  | 40 | 23 | 15 | 13 | 4 | 2 | 4 | 0  |
| encourage further oil and gas exploration and development off the East coast            | 5.0  | 18 | 26 | 26 | 16 | 4 | 5 | 6 | 0  |
| encourage oil and gas exploration and development in Saskatchewan                       | 5.0  | 17 | 27 | 25 | 13 | 2 | 6 | 6 | 3  |
| encourage further oil and gas exploration and development in Alberta                    | 4.7  | 16 | 23 | 23 | 16 | 6 | 8 | 9 | 0  |

## **4.2. Harper Earns High Grades for Hezbollah Statements and Oil and Gas Policy**

While deeply concerned about weak energy conservation policies, panelists are nonetheless enthusiastic about Harper. He earns high grades for his Hezbollah statements and his oil and gas policy. As one CEO put it,

Prime Minister Harper has conducted himself in an exemplary fashion. He has clearly articulated Canada's anti-terrorist position, conveyed our understanding of the actions taken by Israel, proffered our heartfelt sympathies for those non-combatants caught up in the conflict and made sensible



suggestions to facilitate a ceasefire. Additionally, he has taken decisive action to get Canadians out of Lebanon, under most difficult conditions, not least of which has been to overcome the lack of naval resources brought about by years of reckless neglect of previous governments. This has culminated in the ludicrous position whereby we are unable to provide even one vessel to assist...Kudos to Harper, lets give him a proper chance to re-establish ourselves as a nation that actually stands for something of value.

## **5.0 Methodology**

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted July 19-21. 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 130 are deemed accurate to within approximately 8.6 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D and Tamara Gottlieb.

