

A Special Two-Part Webinar

Part 1: An Update on the U.S. Election and the Pandemic

Part 2: Focus on East Asia - Geopolitics, Trade and the Economy

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Kevin Kajiwara (KK): Well, good morning, everyone. Welcome and thank you for joining today's Teneo Insights webinar. I'm Kevin Kajiwara, Co-President of Teneo Political Risk Advisory in New York City. The U.S. election is 19 days away, leaving plenty of time for still more October surprises that we've had plenty of already. But while Joe Biden has never had less than about a four-point lead over President Trump, the period following the presidential debate and the White House COVID scare has seen the first big meaningful movement in the polls in some time, nationally, as well as in battleground states. And importantly, over 15 million people have already voted, either by returning mail-in ballots or by early voting in person.

Meanwhile, the country is seeing 40,000 to 50,000 new coronavirus cases per day. Indeed, new cases have jumped 19% over the last two weeks. Europe now reporting over 100,000 cases a day. We are seeing new lockdown measures in places like London and Paris.

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And globally, there were 700,000 new cases last week, that's the biggest tally to date and up 34% versus the prior week. This week saw Johnson & Johnson and Eli Lilly halt their late-stage trials on their vaccine and antibody treatments respectively, while unexplained illnesses among trial participants are being investigated. This follows a recent halt by AstraZeneca as well.

So here to discuss the election and the state of the pandemic with me are two of my colleagues. Orson Porter, he heads up Teneo's Washington, D.C. office and our Government Affairs practice. He worked in the White House as a Special Assistant to President Bill Clinton, and he was the U.S. Director of Government and Public Affairs for Nike. Dr. Jerry Hauer, he's a Senior Advisor at Teneo, Former Acting Assistant Secretary of the U.S. Department of Health and Human Services, as well as the Commissioner of the New York State Department of Homeland Security and Emergency Services.

We're then going to pivot our conversation because probably the most dynamic region of the world in the 21st century is Asia. The rise of China, the evolving role of the U.S., changes in demographics and, of course, climate are all drivers of that dynamism, which pose acute and evolving challenges to the next U.S. president and those who come after him. So here to discuss the East Asian security, economic, trade and political dynamic is my colleague Tobias Harris. He's a Senior Vice President with Teneo Political Risk Advisory in Washington, D.C., where he specializes in Japan. Tobias's new book, *The Iconoclast: Shinzo Abe and the New Japan* is the first English language biography of Japan's longest serving prime minister, and it's just been published by Oxford University Press and Hearst.

The Economist magazine in its review states, "This comprehensive and engaging tome may become the definitive portrait of Abe." And The Japan Times says, "The Iconoclast is a definitive must-read biography of Abe and will be the standard English language work on his life and times for years to come." If you have any questions for any of these gentlemen, you can join and submit at any time, by using the moderator chat function on your screen. So, Orson, let's start with the election. I guess, give our listeners your overview of where things stand now and where you see them going on the current trajectory.

Orson Porter (OP): Sure. And as always, Kevin, thanks for allowing me to join this esteemed panel. And I'd like to commend you on doing a great job over the last couple of weeks on these podcasts or telecasts. I think people find them enjoyable and I certainly enjoy being on. Having said that, let me get to the difficult discussion. 19 days until the election, which is not a lot of time considering particularly this new cycle. As I have said in the past, and I'll continue to say, and my political mentor taught me well, in that politics is really simple. It's about adding and not subtracting, and the candidate who figures out how to add better than subtract usually wins. And I think with 19 days, that's exactly what both camps are focused on. I take you back to 2016, Trump versus Hillary, and the key states were Pennsylvania, Wisconsin, Michigan.

And, I would argue it was those three states that really put President Trump into the White House, in that there was only a slim margin of 80,000 votes that dictated who won those states and those electoral votes. So, going back to my earlier statement, it's pretty simple math, really about adding and not subtracting. And President Trump did a very good job of that, the last go around. In the battleground states, which since we last spoke, Vice President Biden is definitely ahead. But what I will say

is, initially it was six battleground states, and I think it's fair to say we are now at near seven or eight, including Iowa, Ohio, Texas, Wisconsin, Michigan, Pennsylvania, Florida, Georgia, North Carolina, and Arizona, should now all be included. I think, as we get towards 10 days out, 9 days out, all things will point towards Pennsylvania and Florida.

Another thing to mention which I think will play out in the long-term is fundraising. Vice President Biden's team just announced a really big number today, that during the month of September they raised nearly \$400 million. There's no way that they can spend all of that money. I'm sure they will find a way but it tells you about what may happen after the election and the legal battles. And if they continue to raise, and as you see Senate candidates do the same, I think that's a big statement that people need to pay attention to. On the Trump side, I think we highlighted in our newsletter yesterday, I think some of the news media are starting to shift towards it is, the Trump team has done a really good job of hand-to-hand combat, door-to-door knocking and have really, particularly in states like Michigan and Pennsylvania, done a great job of registering voters to vote. And really have kind of outdone the Democrats. So, I think that's something to pay attention to.

I do think the early vote, as you mentioned, nearly 15 million votes cast, nearly 80 million votes have been requested. You saw what happened in Harris County, Houston, yesterday. Believe it or not, 128,000 people voted in one day, in one County, Texas, which shattered the record from 2016, where it was just over 60,000. And you saw the lines in Atlanta and Georgia today, people are able to early vote in North Carolina. So, it really comes down to whether or not the early vote will offset what I mentioned earlier about Republicans doing a really good job of registering people in some of these key states and whether or not those folks will actually turn out. So, it goes back again to, about adding and not subtracting.

To close, some of the key things I think to watch for in the closing days will be the legal narrative on how each campaign tees it up. Particularly, if there is a contested election. And you'll hear more about that as we get closer.

As I mentioned, travel tells all. Where they go is where they need to be. And that's what the polling is telling them. So, it was no coincidence that President Trump went to Iowa yesterday, it will be no coincidence over the next two weeks that you will see both candidates spending a whole lot of time in Florida and in Pennsylvania. Another key factor to watch is who's on offense and who's on defense. Usually the candidate who is on offense wins, but sometimes the candidate on defense outmaneuvers the candidate on offense. So, almost like watching a college football game.

Another factor would be the Obama factor. You saw last night out of nowhere former President Obama did an interview. And I would suspect that in some of those battleground states, particularly reaching out to minorities and the college educated in Wisconsin and Michigan, and even Florida for that matter. Look for President Obama to turn up his appearance factor. The debates, we talked about this in the past, the last debate, the viewership was down, but there was still 70 million folks. I think both candidates, to be honest, are looking for ways not to have debates and you'll continue to see additional town halls and ways to speak directly to their voters.

And then polling, things always get tighter in the last couple of days of a campaign, if the polls are wrong in this cycle, I think we may see people completely reject polling hereafter. And another couple quick things to point out is, whether or not GOP Senate candidates will pull away from the president. And that will tell you in those battleground states, whether or not his team is underwater or will some of those candidates move closer to the president. As you've probably seen on some of these presidential visits, it's very unusual to

see a Senate candidate standing next to the president. Maybe those things will change in the coming days.

Then the last point I'll make and Jerry will speak to this, of course, is COVID. COVID is a game changer. It not only has the effect on who shows up on election day, it has an effect on whether or not parents are allowed to show up at all, because their kids may be at home. And whether or not they are even able to due to the economy and unemployment numbers, etc. So COVID, it will always be the wildcard in this election. And I think as we move towards the colder, winter months and particularly towards election day, I think it will play a bigger wildcard than people may have suspected.

And then lastly, the unknown of what could happen. It could be another major weather event combined with COVID that could really cause a blip on how people vote. And then, stock markets could fall, etc. So overall, 19 days is not a long wait. It really comes down to, over the last couple of weeks, which campaign is really good at adding and, as I said, which campaign, unfortunately, found ways to subtract.

KK: Well, I'm sure that it's only 19 days but by the end of it it's going to feel like 119 days. But I have a couple of follow-up questions for you before we turn to Jerry, if you could go through quickly. First of all, can you give us your assessment right now of what the Senate balance is looking like within the context of what you just talked about?

OP: I think the early turnout in these key battleground states, where there are Senate races, really favors the Democrats. The fundraising numbers in these key Senate races, as you've seen what's happening in South Carolina where Lindsey Graham's opponent has raised a record amount, is turning heads in D.C. Democrats only need to pick up three,

they're competitive in about six to seven races right now. So, the odds of them winning and taking over the Senate are above 50%, but there's a lot of things, as you just pointed out, 19 days, that can happen.

And one of them is the Supreme Court nomination. Initially, people widely in polling were against the Republicans moving forward with the nomination, but she's done a great job thus far. During the confirmations and now the polls show that there's an even split. We're even starting to break towards moving forward, which I think is a positive thing for Mitch McConnell, when some Republicans are facing tough Senate races. So, if it were held today it looks like the Democrats may have a pretty good shot, but a lot of things can happen in 19 days. So, let's see.

KK: And I want to pick up on two things you said, I mean, you went into detail on the fact that we've had over 80 million ballots requested, over 15 million people have already voted. On that kind of trajectory, not to say that will straight line into Election Day, but that's a big number. You could have over half of the votes in before Election Day on that pace. In many states, I know it is dependent on the state, but some states are preparing the ballots for counting, basically immediately.

Others don't even start opening the envelopes until the polls close. So there's some variety out there, but my point I guess I'm getting to is, as you're talking about this preparation for the legal battles afterwards, is it possible, actually, given the amount of votes that's already happening, that we could get a fairly definitive view either night of, or the immediate day or so afterwards, rather than being dragged on for weeks as has been feared in the last couple of months?

OP: Yeah, that's a great question. I think the simplest answer is we should know within 24 to 48 hours on who wins Florida. And Florida is one of those states that will start to tabulate their votes during and should have them immediately following. So, if President Trump should lose Florida, then I would argue that it would be a pretty good indicator that we could be seeing a wave election. And some of those legal discussions may be camped down a bit, but should President Trump win Florida on election night and win two or three other states that do exactly what you say, count ballots early and are not necessarily swamped with the early votes and the mail-in ballots, then yeah, we're going to be setting ourselves up for a long week.

Particularly in that Pennsylvania is one of those states that doesn't begin to really tabulate the mail-in ballots until the Election Day, Wisconsin being another. Two major battleground states that could take a week or so to get through the chaos. So, if you're up late on election night and they call Florida early for Biden, then that's a pretty good indicator of where this is going. If it's too close to call the next day, then I think that's a great indicator of where the legal battle might take us.

KK: And so, you've indicated that the clock is ticking here on the president to be able to sort of swing the narrative back in his direction. And you've pointed out to me in conversations we've had in the past about the sort of the rank order of things that are on voters' minds, the pandemic and healthcare being top of mind right now followed by the economy and the sort of law and order issues. Is it that the president would need to have that fundamentally reordered, in your view, to switch that narrative? You've got to have the law and order issue kind of move up the hierarchy.

OP: Yeah. You know, we've talked about this, and I've stated on this call in the past that the

economy in 2016 was the number one issue and probably will remain in the next three presidential cycles. And should the law and order piece, which crime ranked high in 2016, but it was replaced by law and order in this cycle, and it's the third or fourth issue and is starting to drop, and healthcare and other things are moving up. So, as long as Trump is defending COVID and not talking law and order it makes it much harder for him to get a message out that could flip some undecideds, which there aren't many.

If you find any out there, let me know. But the COVID discussion is something that the Democrats, particularly the Biden team, are using and ads are using daily on the local news cycles to show that he has been an ineffective leader, and this is the number one reason why there should be a replacement. The law and order piece, there could always be an incident between now and Election Day. And who's to say?

And hopefully that doesn't happen but should it happen, and it starts to move up or creep up, or there's a statement that gets blown out of proportion, yeah. If law and order become one or two, then it's pretty hard not to argue that Trump has a pretty good shot in some of those states like Pennsylvania, and therefore of turning things around.

KK: Meanwhile, what's conspiring against him. We just had, at the start of this call, the jobless claims number come, about almost 900,000. That exceeded expectations. And of course, as I said at the top, the pandemic numbers are going against him. So, Jerry, let me turn to you now and maybe give us this update. I mean, the numbers are rising again, so what's your assessment of the current status?

Jerry Hauer (JH): Yeah. Good morning, everyone. Thanks, Kevin. Good to be with you. We expected this, a rise in numbers this fall.

Unfortunately, it's escalating pretty quickly. We're seeing a significant rise in the number of cases in the Mid-East, in Europe. In Paris, 90% of the ICU beds are filled with COVID patients. We've got a significant number of cases rising in other countries in Europe, South America, Asia. Israel, which has been on lockdown for three weeks, is looking at another week of lockdown. Here in the U.S., we're inching up to 250,000 deaths, roughly 1,000 deaths a day.

Unfortunately, it continues to grow around the country with over 30 states doing either moderate or significant rises in the number of cases. One of the things we've learned with this virus is we have a lot to learn with this virus. An example, Kevin, in Belgium, we have now seen the first death from a patient that had a reinfection of the coronavirus. In Nevada, we have a 25-year-old male who had been infected in April, tested positive, then had two negative tests in June. He tested positive again, and it appears that he has two different strains of the virus. We're starting to see some mutation of the virus, which is a concern as far as vaccine development and the impact of vaccines.

One of the things that's troubling as you look at the election, messaging has been absolutely critical. When you do clinical trials of drugs, you have two arms. One gets a placebo, one gets the drug. Throughout the country, we've had a political experiment. We've had those governors who have had very strong messaging, and those that have wanted to reopen prematurely and opened the floodgates. And the cases where there's been very strong messaging like New York, where the governor has been extremely aggressive, the number of cases died down. There's a very modest uptick, something that's being watched right now.

In the cases where the governors have been following the president's messaging and opened the gates, the number of cases is going through the roof. So, it's an unfortunate issue right now because politically it shows people

are listening to their elected leaders. And we are seeing the ramifications of that in the significant upticks throughout the country. As far as tamping the virus down, Australia has seen a very mild flu season and we're hoping that we don't have a parallel uptick. In fact, hopefully masks and distancing will allow us to have a milder flu season. But if people go out and do what they're doing now, we're going to have not only a bad flu season, but we're going to continue to see this rise in coronavirus cases.

KK: So, I want to turn quickly to the treatments and vaccines. Now, I know that it is not atypical in late-stage clinical trials for these kinds of hiccups to occur, as we've seen at Johnson & Johnson, Eli Lilly and AstraZeneca. But of course, it's very rare that there's as much global attention on a drug development as well as an imperative to get it done fast. So, on the one hand, we've got these delays, even as they move quickly. But the other image of course here is that President Trump, it would appear they threw the kitchen sink at him, and he had everything at his disposal.

But the net net result of that is that a guy who's a certain age and has certain conditions that would put him at risk, seems to have come through pretty well all things considered, which obviously lends a lot of credibility, just prima facie, on some of these treatments and therapies. So, where do we stand on the treatment and vaccine front in your view right now?

JH: Well first of all, as far as the President, basically, he got things that you and I probably can't get right now, monoclonal antibodies from Regeneron. While they show promise, there's still a lot of data that needs to be collected about the use of monoclonals, and that's being done. Vaccines, when you have great companies like Johnson & Johnson, Pfizer, AstraZeneca, they're not going to bow to political pressure and move forward because

the President wants a vaccine. They're going to take it slow. They're going to go about doing what they do with any drug and look at potential side effects.

And I continue to believe that by Q1, we'll have at least one vaccine, and by Q2, probably two or three, with Moderna, Pfizer, Johnson & Johnson, and AstraZeneca as the leading candidates. And once we have the vaccines, then it's a matter of getting the vaccine in people's arms, which will be quite a Herculean task to try and get the number of people vaccinated that we need. And I don't see that being done until the end of next year, into 2022. As far as other treatments, Remdesivir seems to be doing quite well. One of the things that I think is helping keeping the case fatality rate a little lower is we're learning how to take care of people in the ICU.

The use of Dexamethasone, a steroid, dealing with people that are intubated, knowing how to move them so that the lungs do not collect fluid. Using Dexamethasone to help reduce inflammation. These are all components of trying to tamp down the case fatality rate. And I think that hopefully that trend will continue. The other treatments, both human and equine immunoglobulins, that work is moving forward. We may see that later this year, early next year, but there is an enormous effort. Operation Warp Speed by and large has moved forward. When you think about the Ebola vaccine, it took five years to get it approved. We'll probably have a SARS-COVID vaccine in under a year, which is something that's simply unheard of.

KK: So, I'm going to make what will seem to many of you an abrupt turn here, but quite frankly, the election outcome as well as the trajectory of the pandemic are going to have profound impacts on Asia as well. So, I want to turn to Tobias Harris. And first Tobias, congratulations on the book's publication and on its critical reception, of course. But before we turn to Asia more broadly, I just

want to ask you quickly about the book. What prompted you to write this book, and in the end, what in your view is Abe's real legacy here?

Tobias Harris (TH): Sure. Thanks, Kevin. It really is a pleasure to be here. And as you know, and the acknowledgements know, I'm greatly indebted to you and Wolf and to Teneo as a whole for supporting me while I was working on this, and just giving me a perch to watch Abe's record-setting tenure. It starts with his story. He had been Prime Minister in 2006, 2007, resigned abruptly, and in a fairly humiliating fashion and had been written off. He comes back in 2012 and immediately, I think, grabs global attention by rolling out this economic program, something that he had never been known for his interest in economic policy and becomes a household name.

At a personal level it's just a fascinating story of how someone who has followed his arc, who comes from a notable political family, managed to recover from a major setback, make his way back into office. And then as his tenure lengthened, it then became the story of...he's clearly on path to become Japan's longest-serving prime minister. What legacy is he going to leave behind? What are people going to say when they look back at this decade in which he was dominant? What is he going to leave behind? So that really was the driver in writing it.

KK: So, what is that legacy? As you point out, he's the longest-serving prime minister. When you compare what it was he inherited and what it is that he's delivering now to his successor, Suga, would you give him high marks at the end of the day?

TH: Well, I think with any leader who lasts that long it's going to be a mixed record. On the positive side of the ledger, I think he brought Japan a political stability that I think the public, especially, was desperate for. Before Abe, you'd

had six prime ministers in six years after its lost decades. Since its economic bubble burst in the early 1990s, I think there was a dramatic loss in confidence. And just a sense with that, the sun was setting on Japan as a million newspaper headlines would tell you, as the cliché goes. That with a loss of relative economic strength, Japan's voice was missing in the world, and political instability did not help with that.

So the fact that you had a government, a prime minister who lasted and who was able to articulate both foreign and economic policies and sort of follow through with them on a consistent basis, the result of that was, I think, Japan was able to make itself heard in the world and in the region in ways that it hadn't in a long time. And you realize that there was actually a lot of demand in the region for Japan to play more of a role, for Japan to provide money, infrastructure, investment, for example. There really is a desire, certainly among China's neighbors, for Japan to be more involved, to be more present. I think that was really a major change.

I think on the flip side though is that I think you've got to a point, as his tenure lengthened, where stability became an end in itself. Where I think Abe was less willing to take risks if it meant that it would undermine his political stability and his ability to last. I think what that meant was that you did not get as much risk-taking in areas where I think you really needed to see it. I think there were areas of economic reform, really changing how labor markets work, making conditions for would-be entrepreneurs more friendly, changing how the social safety net worked, I think there needed to be progress on all of those fronts. All of that was lacking, I think in part, because of an unwillingness to take risks.

I think another missed opportunity, and I touched on this briefly towards the end of the book, because it was hard to figure out where else to put it, but from a perspective of 5, 10

or 15 years from now, given the trajectory that the world seems to be heading on, I think people are going to look back, certainly the Japanese might look back and say, "Why didn't Abe do more about climate change?" Here was a country that, unlike many of its peers in the developed world, was politically stable, had a leader who really was well-respected internationally. Why did he not use Japan's voice and Japan's clout to advance, at least domestically, a Japanese green new deal, for example? It certainly looks like it's something that could have been a slam dunk, and he didn't try to push Japan in that direction.

Japan is already experiencing, I think unmistakably, the results of climate change. You've seen massive heat waves over the last couple of summers that have killed many people, major flooding beyond what Japan has seen before. These are all the new realities that Japan is living with. So, I think that was a missed opportunity, and that really is going to be part of his story.

KK: I want to talk about the broader dynamics there, but to put it all into context, talk about where you see Japan in the world and more specifically in the region right now. Obviously, it's one of the largest economies in the world on a standalone basis. It's highly integrated in many ways. But also, it punches above its weight. I'm wondering, how much of that is it, I mean, it is Japan itself, versus there's some comparisons to be made to say the UK in a sense? Where those two countries punch way above their weight, even though they're weighty themselves, because of the nature of their relationship and alliances with the United States in particular, and the perceived influence that they have in Washington. How would you contextualize Japan in that sense?

TH: Well, to some extent Japan does get strength from being basically the deputy to

the U.S. sheriff in Asia, and that a lot of effort, certainly during Abe's tenure, was invested towards ensuring that the U.S. remained politically, economically and militarily engaged in the region. But there are also a lot of ways, and I think this is actually something that's appreciated in Washington, is that Japan is a force multiplier, diplomatically in particular, and economically in the region, for the United States. That Japan has relationships with countries across the region, particularly in Southeast Asia, that the U.S. just cannot match. Japan has been involved, really heavily involved, in the economic development of Southeast Asia, really for the entirety of the post-war period.

Japanese companies have been present on the ground, investing in countries across Southeast Asia. I think more recently, you're seeing Japanese companies really expand their footprints in India. There's just, I think, a level of trust and comfort with a lot of governments and a lot of people with Japan that sometimes the United States has a tendency to talk about the things it wants to talk about and is better at talking than listening. I think we saw this during the Bush years when all the U.S. wanted to talk about in meetings with Southeast Asian countries was terrorism, and they wanted to talk about infrastructure, investment, and growth. Japan, I think, is a better listener, I think, with countries in the region.

Japan, in some ways, is more capable of following through on what it wants to do. Maybe that's just part of Abe's legacy, that, because you had a unified stable government, when the Japanese government said, "We're going to roll out an infrastructure investment initiative," you didn't have to worry about, "Well, is this going to get through the dyad? Can the government actually follow through on what it says it's going to do?" It is a comparatively well-governed country that really has the ability to act on what it says it's going to do, and to really act with some consistency and strategy. Again, so

knowing that, knowing that Japan is able to show up and deliver on what it says it's going to do, really makes a difference. It really allows Japan to be active in ways that really the U.S. has, I think, struggled to do in a consistent fashion for the last couple of decades.

KK: We've seen a situation here where, there has been a considerable turn in U.S. attention to Asia, starting with the pivot to Asia by President Obama. And of course, with the rise of China, most obviously in the trade war that we've seen over the last couple of years, but increasingly the hawks in the Trump administration are in the ascendancy. We've seen even a change in nomenclature used geo-strategically in the region. We now refer to it as the Indo-Pacific, rather than Asia-Pacific.

But the flip side of that, and this is something that I imagine every Japanese prime minister has to think about very, very carefully, is the security guarantee from the United States. It really speaks to the strength of the Alliance system and what it really means. What do you think the perception in the region is now of the U.S., its security guarantees, its treaty commitments, and so on and so forth? Or, is that something that's overplayed in the media that they should be questioning that?

TH: Well, I think to be dependent on another country for one's security means it's a constant source of insecurity, and it's something that ebbs and flows. There were plenty of periods of friction between the U.S. and Japan where I think the result was anxiety about the strength of the U.S. commitment. It's just a constant. This is something that Japan constantly wants to be reassured, wants to know. During the Obama years, there was plenty of concern about, is the U.S. going to pursue a G2 relationship with China? What will that mean for Japan? What is defense spending in the United States? If it's trending downward, what

does that mean for Japan? All of these are constant sources of anxiety.

What I think is new, beyond I think in 2016, there was a lot of anxiety about Trump himself and his history of comments about how unfair U.S. alliances with Japan and other countries are, and the need to rebalance them and make allies pay more and to talk about pulling troops out of places. All of that, I think, was a source of anxiety. Abe, I think, found a way to work around that and to ensure that cooperation continued. I think what is new and what's been new really this year, and maybe even just in the last few months, is I think there's an increasing awareness in Japan of political instability within the United States as a potential source of doubt about the U.S. commitment, and it's political instability as a whole.

I think there's been a lot of attention paid to the protest and the reactions to the protest. I've seen coverage of the current Supreme Court vacancy hearings in ways that I haven't seen before. I think there's a growing awareness that Japan actually can't sleep on what exactly is happening, to how the U.S. government is working and its ability, the ability of any administration, to act. If a crisis were to come up, what sort of political will is the United States going to muster? I think that's new. I think really being sensitive to that. It's not that Japan has been completely indifferent to U.S. politics before. But I think it's starting to register that polarization in the United States could really have consequences for allies like Japan.

KK: Well, you make the point that prior to Abe, Japan went through six prime ministers in six years, and relationships are also key here. I think we all remember that Abe was the first world leader to show up at Trump Tower during the transition period, and the like. Do you think that Japan is going to have a more stable political situation? And stable not in terms of the country's instability, but do you think you

could have longer tenured prime ministers, starting with Suga, that are able to develop real and meaningful personal relationships not only with the President of the United States, but potentially with President Xi and other world leaders? Or do you expect the revolving door to come back?

TH: This is the question that pretty much every Japanese politics watcher is obsessed with right now. Because I think there are people who think that you look at history, when Japan has had long-serving prime ministers, generally they've been followed by periods of instability and shorter-lived prime ministers. I think there are reasons why this time might be different. The main thing actually is the fact that we have to look at the reasons why Abe lasted as long as he did. A lot of it had nothing to do with him and more to do with what the Japanese public wanted, particularly after 2016. It was a factor beforehand, but especially after 2016, as the world looked more unstable, there was a real demand, I think, on the part of the Japanese public, for a steady stable government in Japan. Abe was able to profit from that.

He spent the last several years of his premiership dealing with all kinds of scandals and scandals where the public pretty much said, "We know you're lying. We know. We don't believe anything you're saying about why these scandals have happened." Yet it really wasn't until he was perceived to have mishandled the pandemic that the public really finally abandoned him, and his numbers really fell below 50%, or greatly below 50%, and stayed there. So, he was able to weather quite a lot. I think that really reflected, not that the public loved Abe so much, but that they saw the stability he brought to the government. They saw that Japan really needed that. I think Japan was really rocked by Brexit, was rocked by Trump's election, it looked at the world and said, "We really need a steady hand in power." That really enabled Abe to last.

I think those same dynamics are prevailing right now. We saw Suga go from being an afterthought when it came to who the Japanese public wanted to replace Abe. He was polling at like 3% as of July, and now, he took office as one of the, by some measures, the third most popular newly inaugurated prime ministers Japan has ever had. That again, some of it is that I think Suga is something of an unknown quantity as a leader in the forefront. He's been sort of offstage or backstage for the duration of Abe's tenure. But some of that reflects that he was promising continuity, and the Japanese public wanted the stability, the Abe government to continue, and were happy to just have a new face to the government.

To the extent that those circumstances will continue to prevail, the public really does want just a steady hand in power during an unstable period, and really in a region that is changing dramatically. That is going to favor whoever is in power. Going hand-in-hand with that is that you've also had a number of reforms before Abe, and then the reforms that were pushed forward under Abe, that really gives Japan's prime minister power to control the policy-making process in ways that you never really have had before. Using those levers, the prime minister really can make a difference in terms of articulating what he wants to do and then following through on that.

Suga has, I mean, he's not exactly thinking in a grand sweeping vision of Japan's future in the way that Abe did but he has outlined a number of proposals that he wants to follow through on that would really make a tangible difference in the lives of the Japanese people, that he really has prioritized getting the pandemic under control and getting a vaccine deployed. So, he really stands a good chance I think of winning a mandate of his own. At some point, an election has to be held in the next year and governing beyond next year I think the odds are better than ever that he lasts.

KK: So, we've talked about the domestic political situation. We've talked about the relationship with the United States. Talk a little bit about the country that's not going anywhere, which is China. And within the context of the domestic situation and relations with the U.S., how do you see Japan's relationship with China playing out in the near future here and how will it play its relationships elsewhere in the region, South Korea, Taiwan, etc, kind of thread the needle in its relationships between the United States and China?

TH: Yeah. I mean, that really is the other big one. I mean, you have to get relations with the United States right first. I mean, that's the expectation for every Japanese prime minister, but there's a tightrope walk that every Japanese prime minister now is going to have to walk with China and there's no way around it. And there are crosscurrents because on the one hand, the Japanese public is way ahead of the rest of the world in having negative views of China and the rest of the world in some way is now catching up to where the Japanese public has been for quite some time now. You have I think at the elite level a lot of skepticism of China and I think what's happened in Hong Kong, recent activities in the South China Sea and the Taiwan Straits, and also of course, Chinese activity in the East China Sea where China and Japan dispute control of the Senkaku or Diaoyu Islands.

I mean, all of that I think has led them to want a harder line to China. You've seen Abe had pursued constructive ties with China from 2017 onward. And the plans had been for Xi Jinping to go to Japan in the spring of this year, that visit has now been postponed indefinitely. So, I mean the China hawks in Japan I think are feeling good. I think they're feeling like the winds are blowing in their favor, but there are a lot of, I guess, what you maybe could call China realists within the Japanese political system. People who've recognized that China is not

going anywhere, and Japanese businesses really depend on not just China as a platform for manufacturing but also as a place to produce and sell to Chinese consumers.

And the Japanese companies by and large do not want to decouple. They might want to move some activities away from China and there is demand for that and that's been going on for at least a decade but there's not a lot of appetite for all out decoupling. And so that really puts Japan in an uncomfortable position when you have a United States that is at least trending in that direction or pushing for greater economic separation from China. And so, the question is at what point within the Japanese political system, who is going to make the case for a more balanced relationship with China, preserving some of the economic ties, compartmentalizing the security competition with economic cooperation?

I mean, Abe managed to do this for the last few years until the pandemic rolled along. And really the question for Suga, "Is he going to be able to put that back together?" There are some factors I think working in his favor. I mean, the number two in the Liberal Democratic Party, Japan's ruling party Nikai, is probably the leading connection between Japan and China and has long-standing ties with the Communist Party in China, has gone there regularly, was a major conduit as Abe tried to patch things up with China. He's still the LDP's number two. He's going to really I think be pushing for a way to get relations between Japan and China on a more stable footing. Of course, what happens in the U.S. election is going to make a big difference.

I mean, not that I think a Biden administration would necessarily be soft on China as I think some Japanese hawks fear, nevertheless, I think it might allow more room for a more China realist approach in Japan. And maybe as some in Japan say, maybe Japan could be a sort of an envoy or a bridge between Beijing and

Washington and I think that's a role that Suga might explore, but it's an open question to how that tightrope walk is walked because you're still going to get a lot of pressure domestically for Japan to really be prepared to push back against China's heavy handedness both at sea and espionage activities.

I mean, that's another area where I think there's a lot of sensitivity in Japan considering how many Chinese students come to Japan, how many workers are coming from China to Japan. I mean, there's just a lot of anxiety around China that has to be managed even as you try to keep the relationship on stable footing. I mean, it's not a satisfactory answer because there's not ever going to really be I think a final definitive answer. It's just going to have to be managed over and over again over time.

KK: So, we only have a couple of minutes left so I want to ask two more questions. The first is to sort of go off topic from Japan a little bit, but you worked very closely with our colleague Victor Cha on the developments on the Korean peninsula. This past week, there was a major military parade in North Korea at which it appears that a new ICBM and a new submarine launch missile, who knows how far developed these things actually are, but were on display. Kim Jong-Un also gave a very atypical speech to his nation. And I'm just wondering what our view is on the current North Korea dynamic, especially as we approach the U.S. election and a potential change in administration.

TH: Well, we can start from the fact that what the new missiles reveal, I mean, just what we've known and what satellite imagery has told us that North Korea has not abandoned its efforts to strengthen its nuclear deterrent. And I guess to some extent also, it's conventional deterrent to the extent that its missiles serve that role as well. I mean, it's best defense as far as it is concerned is ensuring that it

has the ability to strike targets in the region where the U.S. base its troops and then also to threaten the United States itself. And it has not abandoned those efforts. It has not really prepared to negotiate its arsenal away and that is just a fact of life and really is going to have to be a starting point for any U.S. administration.

How do you negotiate with the understanding that North Korea's nuclear arsenal is not on the table? Nevertheless, what we learned or have learned, I think from North Korea, I mean, I think we know that Kim Jong-Un still wants a personal relationship with Trump. And I think if Trump were reelected, that you might still see some sort of diplomatic process at the top and that, I think Kim has recognized that ensuring that he's on Trump's good side works in North Korea's favor. And so even as North Korea has refined its arsenal over the last couple of years, North Korea has respected the testing freeze it agreed to in 2018. It has not tested longer range or intermediate or intercontinental range ballistic missiles.

There's been no nuclear tests. And all of that has I think enabled at least the appearance of stability with the United States to continue. If you've get a change of administration in the United States, and I don't think a President Biden would pursue the same approach to North Korea to say the least, things could get interesting again. That a Kim regime might not feel the same willingness to abide by the testing freeze. You're going to definitely get a more allied focused approach I think from a Democratic administration. I think Vice President Biden has made it very clear that he wants to rebuild ties with Japan and South Korea and ensure that their priorities in some ways go first as far as North Korea is concerned.

So, I mean, North Korea could pivot back to provocation and testing a new administration to see how they're going to handle missile tests and how willing are they to threaten the use of

force? I mean, I think that would be the thing to watch for if you get a change of administration in the United States. The other factor I think that we have to keep in mind, and that was part of, as you mentioned, Kim's unusual speech where he appeared to be in tears in several places. North Korea is in the midst of some pretty severe domestic challenges. It's hard to get growth numbers on North Korea, but it appears that economic circumstances are as bad as they've been since the 1990s, when you had a severe famine and really pretty horrendous domestic economic conditions.

The pandemic border closures, major flooding over the summer, all of that has, I think, resulted in some pretty severe domestic economic conditions and that could also, I think, affect Kim's willingness to negotiate. I mean, I think they really want an end or at least relaxation of the sanctions regime as part of the reason why negotiations fell apart at Hanoi last year between Kim and Trump. So that does, I think, give negotiating partners an opening. North Korea really does have some severe domestic challenges that are going to continue going forward into next year. So even under a new U.S. administration, that might just be a way in to get some concessions on a freeze on missile production. Again, you're not going to necessarily get North Korea to abandon its nuclear weapons just in exchange for sanctions relaxation, but maybe you can get some arms control on the margins, which could make the region at least a little safer.

KK: And finally, I want to return to Japan. I mean, one of the things that we are grappling with in the United States is the role that we, the people, want this country to play. It's tied up in our ambition, and it's also tied up in our history. I want to ask that question about Japan because you're talking about the changes it's going through and the changes that its region are going through, but what do you think the Japanese people want that country

to be? I mean, it has the potential to be like a Switzerland, but it's also got an expansionist imperial past. I mean, what is the Japanese people's ambition? What is their ambition for the country, do you think?

TH: Well, I mean, you have to start with the fact that it's an aging country and this is not a country that is looking for adventures abroad, but I think there's a growing appreciation and certainly over the course of the Abe years, that Japan can't hide from the world, that Japan's future depends on ties with the region, with the fast growing region, that Japan can't hide from Asia. It has to be part of Asia. It has a role to play in Asia. Its companies have a role to play in Asia. It's going to be a place where Asia's middle class come to shop, and the Japanese people recognize that.

That they have to be part of the life and the currents and the flows of the world's fastest growing region and really the center of geopolitics in the 21st century. I mean, there's no escape from that. That doesn't mean that Japan wants to be a heavily armed, great power that is engaged in military adventures abroad. I don't think there's a lot of appetite for that. But I do think the idea of a more global Japan, a Japan that is more integrated with the world beyond the shores is part of I think is the reality. It was something that Abe pursued consistently.

It is I think something that the Japanese public has come to appreciate, and I think it's something that's going to continue going forward that your demographic decline does not have to mean that Japan is isolated or hides from the world.

There was a period of time where the common phrase for talking about Japan was, "Well, Japan has the Galapagos syndrome, and it's this part of the world that's cut off and is evolving on its own path." I don't think that is current anymore. I think the Japanese people want to be part of the life of the Asian century and influence the direction of the Asian century. And they want to be out there and that'll continue.

KK: Tobias Harris's book is The Iconoclast: Shinzo Abe and the New Japan. It is available now from your favorite bookseller. Buy as many as you can. It makes the perfect stocking stuffer this holiday season. So, I want to thank you, Tobias, and thank Orson and Jerry, as usual, and thank our audience for joining us today. Our next call is going to be on Thursday, October 29th. That is the Thursday before the election. That call will be focused exclusively on the election last minute. So, thank you very much for joining us. If you have any questions for any of my panelists today, please don't hesitate to reach out to your Teneo contacts or Teneoinsights@teneo.com. Thank you very much. Have a great day and all the best for the weekend.



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