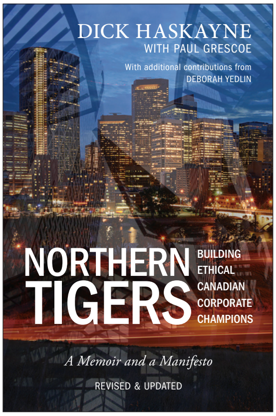

NORTHERN TIGERS: Building Ethical Canadian Corporate Champions

Dick Haskayne with Paul Grescoe

With additional contributions from Deborah Yedlin

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CHAPTER FOURTEEN

DOING THE RIGHT THING

The Ethics of Business

MY FRATERNITY BROTHERS SHOULD have known what was coming. I'd been speaking publicly and getting quoted in the media about touchy topics for more than a decade. In 1994, when I was receiving a Canadian Business Leader Award from the University of Alberta, I'd given a talk titled (a little provocatively) "Confessions of a Corporate Director." Some of it dealt with the roles various self-interested groups play in pushing mergers and acquisitions that are often indefensible: ego-driven executives and directors, fee-grabbing investment bankers, loose-pursed lenders, and the governments whose policies foster such transactions. Now, half a century after joining Kappa Sigma at the U of A, I was invited to speak to a gathering of frat members and others at the University of Calgary, supposedly on the theme of "Success in Business." My speech that September evening in 2005 soon turned to my pet subject: the declining ethical standards of business leaders in Canada and the U.S.

I mentioned a similar address I'd given at the university eight years earlier, when scandals had surfaced around Calgary's crooked Bre-X Minerals (false claims of Indonesian gold) and Toronto's troubled Livent Entertainment Corporation (accusations of financial irregularities). "They were undermining the confidence of Canadian financial markets in the eyes of foreign investors, and we were being heavily criticized for weak regulatory controls," I recalled. "And even then, people had forgotten the Dome disaster of the 1980s."

Today, I pointed out, there were even more and messier corporate transgressions and outright corruption—among them the American fraud and conspiracy cases of founding chairman Ken Lay and his colleagues at the infamous Enron Corp., and CEO Dennis Kozlowski and CFO Mark Swartz at Tyco International (convicted of looting $600 million from their own multinational). Contemporary Canada was not exempt from such hows of corporate greed: The topical example then was Quebec advertising executive Paul Coffin in the Adscam scandal investigated by the Gomery Inquiry ("It's ironic that he will be sentenced to a period of two years of house arrest and court-ordered to lecture to business students about ethics.") John Roth of Ottawa's Nortel networks was another offender of note after the telecommunications giant cooked its books, causing the loss of thousands of jobs and many billions of dollars. In 2000, Roth had been named "Canadian Business Leader of the Year," and in '02, he stepped down as president and CEO. The scandal "has tainted that award."

I suggested, however, that the saga of Conrad Black was particularly embarrassing for Canada, the nation he'd disowned to become an English lord. The head of Hollinger International of Chicago was about to be indicted on eight counts involving $83.8 million (U.S.), which could bring forty years in prison for what the prosecution described as lining his pockets at the expense of investors (he later faced a total of twelve charges, including racketeering, money laundering, wire fraud, and obstruction of justice). Even if half the charges are true, it was still an embarrassing situation for Canada as well as for Conrad himself.

"I have personally known Conrad for many years as a fellow director of CIBC," I told my audience, "and for the life of me, I can't understand how he came off the rail so badly." He had all the trappings of success: a global newspaper empire; a high-profile and beautiful wife, the journalist Barbara Amiel; numerous prominent friends and business and political associates, including Hollinger board advisors Margaret Thatcher and Henry Kissinger; directorships in several companies, such as Canada's Brascan and CanWest Global Communication; respect as a biographer of Maurice Duplessis and Franklin Roosevelt; and an Order of Canada. Yet soon after I spoke, he was to face the possibility of jail while helplessly watching his net worth being dramatically diminished—"He may end up broke," I predicted in my speech—and his reputation shredded. Meanwhile, his right-hand man, David Radler, would plead guilty to similar charges and quickly see his name stripped from a wing of the Queen's University business school, which also returned his $1-million donation.

Why, I wondered, why would Conrad allegedly risk all of this? John Jacob Astor, the multimillionaire New York real-estate investor, once comforted a failed associate by saying, "A man who has a million dollars is as well off as if he were rich." I like to paraphrase that by saying, "For all practical purposes, a person with $2 million is as well off as a person with $200 million." Conrad Black, on the other hand, once said of his and his brother's involvement in their Argus Corp. conglomerate, "The only charge that anyone can level against us is one of insufficient generosity to ourselves." In a survival-of-the-fittest business climate where success is measured only in dollars and cents or job titles, where even business schools are accused of promoting such materialistic criteria, an over-reaching quest for great wealth is often inevitable—and can topple even the toughest corporate titans.

Within my own profession, chartered accountancy, Arthur Andersen LLP has bitten the dust in the wake of its Enron involvement, and KPMG LLP has admitted setting up fraudulent shelters for wealthy clients to conceal billions of dollars in taxes and capital gains. These occurrences of "Enronitis" have become so frequent that many people believe the words "business" and "ethics" can't co-exist. They can, of course, and should. The scandals have had one salutary effect: the passing of the *Sarbanes-Oxley Act* in the U.S. to improve corporate governance and financial-reporting rules and the Multilateral Instrument 42-111 in Canada to harmonize our regulations with the Americans'.

During my talk, I mentioned that I'd recently spent a day with one of the most honest businessmen I know: petroleum entrepreneur Harley Hotchkiss, who happens to be the chairman of the National Hockey League and who, at seventy-eight, was still displaying sound judgment. As Harley says, "You can have all the legislation and rules in the world, but you cannot legislate integrity. If people are going to serve on a board of directors, *sure*, they should have some experience and ability they can contribute, but they better have that basic integrity."

YOU MAY NOT BE ABLE to legislate it, but you can set standards for ethical behaviour in the business environment—yardsticks to measure up to—and do your damnedest to make sure the people around you and those running companies that affect our society hold true to them. I've been particularly interested in corporate governance ever since serving as one of eight members of the Macdonald Commission in the late 1980s when I was CEO of Interprovincial Pipe Line and a director of Home Oil, Manufacturers Life, and other companies. The Canadian Institute of Chartered Accountants created the commission in the wake of the 1985 failures of the Canadian Commercial Bank and Northland Bank. It was chaired by lawyer William Macdonald, a senior partner of MacMillan Binch in Toronto and a director of several companies.

Set up to study the public's expectations of audits, the commission urged a strengthening of the professional standards and independence of auditors and recommended "swift and tough actions" in certain areas. One of them was to amend auditing standards or provincial codes of conduct so auditors accept an audit only if they have the right to review and comment on financial disclosure outside a financial statement. This was obviously designed to prevent companies from concealing negative results from shareholders. Other recommendations were to require that auditing committees be made up of outside directors and to require auditors to point out in their reports any serious risk of business failure. And in the years since, an auditor's responsibility has been expanded to ensure reasonable assurance that financial statements are not materially misstated (to use their jargon)—that they're *honest*.

The truth is, though, that audit failures continued at companies such as Livent and Philip Services Corp., a Hamilton waste-recovery company that went bankrupt after a public offering in 1997. Part of the problem was that Canada's generally accepted accounting principles remained too flexible. And that's only one reason why I've never liked being on audit committees myself—even though with my chartered accountant's background and long experience as a CEO, I'm probably one of the more suitable candidates. ("Join no audit committee unless you can satisfy yourself that you are fully and truly financially literate," says the directors' director Bill Dimma. "And accept no audit committee chairmanship unless you can convince yourself that you are indeed an expert.")

One company that exemplifies good auditing practices and overall superior corporate governance is Nexen Inc., that extraordinary success story in Alberta's Oil Patch. Canada's fourth-largest independent petroleum company is led by Charlie Fischer (he's never called anything but Charlie). It's involved in several megaprojects, from the Long Lake extraction process in the Alberta oil sands due to come on stream in 2007 to the Knotty Head exploration wells in the Gulf of Mexico, which may produce as many as 500 million barrels of oil for Nexen. There are other operations in the North Sea, Yemen, and offshore West Africa. And, more to my point, it enjoys a reputation for transparency in its board dealings. In mid-2006, its senior VP, general counsel, and secretary, John McWilliams, won the Governance Gavel Award for excellence in director disclosure from the Canadian Coalition for Good Governance—forty-five of the country's leading institutional investors, whose assets under management total some $810 billion. (The coalition was launched by the Ontario Teachers' Pension Plan and shareholder advocate Stephen Jarislowsy, who co-founded Canada's first privately owned money-management firm, Jarislowsky, Fraser & Co. Ltd., in 1955. I met Steve during my HBOG years, and he remains a friend four decades later.)

In 1997, when Nexen was starting to operate in Nigeria, John McWilliams helped compose the International Code of Ethics for Canadian Business, which was later adapted by the United

Nations Global Compact, the world's largest voluntary organization to promote cooperation among corporations, not-for-profits, labour, UN agencies, and society in general in the area of corporate responsibility.

Nexen has an audit and conduct review committee of seven independent members (including chairman Tom O'Neill, former CEO of PricewaterhouseCoopers Canada, and Barry Jackson, chair of TransCanada Corporation and former CEO of Crestar Energy). Their task is to act for the board in overseeing such concerns as the integrity of financial statements, compliance with accounting and finance-based legal and regulatory requirements, and the independent auditor's qualifications and independence. And in dealing within and outside the company, Nexen has a website and an Integrity Hotline (with toll-free numbers in nine nations) for anyone to anonymously and confidentially report ethical issues through a third party.

EnCana is another oil and gas company with an Integrity Hotline. As a safety check to make sure the company and its people are acting openly and honestly, it allows shareholders, employees, and suppliers as well as outsiders—governments, non-governmental organizations, and community members—to call, email, or write with questions and concerns .

EnCana's corporate constitution, as I've noted before, presents a solid vision for the company and mandates that employees be people of strong character who operate on the bases of trust, integrity, and respect. One of its many tenets is that "EnCanans do not tolerate unlawful or unethical behaviour, intimidation or harassment, environmental, health or safety negligence, workplace discrimination, or deceptive communication. At the end of the day, the most important thing is our reputation"—which is a line I've been repeating for a long time.

For Gwyn Morgan, that vision went hand in hand with his desire to create a Northern Tiger. "If you start off with an ethical base and ask what's the point of having a great Canadian-headquartered company," he says, "well, you want that company—its behavior and ethic and values and how it acts internally and in the world—to be as good as it can be. To create jobs for people, to create wealth for the country, to create great communities where it operates, to have people fulfill their career objectives, their potential, for themselves and their families. To have that foundational behaviour—and have everybody understand what it is that's expected of them in your organization. If you can do that, and you have great people, great assets, you've got the ethical cornerstone. And without that, you may have great fuel propelling you forward, great opportunities to act on, but if you don't have a steering wheel that keeps you on course, who knows where you'll end up? The best definition of the word culture' that I've heard is that it's how people behave when nobody is watching. The reason I think the corporate constitution is so important is that we have people doing all kinds of things, every day, everywhere, and I want to know that they know how they should act in any given situation."

A study of 365 enterprises in thirty countries found that 89 percent have corporate-values statements and more of the most financially successful companies singled out the qualities of honesty, openness, and commitment to employees. But while such statements are all well and good, it's useful to know that Enron had its own code of ethics, sixty-two pages long, with a foreword by Ken Lay as chairman, who wrote, "Enron's reputation finally depends on its people, on you and me. Let's keep that reputation high." Another classic example to illustrate that strategy is one thing, execution another.

Given the gap there can be between the written promise and the actual acts of ethical behaviour, has EnCana been carrying out the intent of its constitution? Well, maybe that's why it was ranked third by its peers from other prominent companies in the honour roll of Canada's most respected corporations and placed second for corporate social responsibility.

THROUGHOUT MY CAREER, I've had my own issues to weigh while serving on various corporate and not-for-profit boards. One is whether to even accept an invitation to join a board, a question more people should ask themselves. For example, what was former U.S. president Gerald Ford—a decent man with a great title but no business experience—doing on the board of Fidelity Trust Co. of Edmonton? After entrepreneur Peter Pocklington took control of Fidelity in the early 1980s, Ford attended a total of three board meetings before the company went insolvent. In my own case, I don't know anything about technology or the automobile business, and so I turned down offers to be a director of companies in those industries. For a couple of years in the mid-1980s, I was on the board of Royal LePage when Canada's largest real estate brokerage company was controlled by the Reichmanns. My friend Bill Dimma was CEO, and Gordon Gray, a respected forty-year veteran with LePage, was chairman. But realizing I neither knew much about nor was even interested in the real estate game, I stepped off as soon as decently possible. In his book *Tougher Boards for Tougher Times*, Bill offers another reason for either refusing a director's seat in the first place or resigning from one:

> [T]he director with character should sniff out the culture carefully before accepting a directorship in a company where management holds all the cards of empowerment. And, even if tentatively satisfied, that director should join with some conditional, if private, reservations. And should resign if it becomes clear sooner or later that the founders and/or majority shareholders and/or control block management are habitually insensitive to the rights of the minority and to the board's obligation to all shareholders.

Sometimes my concerns as a director were about potential conflicts of interest. In 1997, I was chairman of both NOVA and TransAlta, which were discussing the possibility of joint ventures. Wanting to avoid any conflicts because of my dual directorships, I felt duty-bound to consult with Bennett Jones Verchere in Calgary about my legal position. They said I would have four options if I felt there was any conflict: resigning from one of the boards, withdrawing from any discussions of a joint venture, acting as a mediator or facilitator in such a venture on behalf of both companies (and receiving pertinent information in confidence), or acting only for NOVA (where I'd been on the board longer) with the consent of TransAlta. The law firm cautioned, "It is not always enough in order for directors to avoid liability to simply declare the conflict and abstain from participating further in the matter. Directors have a positive duty to act in certain circumstances, to make disclosure of knowledge and information beneficial to the corporation and to counsel the corporation."

In the end, my loyalties never became an issue between the companies. But two years after taking the chair of TransAlta, I had to resign in all conscience to become chairman of the newly combined NOVA and TransCanada Pipelines—which were head-on competitors in the power business. TransAlta, however, asked me to stay on the board. I agreed with some reservations, but after two meetings, I realized it was a silly situation, rife with lurking conflicts, and left the board entirely.

Another instance of possible contention involved the Reichmanns when I was president and CEO of Interhome Energy. They had five representatives on the board and Imperial Oil had three (there were seven independents). The brothers wanted to have one of their people sit in on Interhome's management meetings, as they'd arranged to do at Gulf Canada, where they had majority ownership. They argued that such an arrangement would help them get up to speed on the company. I said, "Look, we've got Imperial as a shareholder and you as a shareholder. If you want any information, we'll give it to you, but we're not going to give you anything more than any other shareholder—period. If you're not happy with the way we're doing things, it's your responsibility to change management." That was the end of that.

More recently, I was watching the progress of Westshore Terminals, the coal-handling facility on the West Coast that had turned itself into a trust. Its shares vacillated as Jimmy Pattison kept investing and increasing his holdings. Every time he bought some stock, I did too. All this was well before Westshore got involved in the deal to take over Fording Coal while I was Fording's chairman and an investor. When the merger talks started, I decided it didn't seem right for me to be holding shares in both companies. "Look," I told the Fording directors, "I own a bunch of Westshore stock, and I want to disclose that, so no matter what happens, I'm not accused of being an insider." After seeking a legal opinion, they came back to tell me that legally I didn't even have to reveal my holdings. But I felt more comfortable selling the stock. It wasn't until after the deal was done and I had left Fording's board that I bought another batch of Westshore shares (which have performed well since, I'm happy to say).

The last board I've served on was Weyerhaeuser's, which is made up of intelligent and influential business leaders. Yet, as impressive as it and they are, the company and I haven't always seen eye to eye on some corporate governance matters. For example, the issue of "staggered boards," in which a portion of the directors have different lengths of terms. Sometimes these are referred to as "classified boards," in which directors serve various terms according to their classification. Most often, there are three different classes of board members, with each one serving a different length of time, and elections usually occur annually. Among the problems with the staggered system is that it can make directors complacent, and then they tend to develop too cozy a relationship with management. The biggest concern, according to a major study by three Harvard Law School professors, is that this kind of board harms shareholders by letting managers ward off value-enhancing offers from hostile bidders—even when most of the directors are independents—and don't even seem to benefit the shareholders of targets acquired in friendly deals.

Not only that, 73 percent of Weyeraeuser's own shareholders have said they don't agree with the makeup of such a board.

Well, I tried to argue my case with the others at Weyerhaeuser and even one of its New York legal consultants, who pointed out that a majority of public companies in his country have staggered boards. "You show me one example in the United States where this has been effective," I challenged him. And even though he backed off, our board remained staggered.

I guess Richard Francis Haskayne became a bit of a burr under Weyerhaeuser's saddle. Another time recently, I became very upset that the company refused shareholders' questions from the floor at its annual meeting. The management even evicted some people from the room and, as a result, we got a terrible write-up in the *New York Times*. Fortunately, that policy was reversed at the next meeting when a questioner from Seattle asked, "Shareholder proxies from many civic groups, including Amnesty International, Jobs with Justice, United Steelworkers of America, the Haida Nation, and Rainforest Action Network are here to respectfully present serious concerns. Will you let us speak?"

The company's response was that it had intended at the previous AGM "to efficiently address the maximum scope and breadth of questions in the limited time available. In retrospect, however, we sincerely regret this decision. To listen to our shareholders, we were reminded that there is no substitute for hearing from them directly, in their own words."

I've found other crucial differences in the makeup and procedures of American and Canadian boards. An important one is the issue I mentioned when discussing the Canadian Imperial Bank of Commerce: the benefits of having non-executive chairs, who oversee boards without being part of management. Weyerhaeuser was one of those that had a chairman who was also the chief executive. Steve Jarislowsky makes my point forcefully: "The chair [person], as well as the entire board, should be regarded by the CEO and any other management people as mentors of the company.… The board is the final authority, and there should be no doubt in anyone's mind."

Bill Dimma also has some good points to make about the usefulness of a lead director, or "independent board leader," as the position was called by the Saucier Committee, a creation of the Canadian Institute of Chartered Accountants, the Toronto Stock Exchange (TSX), and what's now the TSX Venture Exchange. Whatever it's called, the idea is to deepen the independence of a board and respect the rights and responsibilities of minority shareholders. From their perspective, Bill writes, "the appointment of any independent board leader who is not a truly independent director is potentially dysfunctional. In fact, use of the term 'independent' for a director who is a member of the management of a controlling shareholder is more Orwellian than the Saucier Committee intended." Amen.

The issue of ethics goes well beyond the boardroom into day-to-day operations. The single most common criticism these days is just how lavishly many CEOs and other senior managers are compensated in salaries, bonuses, and options. When I was at Home Oil and determining incentive bonuses for senior people, we gave them a range of performance targets, from production volumes to cash flows that we asked them to shoot for—without telling them exactly how we would measure them at year's end. That way, they couldn't focus on one specific target as opposed to another just to ensure they got their bonus. Too many companies set up a goal that is simply a measure of financial performance without judging contributing factors. These factors might be out of an executive's control—a sudden rise in world oil prices, for instance—and yet he or she takes credit for achieving the earnings target. In other words, you have to look beyond the numbers. I've tried to create the same system of fair compensation in any company where I was the boss and to sell it, with less success, to those companies where I was a chairman or director.

EnCana has had a system that measured itself against sixteen other American and Canadian energy companies to determine bonuses. A good idea, but in one recent year, the oil producers in that list performed far better than EnCana, which is primarily a natural-gas producer, even though its operating results were spectacular. As a result, the targets it had set to trigger bonuses weren't achieved, the bonuses weren't given, and the company lost forty or so engineers, geologists, and geophysicists because they couldn't see hitting the mark over a three-year period. So the targets had to be lowered a bit.

In discussing the issue of executive compensation—and *over*-compensation—David O'Brien points out, "The trouble is, as long as you've got the U.S., which pays even that much more, and if you don't have a reasonable competitiveness, you lose your top people. It's the same old problem, whether it's in medicine, research, or in hockey—you lose your best."

As he reflects on his career, especially as head of Canadian Pacific Ltd., David acknowledges that "it's a very ticklish issue now, because over a period of time, the compensation of executives moved disproportionately to the rest of society, partly because we had a twenty-year bull market in the stocks and partly because of the use of stock options, beginning in the early '80s—all of which resulted in executives making a lot more money. You take the example of the typical head of a Canadian chartered bank, who today makes $8-$10 million a year, if you look at the value of the options and everything else. Twenty years ago, it was probably something under $1 million. I mean, it's just a huge, huge increase. And I was a beneficiary of this. I'm just saying that things have probably swung too far, relative to the average person."

True—and of course as a CEO, I also benefited from some decent salaries and generous stock options. Yet any largesse that came my way pales in comparison to what some contemporary executives have walked away with. Sour grapes on my part? Not at all: This butcher's son has always been far more financially comfortable in life than he could ever have imagined. But some of the corporate payouts today astonish me. After CIBC had to settle with Enron investors, John Hunkin received no bonus but left with $25.7 million in a retirement special-incentive program as well as $3 million in new share units. And the bank had one investment banker who made about $100 million in one deal. Robert Gratton, president and CEO of Power Financial Corp., which controls Great-West Lifeco, London Life, and Canada Life, has earned more than $173 million in a single year, almost all of it from options. Bernard Isautier, chair and CEO of PetroKazakhstan Inc., the Calgary-based petroleum producer, got $500,000 in salary and options worth $92.6 million in 2004—and a year later, the company was sold to China National Petroleum Corp. for $4.2 billion.

Frankly, all this is crazy. The new emphasis on making executives exceedingly wealthy, often at the expense of investors, is a trend that has gone wildly out of hand. And directors are often to blame for this outrageous state of affairs. Adam Zimmerman, the still-controversial ex-CEO of Noranda Forest Inc., has told financial analysts "it's a real false belief there's only one guy who can run any one of these big companies. There are a lot of good people out there." I'll leave the last comment on this subject—though I'm sure it won't be the *final* word—to John C. Bogle, founder of the Vanguard Group, the world's second-largest mutual-fund organization. *Time* magazine has called him one of the one hundred most powerful and influential people on the planet. So I'm impressed when he remarks on executive compensation, as he did in his book *The Battle for the Soul of Capitalism*:

> Over the past century, a gradual move from owners' capitalism—providing the lion's share of the rewards of investment to those who put up the money and risk their own capital—has culminated in an extreme version of managers' capitalism—providing vastly disproportionate rewards to those whom we have trusted to manage our enterprises in the interest of their owners.

Nobody has ever accused me of being an ardent environmentalist, but any thinking person today has to weigh the consequences of human activity on the natural environment. This is an area where ethical judgments must be made—not only out of concern for the health of the planet but also for the bottom-line reason that a company's economic fortunes might be affected by black marks against its environmental record.

Canada's big energy companies in particular are natural targets for activists, as MacMillan Bloedel was in the forest industry where protesters successfully ran international boycott campaigns against companies that clear-cut. And, at a time when climate change through global warming in front and centre, ethical investment funds often find it tricky to include energy companies in their portfolios. A typical manager offering "socially responsible investing" is The Ethical Funds Company of Vancouver, which judges a company on whether it has an effective environmental management system and how committed it is to disclosing environmental practices, including its record of compliance. Perhaps surprisingly, the three top holdings in its major Ethical Growth Fund are Suncor, EnCana, and Petro-Canada. (Suncor was recently named for the second time as one of three Canadian companies among sixty major corporations considered to be world-beaters on a climate leadership index. Compiling the rankings is the Carbon Disclosure Project, a global coalition of institutional investors with $21 trillion [U.S.] in assets.)

In recent years, I've been involved in three major enterprises—Fording, TransAlta, and EnCana—that are right in the thick of the debate over three different energy sources. There's no question that Fording has to deal with the criticism that coal can be one of the dirtiest fuels around. But clean-coal technology already exists on a small scale, and the Alberta government recently announced it will make an investment to investigate how practical clean coal could be to pursue within the province. Such technology is among the best and cheapest ways to prevent pollution from carbon dioxide from more than doubling by 2050, according to the International Energy Agency, a Paris-based consultant to twenty-six oil-importing nations. And a top-drawer Canadian advisory panel, the National Round Table on the Environment and the Economy, has recommended converting to clean-coal technology to produce electricity, stressing the need for those coal-fired co-generation plants that recycle steam to use for both power and heat.

The fourteen round-table members are labour representatives, environmentalists, municipal officials, Aboriginal leaders, and business and industry heavyweights, including Falconbridge chair David Kerr, GE Canada CEO Elyse Allan, and Suncor oilsands executive VP Steve Williams. They've said the Conservative government is at least heading in the right direction with its recommendations to help reduce our greenhouse gas emissions by 60 percent by 2050 through current and emerging technologies—without harming the economy. Among other proposals, they urged Ontario to expand its generation of electricity through nuclear power by more than 50 percent during the next four decades. TransCanada has invested in a relaunch of Ontario's Bruce nuclear power plant, the largest of its kind in North America, and CEO Hal Kvisle has long argued that this shouldn't be seen as a scary proposition.

"All of the waste that's ever been generated at Bruce—*ever*—is floating in a swimming pool that is not as big as an Olympic pool," Hal says. "It's submerged under the water, and I have stood right beside that water on-site at Bruce. It's not harmful to anyone. The water absorbs all the radiation that this weak fuel puts out, and you could take all of that spent fuel, drill one deep hole into the Ontario Canadian Shield, and put it all down there." Hal has some surprising allies in making his case for nuclear power. Among them are the coalition government of liberal and social democrats in Finland, where a safe, state-of-the-art nuclear facility is under construction, and Saskatchewan's NDP government, which is trying to attract a large-scale uranium refining plant to the province that would use local yellowcake, the powder that's processed into nuclear fuel. (TransAlta, meanwhile, spent $30.2 million on various environmental projects in 2005 and is hoping to eliminate its greenhouse gas emissions entirely by 2024.)

That round-table panel also called for the capture and underground storage of carbon dioxide emissions from petroleum production, including the oil sands, with a target of 30 percent by 2030 and double that by 2050. EnCana is a global leader in this experimental technology, attracting international visitors to its project near Weyburn, Saskatchewan. Since 2000, more than seven million tonnes of CO2, the worst of the greenhouse gases, have been injected through drill hole into pipes below farm fields. Another twenty-three million tonnes are expected to be stored there safely forever. The company's experts call it "a big, simple process." And it has a nice financial spin-off: The gas is liquefied before injection and, like a solvent, it frees oil in the underlying rock—which has extended the producing life of EnCana's reservoir in the area by decades.

The global warming issue won't be going away, in Canada or the U.S. For example, Weyerhaeuser—which has forestry operations in both countries—plans to spend $344 million (U.S.) to reduce its greenhouse gases by 40 percent by 2020. Here at home, Peter Lougheed, the prime political architect behind the birth of Syncrude, shocked Albertans a while back when he urged a moratorium on any new oil-sands development until public hearings could reflect citizens' views on the environmental and social costs. That's a stunning suggestion, with all sorts of economic fallout. My real hope is that the climate-change challenges raised by the oil sands and our other energy sources can be met by made-in-Canada ingenuity of the kind that EnCana is pioneering.

DR. GREGORY DANEKE, the University of Calgary's first chair of business ethics, says, "In the aftermath of major corporate scandals, such as Enron and Hollinger, it is high time that ethics and economics become reacquainted. This is especially vital in light of mounting resource and technological challenges, such as global climate change. Such challenges will not only call into question our core values, they will greatly tax our capabilities for coordination and cooperation, which is the real test of our humanity as well as our economic institutions."

Enron and Hollinger weren't mere flashes in the frying pan of bad business. They are symbolic of deeper problems that have become increasingly obvious in the worlds of commerce and industry. Corporate leaders themselves have the primary responsibility to raise the ethical bar in all their dealings. But our educational institutions have a big job to do as well—even though Dr. Daneke acknowledges the general belief that if students haven't absorbed ethics at home, it may be too late to learn them in business schools. Yet he's said, "I firmly believe students can learn to think differently in university. In fact, it should be incumbent on them to think differently and more broadly about their own values—the ones they've acquired from their families and the ones they'd like to adapt and change to new environments."

Before coming to Calgary in 2005, he was a professor of technology and resource management at Arizona State University, teaching business ethics and public policy as well as strategy and entrepreneurship, and has been a consultant to multinationals and the U.S. and Canadian governments. His chair at the U of C links ethical issues with specific industry and community issues, especially energy and the environment. It was funded by some pretty responsible corporations in the field—Nexen, Suncor, Shell Canada, TransAlta, and Enbridge—as well as Deloitte & Touche, Fraser Milner Casgrain, and the Institute for Chartered Accountants of Alberta. Dr. Greg Daneke's services are shared between the philosophy department and the Haskayne School of Business.

Yes, the school bears my name. How that came to pass—well, that's another story.