

U.S. Election Primer

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Kevin Kajiware (KK): Good day, everyone. Welcome and thank you for joining today's Teneo Insights webinar. I'm Kevin Kajiware, Co-President of Teneo Political Risk Advisory, in New York City. 1,378 days ago, the 2020 election campaign began when Donald Trump filed his re-election paperwork with the Federal Election Commission, just a few hours after he was inaugurated. And five days from now we will know, well, it's unclear what we'll know on November 3rd, Election Day. But what we do know is that so far over 75 million early votes have been cast either by mail or early in-person voting.

And as we suggested, as my colleague Orson Porter suggested on one of these calls a few weeks ago, well over 50% of the total 2016 vote tally has already been rendered and we've got five more days before election day itself. While this election will be remembered for its duration certainly, the amount of money spent, the tone, the polarization, the most impactful variable is likely to be that it has been carried out in the midst of a pandemic that is currently raging toward a third peak. Over 500,000 new cases in the past week.

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Over 70,000 cases per day. We're trending now at about 800 COVID-specific deaths per day on average. There were over 1,000 yesterday.

So today we're here to discuss the election. What next week might look like, and some of what we might think about going forward. I'm joined today by two guests for this important discussion. Gerry Baker, he's a columnist and Editor-at-Large at The Wall Street Journal, where he was previously the Editor-in-Chief, as well as at Dow Jones. He's the host of "The Wall Street Journal at Large with Gerry Baker" on the Fox Business Network. And previously, he was U.S. Editor of the Times of London and Washington Bureau Chief and Chief U.S. Commentator for the Financial Times. I'm also joined by my colleague and familiar to many of you on this call, Orson Porter.

Orson is a Teneo Senior Managing Director and he is the Head of our DC office and heads up our Government Affairs Practice. Previously, he was U.S. Director of Government and Public Affairs for Nike. Before that, he served in the White House as Special Assistant to President Bill Clinton. If you want to play the do a shot game on this call today, I'd say do one every time Orson mentions his home state of Wisconsin. If you have a question for either guest, please submit via the moderator chat icon on your screen. Okay, Orson, let me start with you.

We're five days out. Give us the latest update on the state of play as you see it and what we should expect to see from the candidates and the campaigns over these last few days and how we should interpret that. The president who has been fighting a rear-guard action from the sound of it, for most of this period, got a couple shots in the arm this week. First with the Supreme Court confirmation and seating earlier this week, and now just moments ago, third

quarter GDP is going to come in and it came in at a huge number of 33.1%, Q on Q. But we all know what that really means. But nonetheless it'll be a number he can hang his hat on. So how do you see it and feel free to give us your bottom line on the race and the potential Senate balance?

Orson Porter (OP): Sure, thanks, Kevin. I appreciate the opportunity to share my thoughts, more importantly, I want to wish everyone a happy election and hopefully those taking time to join us today are healthy and safe during these times of crisis. You mentioned five days, to put it a little simpler and to think about a sense of urgency, it's a mere 120 hours, which is nothing in some circles, but in politics it could be a lifetime and a lot could happen over the course of the next four to five days.

As I have said in the past and will continue to say, elections really aren't that hard to figure out at the end of the day, the beginning and the middle of the day, it's all about adding not subtracting. And right now, the candidate that can find ways to reach the magic number of 270 for the electoral votes will be the victor. It isn't about the popular vote. Keep in mind that Hillary Clinton won the popular vote by nearly 3 million. It was President Trump that accumulated 360 electoral votes to take 1600 Pennsylvania Avenue, my former stomping grounds. It all comes down to travel in states and where are the candidates going.

It is no coincidence that, believe it or not, Trump and Biden are in the same city in Florida today. It will be all about Florida. But over the course since the convention, where have candidates spent the most time? Pennsylvania is leading the charge with nearly 25 visits, followed by Florida, North Carolina, Arizona, Michigan and Wisconsin. So that kind of tells you where they've been. I think it gives you a pretty good window of where they will continue to go. Some of the lowest battleground states where the candidates have not spent as much time,

but could change, as you saw, Senator Harris in Texas, have been Texas, Ohio, Nevada, and Georgia. With Georgia, suddenly coming into play. Another key thing to point out to the listeners is, where are folks spending money?

On TV, usually follows where are they traveling. So, right now the Biden team has spent about \$45 million this week on political ads compared to Trump's \$15 million on political ads this week. In total, between 2019-2020, the Biden campaign has almost spent nearly over a half a billion dollars on advertisement. Whereas Trump has spent about \$342,000. And then the Facebook play is big. Since April through October, the Biden campaign spent about \$200 million to place ads. Where were the top ads placed? Kind of reflective of where the top states that have been visited, and that would include Florida at nearly \$300 million, followed by Pennsylvania. So, the early vote, big deal, nearly 74 million people have already voted, as you highlighted. That's comparing to what was in 2016 at this point about 58 million.

Currently we're at a pace at about 7 million people throughout this country are voting per day. The top states include Texas at nearly 8 million total, followed by California, Florida, North Carolina, Georgia, Ohio, Michigan, and Pennsylvania. Texas, 8 million. Pennsylvania at 1.9 million. Important to highlight. A couple of other key things to keep in mind, it always comes down to the money and how much cash you have on hand. So, I mean, the Trump team is at a disadvantage here and the Biden team has done a really good job of fundraising. I think that's reflective of the discussion I had on the ability to do the ads, but I think it also speaks to why President Trump, wisely, and I think it worked effectively in 2016, is using, not necessarily ad-buys, but using these media events, the rallies, the visits, the free media events per se, to kind of double up on what the Biden team has been able to do with advertisements.

As you say, how to simplify this and make it easy on election night and what to watch for, I really think at the end of the day, it comes down to Florida. Florida polls will close at 7:00 PM that evening. Florida, unlike many other battleground states, will have already started to count some of the absentee early votes. By 9:00 or 10:00 PM, we should probably have a pretty clear sense of who won. The states that have been most problematic, and I think that's why you've seen some recent activity by the Supreme Court, are states like Wisconsin, Pennsylvania, Michigan, that won't start counting these huge volumes of absentee and early vote ballots until election day. So, what you may see, that can spur this debate of conspiracy is, Trump could easily pull off Florida and then of the three states as I mentioned, could be leading in the votes because the absentee ballots have not been counted.

So, on election night, you could see the scenario of potentially Trump winning Florida and leading in those three states until all of the ballots are counted. And then, over the course of a couple hours or even a day, then the margins could drastically change. What I'm telling everyone is it probably will be three or four days before we know an outcome, but it would be very hard for the Trump team to lose Florida and to regain a pathway to the magic number I mentioned before, 270. So, with that, I'll stop, answer any questions, also happy to speak on the Senate races, and then talk about what the new Congress will look like.

KK: Yeah, let's get into that in just a second. I want to turn to Gerry here, but just to clarify a couple of things. So clearly, you're saying that Florida is key, and we could actually know, potentially we could know, a definitive result of Florida on night of. What you're saying is, is that if that goes Biden, the pathway to 270 really narrows very quickly for the President. If the President takes Florida, or if Florida is a too close to call type situation, then that's a signal

that it's going to be a very long night and long week, indeed. Just to follow up on your point about following the travel and following the TV spend, there was news reports yesterday that the Trump campaign was pulling advertising in Florida or turning it over to the Republican Party. Was there anything to read into that or is that sort of strictly procedural?

OP: I think that's more procedural. I think they're spending a whole lot of time in Florida. There's a lot of rumors throughout DC and you'll see the President and the Vice-President kind of shift resources towards Michigan. So, it will be interesting to see if some of those resources went to Michigan or Arizona or North Carolina or some of the other states. Maybe they're feeling much more comfortable about Florida, but too early to call. The only other thing I would toss out for consideration is I mentioned North Carolina, Arizona, they also start to count the absentee votes early and they should have a pretty good sense. The polls close East Coast time at 10:00 PM in Arizona and North Carolina. The same as Florida. So, if Trump were to be able to pull off those three states, then it's a long night for Biden, but if Biden wins two of the three that I mentioned, then I think it's a pretty good clear indicator of where things may stand.

KK: So, Gerry, you've written, you've been a long-time observer of all this, and I think Orson did a great job here of laying out the landscape as it is right now, 120 hours out. You've written extensively on the election and the variables that are going to characterize it, for both The Times and The Journal. How are you looking at things right now? How do you see it?

Gerry Baker (GB): Well, thanks Kevin, thanks so much for having me. It's a pleasure to be here and a pleasure to be on with you and Orson. The first thing I should probably say, in due sort of humility and full declaration,

I vividly remember doing an event with Teneo with my good friend, Chris Wearing, one of your colleagues, almost exactly this stage four years ago, just before the election, four years ago. I was then Editor-in-Chief of The Wall Street Journal. Chris had invited me and Marc Lasry, the CEO and Founder of Avenue Capital, and you know a big Clinton supporter and fundraiser, a very prominent and very well-informed Democrat. He'd invited these two great pundits to speak to a group of Teneo executives about what was going to happen in the election, and when we were asked, both Mark and I said with a certain amount of confidence that Hillary Clinton would win the election.

I particularly remember at least one of the Teneo executives, strongly disagreeing, and saying we were completely wrong. That Donald Trump was going to win. That he was going to pull out a surprise victory by winning in the key states. And Mark and I were politely, respectfully dismissive of that idea. So, the first thing I should say is, complete humility, anything I say here could well be contradicted by any of your colleagues and indeed anybody else. They may have a much better insight into this than I do. That's the first thing. I should just put my cards on the table there. I think, I agree with pretty well everything that Orson said, I think, with one exception, I think. And again, please, this isn't me particularly speaking, I'm speaking a lot this week with pollsters on both sides of the campaign.

It was summed up for me very well by a text I got yesterday from a pollster who's advised democratic candidates before and is now an independent pollster, who said he thinks it really does come down to Pennsylvania. And to just pick up on what Orson said about Florida, I completely agree. If Donald Trump loses Florida, it's probably over. But Florida, I think is what could be called a necessary, but not sufficient condition for Trump to win the election. In other words, he could

win Florida and very easily still lose. If he wins Pennsylvania as well as Florida, then I think he is very, very likely to win because if he wins Pennsylvania, he's further behind in Pennsylvania than he is in Florida, the probability is that would give us a big state, gives him 20 electoral votes, probably give him enough to win, but he has to win Florida to have a chance. If he gets Pennsylvania, I think that Pennsylvania becomes the key state.

And look, the reality of this election, again, just to highlight what Orson was saying, is that Donald Trump is really playing on defense in this election. I'm a big football fan, a fan of football, both types of football on both sides of the Atlantic, and I've become a big American football fan. And this election is being fought entirely inside Donald Trump's red zone. I mean, it's very much the Republican red zone. All the states that are competitive, frankly, are states that he won. He can't afford to lose more than two or three of them, depending how big they are. We all know the key states to watch are obviously Arizona, Florida, Pennsylvania, North Carolina, Michigan, and Wisconsin. Some of those states already, frankly, seem to be gone. I speak to people; they have different views on this. Michigan and Wisconsin are looking pretty tough for him, but if he wins Arizona, North Carolina, Florida, and Pennsylvania, then he will just pull out the narrowest of victories.

There are other routes for him to get it too, but that seems right now, to be the most plausible route for him to victory. So, look, I think I don't fundamentally disagree with what most people see right now, which is that Biden is a firm favorite. Lot of people obviously, in reference to my opening remarks, a lot of people are very, very cautious about what happened in 2016, with good reason. There are very good reasons to be skeptical about what the polls are telling us, they got it wrong in 2016. I think there is pretty strong evidence that there is a significant Trump vote out there that is not picked up

very well in polls. I think some of these polls are reflecting that difficulty. We had a poll in the Washington Post yesterday, in Wisconsin, giving Biden a 17-point lead.

And anybody really thinks that's plausible, but it points up I think, the problems that some of these pollsters have of picking up Trump voters who don't like to spend a lot of time talking to pollsters, who don't perhaps feel very good about coming out, speaking up in support of the President who has such a stigma associated with him. So, I do think there's a good chance, again, the polls are underestimating. But the key difference this time from 2016 is the gap would have to be really large. Biden is now polling well ahead of where Hillary Clinton was in the national vote in 2016. He's now polling ahead of where Hillary Clinton was in the key state votes. Not much, but by about a percentage point better than in those key states of Arizona, Florida, North Carolina, Pennsylvania, Wisconsin, and Michigan. Better than she was five days before the election in 2016. Which means again, given how narrow those results were in some of those states, that also augers well for him. There are other factors too. Biden is not Hillary Clinton, frankly, he's a less, to a lot of voters, a less objectionable candidate than Hillary Clinton. They know Donald Trump now, four years on.

So, again, I think we could absolutely have a surprise on Tuesday night, Wednesday, Thursday, whenever we get it, but it does seem to me that it would, for Trump to lose, and we need to be clear about this, it would be an even bigger surprise, an even bigger shock. The polls would be even more wrong, especially in those swing states, than they were in 2016. And that could happen, it has happened, but I think right now you'd really have to, I mean, I think the whole question of the future of the polling business would be up for grabs, because if they were that wrong, then it would be an extraordinary story. So, I think that's right. I think it does come down to, again, I think

Florida, he must win, and if he doesn't, it's over. Pennsylvania is probably, forgive the pun, but probably is the keystone for this whole election here, because if Trump could win Florida and at least Pennsylvania, I think he still loses. If Biden gets Pennsylvania, even without Florida, he's almost certainly going to win.

So that's where I'm watching the numbers, watching the polling that we've seen, the numbers that we've seen so far in terms of registered voters voting. And again, you talk to Republicans there, they are pretty optimistic. They say that they're doing better than the last polls, seem to put the Biden lead in Pennsylvania about three or four points on average, some more than that, obviously some, a little bit less. Republicans say they're getting out their vote very well. Turnout is going to be huge, as Orson said already. More than half the total number of people who voted last time have already voted; turnout is probably going to be up above 150 million. That would be huge, by American standards. So again, I fundamentally disagree, but that's what I would say on Tuesday night, the state, the key state to watch is probably Pennsylvania, because if Trump can't win there, it's an almost impossibly narrow path to victory for him.

KK: So, Gerry, Orson mentioned in his opening remarks that there have already been a number of court rulings, including at the Supreme Court, with regards to vote counting in the last several days and indeed, several weeks, and there's more litigation coming. So, if you're a lawyer who specializes in election law, then I guess, to use your football analogy, you're getting ready for your Super Bowl right here. But in a scenario where we do not have a clear winner next week, say on Tuesday night or even on Wednesday, how do you see things playing out? And I'm not just talking about in the legal sphere, I'm talking about in amongst the electorate.

GB: Yeah. Well, I should say, I'm a veteran of the 2000 election. I actually spent a little bit of time down in Florida after in that 37-day period, so we followed that obviously, very, very closely. I mean, and one of the things I do remember everybody talking about in that Bush v. Gore standoff of five and a half weeks, I remember Americans congratulating themselves saying, "Look, we've had an election, it's a disputed outcome. We've had five and a half weeks all be completely peaceful, and it's all resolved legally and through the courts. And Al Gore steps up and accepted defeat and all that kind of stuff. Aren't we great? Isn't this how America works?" I don't find many people expressing confidence that we're necessarily going to have a repeat of that, should we have essentially what we had in 2000, which was a tied election coming down to a few hundred votes in one state, so I worry about that.

You're absolutely right, the legal front is going to be extraordinarily frenetic. I mean, take Pennsylvania. So, say it does come down to Pennsylvania, as I said. As you said, we've already had several court cases going on in Pennsylvania. We had a Supreme Court ruling this week on Pennsylvania, which essentially passed and allowed Pennsylvania to continue essentially, to allow for relatively late ballots to be filed, which is controversial. The Republicans didn't like that. Incidentally, the Supreme Court went the other way, as it were, on Wisconsin, as we know, but that was for the very good, constitutional reason that there was a federal interest in what was being done in Wisconsin, but not in Pennsylvania. So yeah, so firstly, we absolutely will have legal disputes. And indeed, the Supreme Court, in its very brief statement on the Pennsylvania issue this week, actually did appear to leave open obviously, the possibility that there could be a review after the election, should there be contested ballots.

Look, I mean this phenomenon with mail-in ballots, without getting into too much detail about it and without going over the arguments that mail-in ballots are subject to fraud. It is simply indisputable that that when you have a lot of mail-in ballots, particularly in states that have never done it before and on the scale that they're doing it this time, you have tremendous scope for irregularity and indeed, the bigger problem actually, rather than fraud, is error. And the risk, the very strong likelihood that a very large number of mail-in ballots will be disallowed for completely proper legal reasons. Maybe the signatures don't match. Maybe there's no dates on the postage, there's some other form of irregularity. A lot of them do go missing. I mean, we saw that in primary elections here in New York, just earlier this year. So, in a close race, if it does come down to a few thousand votes in Pennsylvania, we will be going through, as we did in 2000, every single mailed-in ballot, with everybody challenging whether or not that should be allowed or should not be allowed.

So that's the first thing, there will be, exactly as you say, a Super Bowl for lawyers. Politically, and again, going back to what I said about the relatively mild and subdued and peaceable vote response to 2000, politically, it is hard to see that we're going to have anything like a repeat of that. I think first of all, you will have Donald Trump, who will be screaming from the rafters that he's been cheated if the state of the count at that point puts Joe Biden ahead. And he'll be trying to throw out mail-in ballots and trying to throw out all kinds of other ballots, and will be jumping up and down and saying, "It's all a fraud! It's all a fraud!" There are a lot of people who will believe that, a lot of people will. And again, it will be up for grabs, to some extent, so there'll be a lot of people who believe that. And I think we could, politically, we've already seen extraordinary amounts of political violence this year in the United States, worst we've seen in 50 years in the United States.

I fear that with people, with tensions running high, with people talking about this being the most important election, with people talking about legitimacy and illegitimacy and the future of the Republic, in those circumstances, why wouldn't they, why wouldn't some of them anyway, take extreme measures? One quick thing I would say though, and I'll shut up, is while I think that is a real risk, I think if there is a disputed election, I think we could be in for prolonged political instability. First of all, I think that's probably unlikely. I think the election won't be quite as close as that, it won't come down to as close as that in one or two states. Secondly, I am skeptical of this idea that the Democrats put about, that Donald Trump is going to be somehow in the bunker in the White House. Through December and January, it's going to start a civil war and his troops will take to the streets, and the Proud Boys will be out there in their Fred Perry shirts causing mayhem.

I've always felt that Donald Trump is a little bit of a Wizard of Oz character in this respect. His loud voice, tweets a lot, says angry things, says things that sometimes do look like they're provoking violence. First of all, Donald Trump doesn't really have to follow through to do these things, he doesn't have the attention span to mount a political coup. It takes quite an effort to mount a political coup. He doesn't have the apparatus. Again, I joke about the Proud Boys. Obviously, there are armed people out there who would no doubt go out and do all kinds of terrible things, but he doesn't really have a paramilitary political apparatus to do that. And thirdly, I think the Republican party, for all that it has been very much Donald Trump's party for the last four years, if the result is clear.

Again, it's important to distinguish between a clear result and one that's contested. If the result is pretty clear, the Mitch McConnell's and the other senior figures in the Republican Party, and I think also, Republicans in the states, are not going to sit back there and watch as Donald Trump takes his country to the brink of civil war.

I think they're going to say, "Donald." And by the way, I think, including some members of his own family too, will say, "Donald, you lost. The time is up. It's time to move on and so forth." But I do agree that if we get a rerun of 2000 essentially, where it comes down to a few hundred or a few thousand votes in one state, then we are going to be in for what could be some quite serious political instability, for some time.

KK: Yeah. I think those last several points are really important and I think it will come as a great relief to a lot of people on the call to hear you say that. Before I moved back to Orson, there was a follow-up question for you, from a member of our audience, which was, you made the point about the potential for the pollsters to be wrong. That would be the second major presidential election in a row, and they might as well pack it up and go home. This is a point Orson has made on the call before as well. The question is, do you have any sense that there's been improvement in polling technique and polling control for these shy voters?

GB: So, they say there has, right. So, I mean, some of the changes that have been implemented since 2016, much more use of telephone polling. I think one of the problems, by no means the only problem, one of the problems that we saw, particularly in 2016 in the previous polling was a use of a lot of internet polls, and those have tended to be less reliable. Well, I mean, there are arguments about that, actually. I mean, as it turned out, some of those polls were very unreliable in 2016. There is an argument now that when people are actually on the phone and speaking to someone, they're even more shy and even more reluctant to express their support. But by and large, I think pollsters who've been doing this for a long time think that, provided the phone polling is made up of the right questions, you will get the right results.

Things like changing the way in which they ask questions, in ways that don't necessarily seem to be likely to prompt a particular response, they've done that, changing the ordering of questions. Many pollsters have reduced the number of questions that they ask, whether it's an internet poll or a telephone pole. Because some polls, I think even earlier this year, were still asking 40, 50 questions of people, which of course people tend to lose interest. And you're only going to then get the people who are really politically interested, who often tend to be not particularly Trump supporters, for example. So, they have made some change. There's no question they've made changes.

They make changes to the way in which they sample. Obviously, the sampling techniques that they use, that filter that they use to get from registered voters to likely voters to actual voters, they've made changes to all of those things. So, there's no question they took on board. And obviously, one thing that should be said is that the national polls in 2016 were not that far out. The final national polling average and the RealClearPolitics average in 2016, gave Hillary Clinton a lead of about three and a half points. She actually won by just the popular vote by just over two points, so it was within the margin of error.

The real error came obviously, in the state polls, where Hillary Clinton was leading in all of those key states. Pennsylvania Wisconsin, Michigan, I think even Florida, which she ended up losing. So, they have made changes. I think in good faith, they've made changes. They've tried to do this. I just think the risk is, have the changes they've made been enough to counter the fact that if anything, probably the shy Trump voter problem is probably larger this time than it was four years ago. Because people have seen Donald Trump for four years, even Trump supporters disapprove of his behavior, right? You ask people whether they like Donald Trump personally, you get a 60%-65% negative answer.

So, there are a lot of people who don't like Donald Trump. Don't like what he does, what he says, who are still going to vote for him. That's even larger than it was in 2016, because we got a chance to see that. So, I think that's the risk here, that shy Trump voter, the shy Republican voter, the person who refuses to speak to pollsters because they're all part of the mainstream media and they're all biased. That is actually potentially a larger problem this time. And even the efforts that pollsters have made to remediate the problems that they had in 2016 may not be enough to do that. But again, we'll see. And if they're wrong again, there will be fundamental soul searching going on among the pollsters.

KK: Yeah, it's interesting. I'm 51 years old. I've been a registered voter since I was 18 and I've never been called by a pollster. I want to move beyond the election itself and ask you guys a couple of questions, given the potential outcomes here. And Orson, let's assume for a moment that Biden wins and the Democrats take control of the Senate. In that instant, how are you advising or let's say, how would you advise our clients and in the event of a Biden victory about how they should be thinking about the lame duck and transition period in terms of what they ought to be looking for in terms of staffing and in terms of cabinet and in terms of what the likely first 100 day agenda will be like.

And also, this gets into the weeds of what a lot of our clients have to think about every four years, how they are involving themselves in this process. I imagine it will be a very atypical inaugural celebration week in January, regardless of who the winner is, given the pandemic. How are you going to be advising clients on this?

OP: Yeah, great question. And just to circle back to something Gerry said that I think is important. Let's not try to predict an outcome on

who's going to win here because the last four years have been highly unpredictable, related to COVID. Thinking in February, if anyone on this call or on this line really thought that Joe Biden was going to be the Democratic nominee, and for those who might've been on the call and Kevin can attest that there was a few of us out there who predicted the Trump victory. But 2020 has been a year that has been totally unpredictable. And I would suspect that before it's done, there will be several more things that we'll look upon in 2021 and say, "Wow, never saw that coming."

To get to your question, I think our clients in general, and people in DC where I am, the swamp, are probably more focused as I mentioned on the Chambers of Congress, who controls the Senate, how that works out for some of their public policy priorities. A lot of corporate America is really concerned. Gerry spoke to you and others about if this is contested, the chaos that could consume our communities. Whether there will be store closures? Are people in direct contacts with their local police departments? Do they have those connections, have they reached out to the governor? Is there a general plan? And then there's a lot of talk about people still have to go to work in some cases and communicate with each other. And those politics often breed into the workplace. So, how do you manage internal discussions around the election?

And then more importantly, how do you speak to your consumers who may want you, particularly those who are consumer facing, to have a point of view? The hard question of course will be one to send congratulatory notes and reach out directly to the presumptive nominee. This one will be a little tricky on timing when to send that. And then you talk about the transition. Transition, like the campaign, I think, regardless of which side, is going to be complicated, as complicated as the inauguration. I can't imagine there will be a transition office that will be having meetings

with people. You're looking at a virtual transition team, virtual transition meeting, and potentially a virtual surf per se, into the White House. So, the big thing right now is the Biden Team for Corporate America is not accepting any corporate checks or political PACs for its transition or for those who may want to support it.

And I'm sure they may carry that into whether or not corporate America will be able to be supportive of what could be a virtual inauguration. A lot of clients are thinking about which think tanks will be on the top and on the bottom. The US Chamber of Commerce has taken some political heat on the Republican side for supporting Democrats for the first time in some of the congressional races. If the Democrats take both chambers, will they be rewarded? Will you see a shift? And people are re-exploring memberships such as the BRT and others who have had great relationships with the Obama Administration and the Trump Administration. But I think they will be reading the tea leaves carefully, particularly on the cabinet piece to see which group and association may have the most influence. And then as always, and I do this daily, who will fill the new cabinet?

And it sounds as though if Trump is reelected, there will be those who may be departing, and that Biden cabinet will bring in an entire new team. And bringing in an entire new team brings in an entire new circle of influence. So, a lot of discussions on who knows who. And I would imagine those discussions in the coming days after the election will intensify. The lame duck, the first 100 days, everyone's talking about from a corporate perspective, I hear a lot of focus on when might the Biden or the Democratic Senate reconsider rolling back some of the corporate taxes that as they see it have benefited corporate America. Of course, I have to think that following the election that the House and the Senate, if they do anything during lame duck, will immediately address not coming to

some sort of compromise on a COVID package, particularly helping the unemployed with financial support. A couple of other items I'll just close out on is, as new administrations come and go, so does staffing.

A lot of discussion on not only who knows who, but do I have the right team to be able to achieve the results needed, not only in Washington, but at a state and local. So, I do think there will be a sea change potentially in DC of heads of GA offices, as there always are following an election. And then, a lot of clients are concerned on this Buy American and connection to labor, what that means. And I'll close, which I think is probably the biggest item most discussed, regardless of who wins is because of COVID, I think Congress and the new administration is really going to take a harsh look at the American supply chain and particularly through the lens of China and how we might be able to make adjustments. So, as they see it, we don't have some of the deficiencies we had with PPE and other items because of COVID. So, those are a few things, but it all comes down 120 hours from now on who wins. And I'm sure when we have this call again, I'll be able to throw out 30 or more other items that people are concerned about

KK: Yeah. And that last point about the supply chains being an issue that they don't want to address, irrespective of who occupies the White House. I guess Gerry, let's imagine for a moment, the scenario where Trump wins a reelection here. What do you expect then in terms of, again, maybe the same question that I just put to Orson regarding how they will use the lame duck period, and also early in the new administration given that there was no new platform presented at the convention other than to sort of reload the 2016 platform and express essentially de facto fealty to the president? But what would you expect?

GB: Well, I think as with everything with Donald Trump, he'll wing it. You're exactly right. There is no sort of formal platforming, as we know, those platforms are less prescriptive lists of things that actually get done in government than they are kind of statement of broad intent by the parties. But even so, even allowing for that, there isn't one. I think it's going to be interesting. If Trump wins again, it's going to depend on the circumstances in which he wins. If he wins, sorry to get back into the weeds of the kind of post-election morass that we might find ourselves in, but supposing Trump wins. If he wins, he almost certainly will not win the popular vote. So, if he wins and if he does win, he will probably win the electoral vote by less than he won it last time, which was quite narrow. Last time, he won 306, when he needed 270 last time. So, let's say he gets somewhere between 270 and 306 electoral votes, just enough to win.

And this time very likely to lose the popular vote. He lost by just over two last time. He could lose the popular vote by four or five this time. So, I think the first thing that you'll have will be unfortunately, a bit of a crisis of legitimacy if Trump wins. A lot of Democrats will, frankly, they were angry last time. There'll be angrier this time. They'll think this is completely unacceptable. This is a weak system. By the way, it would also be worth remembering, the sixth time of the last seven elections when a Democrat has won the popular vote and won the overall popular vote and it will be the third time in the last four Republican victories that they've won the electoral college vote while losing popular vote. So, I think you have to allow for the possibility that, not that there's extreme talk here, California would immediately begin legislation to secede from the United States or people would sort of refuse to cooperate with the federal government.

I think that's nonsense. I think in the end, people understand that for all their frustrations, there are certain practical considerations that

have to be met and things will go on. But I think there will be a massive political crisis of legitimacy. I think there will be resistance, if I may use the term. This is what we've seen over the last four years, I think will get worse. I think the media, frankly, my colleagues, anywhere other than The Wall Street Journal and Fox News and one or two others will describe this as an illegitimate result. So, look, do I think there'll be a huge political problem if Trump does win and the likelihood is if he does win, he wins in those circumstances. So, it doesn't get anything done. First of all, in the lame duck session, I think this will be driven in large part by just the severity of the crisis, of the COVID crisis.

Case numbers are picking up all the time, thank God the death rate doesn't seem as bad as it was earlier in the spring, but the number of deaths is picking up too. Exactly as Orson said, the additional unemployment relief has run out now. If we do see significant, further lockdowns over the next month or two, that I think will increase pressure on the two sides in Congress to come together and produce at least a minimum package of at least on the unemployment benefits, maybe on some checks, probably not on the support for states, if Trump has won. But some additional targeted support for airlines and various other things like that. So, I think some kind of slimmed down stimulus package, if the facts on the ground of COVID and the economy are deteriorating in the way they look likely.

So, I think you can expect something like that in the lame duck session. And again, unfortunately, I think because if Trump does win, the terms on which he wins, I think you can expect some really significant political challenges. Again, I'm not remotely going anywhere near the kind of secession talk or civil war talk, but I think the sense of a map of the United States as a cohesive nation, able to function as one nation, I think will be seriously brought into question if that happens.

It'd be a completely legitimate result. That's the constitution the founders gave us with the electoral college. But I think we've already seen a challenge to that in the last four years. I think those challenges will get greater, if Trump were to win again in the similar or arguably even more extreme circumstances.

KK: Well, we've got about 10 minutes left and there's so many other things I wanted to talk to both of you about, but frankly, I think there'll be plenty of time to talk about what it all means after the election. So hopefully Gerry, you can come back at some point in the future. But I do want to take advantage of the fact that you're here today and ask sort of a broader question, and that's about the media. You've had a long-time senior role at one of America's premier newspapers, the bellwether of the center-right, so The New York Times is center-left, and certainly America's premier business newspaper. And so, I guess my question to you is, how you view the role of the mainstream media and the role that they have played over the last four years and as polarization has increased and so on and so forth, and they'll put the extreme internet news and all that kind of stuff off to the side here for a second.

But talk about the real important media organizations in the country and how you see things changing or if they need to change. But also if you could talk a little bit about what you think will happen in the event of a Biden presidency, in which case I think we all expect that the news cycle coming out of the White House is going to be a lot more sedate versus what we've had over the last four years. But clearly even The New York Times has certainly benefited from a business perspective by the Trump presidency. So, do the news organizations need to keep the volume pumped up to 11 for business purposes, or how are they going to essentially spend their time?

For corporations, does that mean that the investigative lens is going to be turned at a much more significant way again, back toward the business of America?

GB: So, there's obviously a lot there and I'll try and be brief. Look, and I've written about this, including my column in The Journal this week so, some of this may not come as a surprise to anybody. Look, I think what we have in the media days has been steadily going on for 20 years. I think it's now been supercharged in the last four years. I think essentially you have almost completely partisan media. I think you have Democrat left progressive media, like The New York Times, CNN, frankly, most of the networks and you have conservative media. Yeah as you say, maybe, I mean, Wall Street Journal editorial page, not the news pages, Fox News, Breitbart, that kind of thing.

And so again, we can get into long arguments about the extent to which the media has always been biased in a particular direction, which I think it has, but I think there was at least an attempt for most of the last 30, 40 years to try and play the role of a relatively neutral, at least appear to be a neutral umpire, at least appear to be calling balls and strikes. Now, they've essentially stripped off the umpire's uniform and pitching or catching in a way that we haven't seen. So, I think we have a fundamentally completely partisan media, driven some extent bipartisanship in the country at large, but driven importantly and you've touched on this, Kevin, and I think this is important.

I mentioned this in my column this week so I will elucidate on it a little bit, driven very much in part now by the business model of news organizations and as you said, I was Editor of The Wall Street Journal and Chief of The Wall Street Journal for almost six years and Deputy Editor for four years before that. Over the last 10, I've seen the transformation of the business model of newspapers. Now, again, in a picture of general gloom for traditional news

organizations, particularly newspaper, there are some news organizations that have stood out and done successfully.

We are one at The Journal. The New York Times is undoubtedly another one, Washington Post arguably is a bit different because it's privately owned obviously by Jeff Bezos, but still has done quite well in terms of reach. The business model has shifted. We never published these figures officially. But everybody knows now that 20 years ago, The Wall Street Journal, for example, about somewhere north of 80% of its total revenue was advertising. There were days I'm told that, I wasn't at The Wall Street Journal then, there were days in the glory days of the late 1990s before the internet had really taken hold as a source of commerce, The Wall Street Journal actually had to turn away advertisers every night because it didn't have enough physical space to print the advertising they wanted to print in our newspaper.

We just didn't have the physical capacity to fill the newspaper, to put the ads, all the ads in the newspaper that there was a demand for. Glory days. Sadly long, long gone. So, from 80% of revenue, advertising is now in organizations like my own, I can't speak to my own because I'm not privy to the fine details but is dramatically south of 50%. We are talking for most newspapers about 40, 30% or something like that is now funded by advertising. That advertising is obviously gone primarily to Google and Facebook on digital, and Google and Facebook have the lion share of that. What that means for the business model of news organizations, and we give this long digression is that they become much more dependent on subscribers. We at The Wall Street Journal have done a brilliant job of this. We've increased our subscriber base.

When I took over as editor in 2013, we had total subscribers of about 1.6-1.7 million. We're now north of 3 million. We're closing in actually

I think on 4 million. The New York Times has gone from 1.5 million over the same period to 4 or 5 million. And these are paying subscribers, people who are paying, in Wall Street Journal's case, are paying this. I hope you're all Wall Street Journal subscribers as you know and thank you very much if you are, it's a significant amount of money. Most people pay an average of \$300 - \$500 a year for a Wall Street Journal subscription. So, we are required to be much more attuned and The New York Times and the Washington Post and the LA Times are required to be much more attuned to those readers because they are providing the revenue.

We are trying to grow, and The New York Times is growing successfully by appealing to people, to part with their own money, not advertisers, their own money to subscribe to the newspaper. So, they need then to appeal to those people and to that distribution. And there's no question The New York Times case, we're a bit different because we're a business newspaper and, again, I think we're fortunate in that respect, in that we don't really, the editorial page is conservative, but the news pages don't need to lean in such a direction because the bulk of our folks in general is business. But if you're The New York Times, both of your focuses, general news, politics, culture, all that kind of stuff, or the Washington Post or the LA times, or pretty well any other newspaper in America or in the world, you are on a daily basis getting feedback from your subscribers about what they're getting and in the last five years.

The growth in subscriptions to papers like that has come heavily from people who despised Donald Trump, who think Donald Trump is Adolf Hitler II. And who want to see the media bring down Donald Trump, preferably at least in an election. And if not before an election through impeachment or something like that. So, they have created kind of Frankenstein's monster in my view for themselves, which is that they've become these hyper-partisan audiences whose interest is not in, you know they don't want to

read anything about Joe Biden and what his son may have done in China. They don't want to read anything about whether Joe Biden is up to the job of being president or what Kamala Harris's political credentials are.

They want to read stuff about how evil Donald Trump is and okay, we get a Biden presidency, there is a view, and I've spoken to some people at The New York Times and elsewhere about this that things will revert to normal in a way but that's very unlikely. You have, again, this pressure from subscribers, you have pressure from a new class of journalists at these organizations, which is very liberal, very progressive, doesn't really see journalism the old traditional way of being objective and neutral and all that kind of stuff; sees journalism as a cause and sees the newspaper they worked for as moral causes with a mission to change the world.

That's again, the logic, the business logic, the cultural logic, the political logic points us in that direction. So, I think from the point of view of your clients, Kevin, I think you will see newspapers becoming increasingly, you know, interesting, it's a paradox. Their circulations, like The New York Times are growing dramatically, but they're speaking to a smaller and smaller overall proportion of the country. They're speaking to people of a political viewpoint. That is only half of that. That is maybe half, maybe slightly more than half of the country. So, I think it's going to be an interesting question, again, for your clients, for people more generally, what do those newspapers...and by that I'm not here speaking as The New York Times. The New York Times has done extremely well. And has followed that model very, very well.

But I think we are going to see something akin to the newspaper model that Britain has had for a very long time, which is highly partisan newspapers. And also, for those who throw their hands up in despair and say, where is ours when the Republic is finished. Remember,

this is what newspapers were like in the early days of the Republic. I've gone back and read those articles, so-called news articles that were written in the 70s and 90s and early 1800s. They were as partisan as anything you ever see on CNN. Some of the things that were said about Thomas Jefferson, John Adams, by their opponents in newspapers were even by today's standards of Donald Trump pretty well unsayable.

So, I think we go through these phases in American journalism and American media, and I think we're going into that phase. And again, I don't know what the implications are for everybody, but I think we are going to see increasingly newspapers that appeal to particular audiences that do very well to build a good business model out of that. But which I think becomes less important in terms of getting the truth, if I may say such a highfalutin thing. They're less objective in terms of getting the truth. I think probably less effective in terms of reaching the larger audience of Americans.

KK: Oh, we have just a minute left and I want to ask you one last question while I've got you here. Of course, all of that you just said the opposite is also true on the other side, with ultimately your own employer and with the Murdoch empire and their hold over the right and maybe there's actually a coming together with these last two questions in a sense. In the event that Biden wins, what do you think happens with Donald Trump? Mostly about the voice that he has and the platform with which he'll use to amplify that voice. How do you see a post-presidency and what that'll mean to a Biden president?

GB: Well, there is this one view that he will run again in 2024. I find that very unlikely. As I said earlier, I just don't think Donald Trump has the attention span for this kind of effort and he'll obviously be significantly older by 2024. There is another view, which I think is probably closer

to the truth, which is that he will take his voice and his platform and try to make money out of it. That's what Donald Trump has done quite well depending on who you speak to. He's done reasonably well over the years and I think he'll try and do that. He probably will try perhaps an alliance with a more traditional media, someone with more experience or experience of media. I think he probably will try and do that. Again, I'm a little bit skeptical about that, because again, I'm sorry, it keeps coming back to Donald Trump's personality. It takes a lot of effort and creativity and work and patience and diligence to get, you know I mean, Rupert Murdoch launched Fox News in 1996 and it was not until about five or six years later that it really started to become hugely influential and important. I just don't know that Donald Trump has the patience to do that kind of thing, but I think he will probably try. I think there'll be a ferment and I'll finish very quickly with this.

In larger terms, there'll be a significant ferment, intellectual ferment on the right. There will be those who say, Trump is a disaster, and we need to go back to the Republican party of Mitt Romney and John McCain and all of that. I don't think that'll get very far. There'll be a Trump view, which is that I was cheated by the media or by whatever and I've got to get back. I don't think that will get very far. I think that the sort of force that will emerge, the intellectual argument that will emerge and will generate real political support will be one that kind of tries to marry the populism with Donald Trump. Because again, whatever you think of Donald Trump, it's very hard to argue that, especially in things like foreign policies, his view of pulling America back from engagements in the world, that's pretty popular.

And I don't see Joe Biden fundamentally changing from that either if he becomes president. The Republican party is not going back to the neoconservative George W. Bush, Dick Cheney approach of the early 2000s.

That's gone. They won't do that. I think the missing piece for Republicans, even under Donald Trump, which I think will start to become evident in the next few years is an economic populism. Trump was very good at articulating, "I'm going to take on the swamp and these people are not on your side and all these companies that are shipping jobs to China." In the end though, Trump didn't really do very much about that.

And as we know, kind of an argument about what exactly effects his China policy had. He didn't do much. He didn't do anything to reverse the dramatic increase in corporate power, corporate power in Washington. The extraordinary increase in concentration in the U.S. economy, which has resulted in sector after sector being dominated by a small handful of companies. And of course, it's been glazed over a little bit by the fact that we've seen increases in wages in the last few years, but the long-term trend of really dramatically increasing inequality in the country. I think there are more and more Republicans, and I'll just leave you with these names.

There are more and more Republicans who are embracing that idea that what you need is not just nationalist populism and bring the troops home and we stand for America and we're against globalization and all of that stuff. I think you're going to get an economic populism. I think you're going to hear it from people like Josh Hawley, the Senator from Missouri, Tom Cotton...some extent the Senators who's more hawkish internationally...Tom Cotton, Senator from Arkansas, Ben Sasse from Nebraska. There are very important figures I think coming up in the Republican party, young, thoughtful, bright, populist, very ambitious.

I think the party, again, faced with defeats, if it does happen next week and faced with this choice, this range of choices, I suspect that if I can put it in sum, it's kind of Trumpism

without Trump is the kind of message they want. That is populism, nationalism, more emphasis on the people being left behind, more emphasis on taking on the elites in the media and tech and big business, but just without the endless circus of Trump and tweeting and narcissism and everything else that comes with it. I think actually it could be quite a powerful combination.

KK: I have to bring this call to an end. I want to thank you very much, Gerry, and for anybody who's on the call, if you needed to establish your bona fides to opine on American politics, your proper use of American sports metaphors only established how well you know America, right there. And Orson, thank you very much as always. And certainly, to our clients on the line in these closing days, if you have any questions regarding the election and the outcome and what to expect and what that means for you, please don't hesitate to reach out to Orson and his team. Please don't forget to vote. If you're still on the fence about who to vote for I don't know at this point. We will be back in two weeks' time with our next Teneo Insights call. In the meantime, if you have any follow-up questions, please reach out to your Teneo representative, or you can email us at teneoinsights@teneo.com. So, thank you again very much, everybody for joining us today. Thank you, Orson. Thank you, Gerry. Have a great day, everyone.



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