

# U.S. Election Update

Teneo Insights / November 05, 2020



**Kevin Kajiwara (KK):** Good day, everyone. Welcome and thank you for joining today's special edition of Teneo Insights. I'm Kevin Kajiwara, Co-President of Teneo Political Risk Advisory in New York City. As of this morning, it would appear that Joe Biden remains on course to win the presidency. Some, but certainly not all, of the news outlets have called Arizona in his favor. But overnight that number has narrowed in the President's favor hour-by-hour. While at the same time the numbers in Pennsylvania and Georgia are narrowing in Vice President Biden's favor hour-by-hour. Depending on how you look at it at the moment, Biden has either 253 or 264 of the needed 270 electoral votes.

Meaning that the President's pathway is perilously narrow. For their part, the Trump campaign have filed a number of suits in some of these unresolved battleground states and rhetorically they've raised the specter of ballot stuffing and fraud. In an extraordinary display, turnout was the highest it's been in decades and Joe Biden has won more votes than any candidate in history, but rather than an outright endorsement or repudiation, the country's divide has clearly been put on stark display and the blue wave does not appear to have

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materialized. Meanwhile, after a quiet Tuesday night, last night did see some protests erupt, not only at vote counting centers in Arizona and Michigan, but also in some cities, including right here in New York City.

So, here to discuss where we are and what to expect, I've got a number of colleagues with me and today we're just trying to give you a quick update where our effort here is going to be to get you in and out in about a half an hour and in the weeks to come we will do more forward-looking calls. But joining me today, Phil Cox, he's a longtime partner of Teneo. He's the Co-Founder of the bipartisan state focused government affairs firm, 50 State, and a Co-Founder of Guidepost Strategies, which is a federal government affairs firm. Previously, he was the Executive Director of the Republican Governors Association and he is a veteran campaign manager and strategist.

Orson Porter, familiar to many of you on this call, he's a Senior Managing Director at Teneo. He's the head of our D.C. office and of our Government Affairs practice. Previously, he was the U.S. Director of Government and Public Affairs for Nike. Before that, he served in the White House as a Special Assistant to President Bill Clinton. We're also joined today by the Chairman of Teneo Risk Advisory, Commissioner Bill Bratton. He is the former Boston Police Commissioner, a Los Angeles Police Chief and, of course, two-time Police Commissioner of the City of New York under Mayors Giuliani and de Blasio. Today, he also serves as the Chairman of the Secretary of Homeland Security's Advisory Council.

Before we start, I just want to remind our regular listeners that on Tuesday night we wound up exactly where Orson warned us where we were going to be for months going

back. So, while at about 2:00 AM when I was trying to figure out whether I could go to bed or not and how I wasn't all that happy with Orson's prescience, I have to say that as a colleague I'm always impressed by how he and his team forecast these things. But let's get into it. Phil, give us your view on how things are playing out, what you expect, how long this might take and what you expect from the Trump campaign at this point?

**Phil Cox (PC):** Great. Thanks, Kevin. Good to be with everybody. At this point, I agree with your base case assessment that things are leaning towards Biden. The President needs all four of the remaining battlegrounds, Georgia, North Carolina, Arizona and Pennsylvania. He's got to pull an inside straight. I do think the President will win both in Georgia and North Carolina. In Arizona, Fox News and the AP clearly jumped the gun and called it too early. Maricopa County dropped 62,000 ballots yesterday and the President now trails by 68,000 votes, which was down from 94,000 as of yesterday and there are 430,000 votes yet to be counted in Arizona. These are largely election day voters that the President has been winning by significant margins. He's going to need to get 60% of those votes the rest of the way. Right now, he's been getting in the high 50s.

Outside of Maricopa there are votes left in Pima County and Apache that are more Democratic leaning, so it's a little bit of a mixed bag, but most of them are Maricopa. The bottom line on Arizona is it's going to tighten more. At this point, I think my base case is that I give the advantage to Biden. Again, in Arizona, if Trump doesn't get Arizona, it's over. Pennsylvania, according to the state, there's 750,000 ballots that are mail-in ballots that are still outstanding. There's a lot of conversation about whether that number is right. A lot of folks think it's more than that, but the bottom line is Trump enjoys a 165,000-vote lead right now. Of those

votes, 200,000 are in Philadelphia where Biden has been getting an 80/20 margin. So, I think the base case is that, obviously, despite the President's 165,000 vote lead, it's going to narrow significantly.

The rest of those votes we believe are going to be counted today. A recount is automatically triggered at a half a percent or less, which is about a 35,000-vote margin. This seems likely and they keep counting votes until Friday. Wisconsin has been called for the President. It's within 1%, that's also a recount territory. Bill Stepien, the President's campaign manager, said that they would pursue a recount. I talked to Governor Scott Walker yesterday and he and I have had four races together, and very tight ones, and been through some recounts. He does not think that the Republicans have the votes. You have to really find fraud. Kevin, to your earlier point, there has been no instance that we've seen to date of any fraudulent activity. This is really just, at this point, it's not about fraud it's about math. That's Wisconsin.

Then North Carolina, they will keep counting until November the 12th. Currently the President leads, and Thom Tillis leads, by about 100,000 votes. There's 117,000 outstanding. Current margin, again, is about a 100,000 for Trump. We expect that margin to be cut, but I also expect the President to win. Big picture, if Trump does lose, I think it's a repudiation of really the personality and not his policies to your point at the top. If you look at the Senate, Republicans did a lot better than was expected in the Senate, in governor's races, at the state legislative level. Senate, obviously, we start at 53, we picked up Alabama on the Republican side, lost Colorado and Arizona, but won all the tough competitive races in red states, in Montana and Iowa, South Carolina, Kansas.

The Democrats thought they had a shot at winning. Then, a huge win for Susan Collins in Maine, where she ran seven points ahead of the President. We have two races in Georgia.

Senator Perdue is close to triggering a runoff. I think this morning he was literally at 50% and when you get below 50 it's a runoff trigger, so we're going to have to keep watching that. They're still counting ballots, particularly in Metro Atlanta. There's the second race there, which the special to fill Johnny Isakson's seat. Kelly Loeffler is the incumbent Senator. She will be facing a runoff on January 5th. My view on both the Georgia seats, which will determine the outcome of control of the Senate, is if Biden wins, both of those races in Georgia favor the Republicans.

Enthusiasm will be high on both sides, but I think because the Democrats have got their scalp in Trump, particularly in Atlanta suburbs, suburban voters who voted for Biden because they didn't like the president's personality are going to be looking at Purdue and Loeffler and saying, "We like their policies and maybe they can be a check on more of the extreme elements of the Democrats." And on the House side, there's still 40 seats not called, but the Republicans have done better than expected. And Pelosi seems headed to a much skinnier, thinner, probably 10 seat majority. So that's kind of the snapshot, Kevin. I'll turn it back to you.

**KK: Right. And I want to unpack some of the congressional stuff in a few minutes here. But just to clarify, I know we're going to be getting additional numbers, particularly from Georgia and Nevada this morning, eastern time, and Pennsylvania is coming in sort of by the hour. Arizona, probably not until later today. But given the way you're seeing things, when do you think effectively a call will be made?**

**PC:** Well, look, they're going to be done counting in Pennsylvania on Friday and Arizona, they should be done today. So, we should know a lot more hopefully by this afternoon, this evening. If the president doesn't get to where he needs to get in Arizona it's effectively over. If Pennsylvania is outside the

margin and Biden wins there could be some legal challenges. And I think that seems likely, but you're probably effectively going to know within the next few days. So, if that happens, if the president comes back in Arizona and wins that state, Pennsylvania, it seems to me is going to take some time. And whether that's two to three days or a week, I don't know.

My hope for the good of the country is that we will have a resolution within the next week. I've been through 15 recounts in my time at the gubernatorial and Senate level. They just take time. It's not that there's anything nefarious going on, but both sides are allowed their day in court. And if there is a recount, there's a process, it goes through, you have a re-canvas, which takes the first 48 hours. And then you actually get into a sort of legal maneuvering, which can take anywhere between a week and much longer. So, we'll see where it all shakes out. But my hope is that we'll know within about a week.

**KK: Orson, I think that the assessment that Phil has just laid out here more or less aligns with the picture you've been painting over the last couple of days to clients directly on a series of notes that you've put out. But what would you add to what Phil has had to say here?**

**Orson Porter (OP):** Yeah, thanks Kevin. And always a pleasure to join you and everyone who is on the call and the esteemed panel, particularly Phil, who is the best in the business and my mentor, Commissioner Bratton. One thing I'll say off the top is, and it really depends on how you look at it, this whole wave thing. So, there was a wave before the election with nearly a hundred million people casting votes. There was a wave of nearly 160 million Americans voting in this election. There was a wave in that Joe Biden will receive probably 70 million votes, the most anyone has ever gained, should he claim the White House, outpacing Barack Obama. President Trump may end

up getting more votes than President Obama did in 2008, which everyone set what the measurement of what a wave was.

There was a wave in that \$14 billion was spent on this election. And as Phil knows, there was probably a wave of cash to a lot of consultants who were a part of that. There was a wave in that since the 1900s, Americans participated in this election at a record number. Nearly 75% in Wisconsin, or nearly 70% Michigan and 70% in Iowa and North Carolina and Georgia, where a lot of those states are currently being contested. So, whether or not the Democrats were on top or the bottom of waves that could be debated. But I do want to give credence to the fact that this election was a wave election of sorts.

It's just no one can proclaim it as their own. And it probably will change particularly on the early vote discussion on how we do elections in the future. I think Phil gave a really good overview of what's happening in the outstanding states. The thing that people should take a careful look at, which I hate to make a prediction on this, but I will, I probably believe that Pennsylvania or Georgia, by the end of today, Biden could be winning. He's only what, 30,000 down in Georgia, and I think there's still 30% of the vote to be.

**KK: Less than 20 now in Georgia. Yeah.**

**OP:** 20, see. It continues to go down in Pennsylvania the same. But as Phil said, it's going to take time to count all of the votes. And I think taking time and to kind of segue to what the Commissioner will speak to, I think will do a lot to calm whatever protests and outrage we may have. If they were to rush this process, then it would add fuel to the fire of people being disgusted with the outcome and thinking that there may have been something done that was illegal or caused concern on who was taking the White House. One last thing I'll throw out, and I just mentioned this on another call I was



on this morning is the issue of the importance of a diverse space and through the lens of Vice President Biden, just think about this for a moment.

If it was not for South Carolina and Congressman Clyburn, his campaign would have probably died, and it was dying on the vine before that. But the South Carolina primary saved him. As we go through this recall, and you really take a step back and you look at where the vote that put him over the line came from in Wisconsin in Milwaukee, which is where I would say 70% of all African Americans in Wisconsin live, in Detroit where there's a huge African-American base and Philadelphia, where there's a large African-American base.

And now we're counting folks, believe it or not, in Atlanta where it is considered one of the capitals of black America, and then, of course, the Black and Brown Coalition in Arizona. What am I saying? At the end of the day, it could be those communities that not only had saved his candidacy as he went through the primary but will likely send him to the White House. It will be interesting to see hereafter how those communities are rewarded and/or recognized when the dust settles at the end of this election.

**KK: Yeah. One has to wonder. The what ifs on all of this are going to be discussed and argued for years to come. I suspect what if a better pandemic response and therefore a lighter economic hit, what if George Floyd being handled differently, what if the president had not gone after John McCain, the favorite son of Arizona and how that might've affected some white voters. Who knows? But Commissioner, Orson just teed it up well. I guess, let me turn to you quickly here.**

**We've seen some protests, but I think that for those of us who live in places like New York and Washington and Los Angeles and seeing everything getting boarded up and**

**in other cities as well, the worst fears have certainly not materialized, but what are you hearing within law enforcement intel circles and what they're preparing for and what the outlook is?**

**Bill Bratton (BB):** Well, Kevin, my comments will be relatively brief, reflective of the fact that in conversations with my colleagues in some of the major cities both in the run-up to the election and now post-election is a collective sigh of relief. They will stay alert in terms of a lot of provisions that were put in place, 12-hour shifts, offices all having uniforms and riot gear available, but the demonstrations that the New York Post was trying to play up this morning in its headlines were relatively, being quite frankly, de minimis compared to some of the concerns that law enforcement had and certainly the business community around the country in terms of the boarding up of businesses in a lot of our downtown areas.

A collective sigh of relief for demonstrations last night. Several of them were in cities where they quickly morphed into issues that those cities have been having for, in the case of Portland, months, that, and they quickly morphed into anti-police rather than having anything to do with the election of Trump. They may have started off as legitimate demonstrations, count the votes, protect the votes, but as has happened frequently with many of these legitimate demonstrations, peaceful demonstrations, they have quickly been taken over in the nighttime hours by what we would describe as the annexes, particularly on the left. Good news is that a lot of the violence that had been anticipated, potential looting, etc., has not occurred.

If Mr. Biden is successful as he is apparently will be based on the conversations I've just heard and watching the various television channels, that the principal police concern was violence from the left if Mr. Biden had lost the election. If he wins, that could be

demonstrations celebrating that victory, not as much concern in terms of from Trump supporters being out in large numbers on demonstrations, that the concern has always been larger demonstrations with the potential for more violence on the left. Concern on the right of these militia groups, a lot of the militia groups, basically anti-government, they're not pro-Trump, they are anti-government, anti-police, and some of the ones that have engaged in some of the more violent acts and the police have the most concerns about serious violent acts involving firearms, etc., still remain with some of these militia groups.

But the good news is, as we look back on the last several days, that a lot of what was feared, a lot of what was anticipated did not materialize. Did we have some demonstrations continuing outside of vote-counting facilities, Arizona, other places? Yes. But were they particularly violent? No. Was there significant looting? No. Were there significant demonstrations? Really, no, compared to some of the demonstrations that we've seen in this country over the past year.

Going forward the next couple of days law enforcement will remain on high alert, both to deal with potential disgruntled voters as well as celebratory voters, people coming out in large numbers to celebrate, and then hoping that those don't walk into some form of demonstrations. But this was a good news election. No evidence that I'm aware of, Homeland Security Council, etc., of significant foreign interference, fortunately we still deal with paper ballots in this country. That's very difficult to interfere with. From a law enforcement perspective, I'll close as I began, a collective sigh of relief. It went off pretty well.

**KK: Right. That's fantastic news. Phil and Orson let me just turn to you to wind up the call here. I guess a question I would ask then is, Phil, is what do you anticipate the environment looking like, assuming that the election winds up, and I'm talking not**

**just about the presidential election, but the congressional breakdown essentially as you and Orson had painted the picture, but what we should anticipate then environmentally between now and the inauguration, what the policy landscape will look like, what the administration will tend to do or not do during this period. Then Orson, I know you're in close touch with a lot of Teneo clients, but what's your general advice with regards to corporate positioning, corporate statements, and on all of those during what could be still a volatile political period between now and the transition of power? Maybe, Phil, start with you.**

**PC:** Sure. I mean, I think the big picture here zooming out is that when McConnell in a majority in the Senate with a reduced margin in the House and with Biden in the White House, you're going to have to have compromise. They're going to actually have to meet in the middle and more sweeping elements of Biden's progressive agenda are going to be blunted. I think that's the biggest thing. A tax increase, corporate or individual, Green New Deal-style legislation, ACA, those are all going to be dead on arrival with a McConnell-dominated Senate. You may see some stimulus, I think. You may see infrastructure. You may see something on onshoring. You'll see Biden attempt to reverse a lot of the executive orders that Trump put in place, particularly in the last year.

But I think, overall, and you're not going to see Biden be able to nominate some of the most progressive members of his Cabinet, so like a Susan Rice at State or a Stacey Abrams or Elizabeth Warren. I think, ultimately, you're going to have a more centrist Cabinet, and so, overall, they're going to have to meet in the middle, and Mitch McConnell is really good at slowing things down. He's proven that over the years. I think from the standpoint of the markets and probably a lot of our clients, that's not necessarily a bad thing, Kevin. I think that's the look-ahead.

**KK: Understood. What about during this transition period between now and January, and specifically on stimulus?**

**PC:** Yeah. McConnell has said he's willing to talk. I think Pelosi's incentive is to probably wait until January when Biden is nominated, so we're going to have to see where that all goes. I will say that where McConnell had drawn a line in the sand, which was at a trillion or less for the next package, I think you'll probably still be in that range. I don't see him moving off of that. And he will have even more, just as much negotiating power as he's had over the last few months.

**KK: And Orson, how are you advising clients on this period? Not just between now and the calling of the election, but say during this period that Phil was just talking about, the transition period?**

**OP:** Yeah. Thinking through the lens of public safety, state safety and what the Commissioner has said, it is kind of stop, look and listen. I'm telling clients, and I think you're seeing that for the most part, that people are waiting until the votes are counted, waiting until things are certified before they take anything publicly. From a CEO perspective, that would be my direct advice. And those who get in front of that, in some regards it could be beneficial. But 9 times out of 10 you're looking for ways to insert yourself in the media cycle that you can't control. And more importantly, who knows, who really knows at the end of the day? I think we kind of know where this thing is going, but there is no 100% guarantee that a week from now, whether it's President Biden or Trump until we have allowed the process to continue. And as Phil said, until we count every vote.

So, I think people should really focus internally on answering and encouraging and commending their employees for being a part of history here in the amount of folks who cast their vote. They would be smart to have internal

discussions and bring them into whatever 100, you know every White House has a 100-day plan. What I've instructed clients is, "What is your 100-day plan during the 100-day plan? And how are you activating your employees or empowering your employees to be a part of that?" So, I think time will tell what happens here. I think those who wait for a phone call from the transition team are putting themselves at a deficit.

You need to start thinking about how you might plug into a new administration and figuring unique ways of doing that and showing value through an industry lens. And to go back to really what I said earlier, and I think you saw it in the number of people who voted is, I'm sure the employees within your organization would love to have a point of view and be a part of whatever you're doing in your backyard, where you've seen corporations really pick a leadership role during the Black Lives Matter movement, protests. But how can you really motivate, amplify, activate your workforce to be a part of whatever legislative priorities you have? And really give thought to, as I said, Biden's going to have a 100-day plan. What is yours? And how to make direct links to it.

**KK: Right. That's very helpful. And I think just for everybody's sake here, I promise you you'd be out in about a half an hour. I almost made it. We are going to be discussing more of what Orson and Phil were just talking about here on the go-forward part in our calls coming up over the next several weeks once the election is definitive. So, we'll have more specific recommendations and advice for you. We will be introducing to you, as well, our newest colleague at Teneo, a new Senior Advisor, former Speaker of the House, Paul Ryan, whose views will be particularly valuable given the breakdown of the House and Senate going forward from what it looks like.**

**So please join us at that time. We will also be looking at the implications for U.S. trading partners and other allies and adversaries overseas in the calls in the weeks to come. So, thanks very much for joining us today. Enjoy the rest of the week. We will get to a final call here in relative short order, according to Phil and Orson. So, thanks guys. And thank you, Commissioner. Thanks everybody for joining us. Have a good day. And all the best for the weekend.**





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