

Freedom, Ethical Values And Leadership

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I'm honoured to be here with you today. Ethical behaviour is the most critical element of successful societies, and I applaud the work of the Ethics Center.

I receive a large number of speaking requests, and this is the subject on which I put at the top of my priority list for acceptance.

My theme today is trust, fundamental values, free enterprise business as a force for good in the world – about how the quality of life we enjoy as Canadian's is such a rare thing, and what we need to do to preserve it.

Stepping down as a CEO opened a whole new chapter in my life journey.

Having past my 60th year I guess you could say I possess a good deal of experience.

That reminds me of a quote by Lyman Bryson, "*the error of youth is to believe that intelligence is a substitute for experience, while the error of age is to believe that experience is a substitute for intelligence.*"

And there is no doubt that, at least, I have experience! And that I am very fortunate in the fulfillment my career experience has brought.

Exactly half of my life was dedicated to building the company which became known as EnCana Corporation. That quest began in 1975, when a small group came together to issue our first shares – and a 29 year old engineer took some of those funds and had the wells drilled which generated our first revenue. Two decades later, that not-so-young-

anymore engineer was CEO of a much bigger enterprise, and in 2002, he lead what was Canada's largest ever merger. The new company was called EnCana, a name that my wife, Pat, and I came up with while cross-country skiing in the mountains just before the announcement.

Some people ask me what it's like to have fulfilled my dreams. But how could a farm kid who went to school in a little Alberta town ever have had such dreams?

I could have never imagined that someday I would hand over the baton to the new CEO of a flagship Canadian company which ranks at the top of its north American peer group, which has been Canada's most profitable company in four of its first five years, and which ranks in the top three of Canada's most respected corporations.

Most importantly, a company which has very high ethical expectations for itself and each of its employees, as framed in a unique Corporate Constitution.

In the twelve years I worked as quarterback of the Alberta Energy / then EnCana team, we invested \$31 billion in capital projects, bought and sold companies and assets totaling over \$34 billion.

We did \$8 billion of equity financings, and \$27 billion of bank and public debt financings. (total \$100 billion.)

We executed Canada's largest merger, and of course, grew exponentially.

And you know what -- never at my time did I need to worry about the accuracy and integrity of our financial accounts.

We trusted each other, we relied on each other, we respected each other, and we formed a team dedicated to integrity, accountability and delivering shareholder value.

In recent years, the integrity of company financial accounts, and indeed the integrity of all corporate leaders, has been called into question by the behaviour of an unethical few.

There has been a regulatory response in both Canada, and the U.S., intended to prevent future occurrences, and they will play a part.

However, experience has shown that no law can protect from the dishonest, or the incompetent.

On the other hand, organizations built upon sound values staffed by honest, capable people, places where teamwork, trust and integrity govern behaviour, will find that new laws don't change the reliability and integrity of the accounts.

In other words, people with strong personal values coming together to foster strong corporate values.

So how are strong personal values formed?

Life's journey is full of choices, full of challenges, and full of opportunities.

Countless studies have shown that a person's progress along the pathway of life isn't based solely on natural born gifts. I believe that one's natural gifts are fuel for the engine that can propel us forward. But it's the values by which you choose to live your life that provide the moral compass controlling the steering wheel. How often do we see exceptionally talented people, lacking a moral compass, veer off course – we can all name someone from the world of sports, entertainment, business, or politics who destroy their own lives and those of people around them.

But if you steer by strong values, then the other thing you must do is make the most of your opportunities, and for this you need a positive attitude.

Speaking of a positive attitude reminds me of a quote from a wonderful Edmontonian, Bill Hunter, who said, "*in life, it's not your aptitude, but rather your attitude which determines your altitude.*"

I believe that the key to a fulfilling life journey is to make the most of your natural gifts, live by sound values, and have the positive attitude required to seize opportunities.

Some years ago, I read a book called "business as a calling". To me, the title symbolized that being a business leader carries with it both a noble objective, and important responsibilities.

So this brings me to a key theme of my remarks. I believe that private sector business is the world's greatest force for advancing human progress.

It doesn't take a lot of deep thinking to reach this conclusion. Almost all the great technological progress which has transformed the way we live has been created or harnessed, and made available to people by private business.

Private business drives social progress by providing essentially all of the funding for government services – both directly and indirectly through the employment of tax-paying individuals. In fact there is no historical record of any country providing a good quality of life for its citizens without a strong and thriving private sector.

But what, after all, is private business? Some people refer to it as a capitalist system, and they refer to situations where governments dominate business as a socialist system.

I believe that referring to them simply as alternative systems is like comparing democracy with totalitarianism.

Socialism, founded in Marxist ideology, requires that government forcefully take over the means of production, eliminating private business - an ideology that has been unsuccessful everywhere it has been tried.

In fact, the only places where full Marxist socialism has been sustained for long periods has been during the dark tragic era of this past century when communism devastated the lives of most of the world's population. Some of you may have seen my recent Globe and Mail report on the challenge faced by Romania as it recovers from two tragic generations of tyrannical dictatorship. Communism is, at its root, socialism without a choice. As Winston Churchill said "*the inherent vice of capitalism is the unequal sharing of blessings. The inherent virtue of socialism is the equal sharing of miseries.*"

Socialism is an ideological based system. But capitalism is *neither a system nor* an ideology. It is simply economic freedom, and that's why the term "free enterprise" describes it best. It is doing what has come naturally to human beings since recorded time. From the first transaction when people traded a stone axe for a pair of leather moccasins, the natural forces of economic freedom have been unleashed. People are natural traders and almost every ideological attempt to interfere with economic freedom is *unnatural* - and destructive. Today, private business has advanced to a much more sophisticated level, but only those countries that allow a high degree of economic freedom achieve good living standards for their citizens.

But economic freedom alone doesn't guarantee a good quality of life.

Last summer, my wife Pat tallied up some 50 countries we had visited in just the last decade. Only a precious few of those countries offer a quality of life anywhere near what we enjoy in Canada. In fact, if you move outside of north America, western Europe, Scandinavia, Australia and New Zealand, how many countries can you think of that even come close?

The difference isn't our resources, or our educational institutions and certainly not our health care system. And it isn't just because we're a democratic country – there are many democracies that are not very desirable places to live.

No, it's all about values – Canadian values. It's the ethical foundation that our forefathers have built which defines what is best about being Canadian.

Ladies and gentlemen, as Canadians who love our country, there can be nothing more crucial than to protect and preserve the ethical foundations upon which our country has been built.

And, as a country which takes pride in the rich ethical and cultural mosaic of its people, we need to strive to ensure that both new and long standing Canadians understand those common values. There is no room for what the philosopher's call "moral relativism"... we must all be Canadians first.

Okay, I know that none of us would disagree... so why am I choosing to talk to you about it now?

The reason is my deep concern about what I call the “values drift”, both at the personal / family level, and at the business / government level.

Examples of this values drift are pervasive in our society: there is internet porn, a never ending series of even more destructive drugs and mono-cultural street gangs. We see the attack on personal / family values with increasing violence and immorality in television and films. And we despair of the Hollywood and sports stars with no moral compass who are idolized by our young. We see a media, which all too often, reinforces that adulation of the dysfunctional.

In business, we hear of ethical transgressions which lower confidence in the very free enterprise system crucial to our standard of living.

Corruption, such as the sponsorship scandal, rocks the confidence of Canadians in the whole democratic process. In this vein, I must admit to being appalled at former Prime Minister Chrétien’s criticism of his successor for calling the Gomery Enquiry, the implication being that such behaviour is just business as usual.

In some cultural communities, we see examples of placing the country you come from, above the country which is your home.

Most alarmingly, we see zealots who will stop at nothing to force their extreme beliefs on us all.

With these worrying trends threatening to erode the values upon which Canada is built. What can concerned Canadians do?

First, we need to remember that, whether it’s our family, our business, our community, or our country; *we get the behaviour we tolerate*. We must stand up and be counted if we believe there are limits as to what should be shown on television, or tougher treatment of drug pushers and violent street criminals.

We need to reject “cultural” behaviours which are abhorrent to the values of freedom, equality and individual rights which lie at the core of what Canada stands for.

And when it comes to business and government, we need to prosecute wrongdoers expeditiously.

But the other side of getting the behaviour we tolerate is *getting the behaviour we demonstrate*.

And this is where every parent, every business person, every community leader, every politician and indeed every concerned Canadian has a role to play.

Just as my ethical values reflect those of my father and mother – we all know there is nothing more important than exemplifying good ethical values as parents.

And when it comes to business and government, there is an especially heavy responsibility that comes with leadership – the responsibility both to exemplify strong values and to demand ethical behaviour from those we lead.

And that is where business leadership comes in.

It is small and large business enterprises of the country that essentially creates all of our wealth both for personal expenditures and government programs. Therefore, confidence in Canadian business is vital. It’s up to Canadian business leaders to act as role models of strong ethical values.

In this era of sound byte communication, where government and even business people often focus on reacting to symptoms, rather than underlying problems, business leaders must focus on the real factors which make our country a great place to live. We must not only run successful enterprises, but also show vision beyond the bottom line to the huge importance of building an ethical, productive, competitive, and accountable society. A society that provides opportunities for people to learn and build on their abilities and careers through honest effort, where people's progress and rewards are consistent with their effort and contribution.

I had the good fortune to learn from one of Canada's highly ethical business leaders early in my career. He once said to me "*Gwyn, you will go a long ways – but always remember this. At the end of the day, the most important thing you'll be left with is your reputation.*" I will never forget those words. They reflect a level of moral maturity and a level of leadership authenticity, which makes the most positive difference in the world.

It is this tier of leadership that we must encourage young people to strive for. It is this tier of excellence that we in leadership positions should strive for. And it is this tier of leadership excellence that Canadians should demand of our business, community and public institutions.

Doing these things is what I mean by pursuing "*business as a calling*", it's about both teaching and role modelling ethical behaviours for the young Canadians who will determine the kind of Canada we will become.

I hope all of you here today will teach and role models the best in Canadian values – and that together we can build an even better, stronger Canada.