

# THE ECONOMIC CLUB

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## **Virtual Executive Conversation**

**Mark Penn**

**Managing Partner, The Stagwell Group  
Chairman, The Harris Poll**

**Moderator:**

**Brian Kelly**

**Editorial Director and Executive Vice President, U.S. News & World Report  
Vice President of Programs, The Economic Club of Washington, D.C.**

**The Economic Club of Washington, D.C.  
Wednesday, May 13, 2020**

ANNOUNCER: Please welcome Brian Kelly, vice president of programs for The Economic Club of Washington, D.C., and editorial director and executive vice president of U.S. News & World Report.

BRIAN KELLY: Good morning. I just want to welcome everyone. This is the second of our Virtual Executive Conversations.

I am, you know, pleased to be joining with fellow Club member Mark Penn for a conversation on the state – the state of the economy, the state of politics. Mark, as you know, is managing partner of The Stagwell Group, chairman of The Harris Poll, and I'll give you a little more of his extensive background. He's been with the Club and spoken with us a number of times.

First, I wanted to just let folks know about a few upcoming events. This Friday, the 15<sup>th</sup>, David Rubenstein will hold a conversation with Richard Ashworth – he is the president of Walgreens and chairman of the National Association of Chain Drug Stores; and Gretchen Van der Veer, CEO of Air Chance; and Dr. Wayne Frederick, president of Howard University. This is the series of Signature Events that we've been doing on a weekly basis that if you haven't had a chance to drop in on you should. It's quite informative.

Also upcoming in that – in that group will be Chris Nassetta, the CEO of Marriott (sic; Hilton); and Steve Collis, the CEO of AmerisourceBergen. And we continue to add to that list.

Also important: On Tuesday, May 19<sup>th</sup>, 5:30 p.m., we're premiering a video that announces the 53 winners of the David M. Rubenstein/Economic Club D.C. High School Scholarship Awards. That's the event we usually do in the beginning of June and bring in all the families. We can't do that, but we're still providing scholarships to a significant number of D.C. high-school students.

And with that, let me ask Mary to make a couple of comments. Mary?

MARY C. BRADY: Sure. Thank you, Brian. And welcome, Mark, to the Economic Club's Executive Conversation.

So, Brian, we are now into our 10<sup>th</sup> week of virtual programming, and I really want to welcome the members of the Economic Club who are taking the time this morning to watch this morning's show with Mark Penn. The Friday shows have been Signature Events with David Rubenstein, and we are endeavoring to move ahead with more Executive Conversation or member-led programs. And the difference between the executive and member-led programs is – from the Signature Events is it is member-only, and we are going to open up a – not the chat feature, but the Q&A. So if you hover your cursor at the bottom of your screen you'll see a button that says "Q&A." You can select that. And as the presentation with Mark Penn is moving along and you have questions or comments, please submit them by selecting the Q&A button, and Brian will receive those and moderate Q&A following the presentation from Mark.

So I just want to say thank you again. We will be holding additional programs such as these, the Executive Conversations and member-led programs. We are planning one with Teresa Carlson

of Amazon Web Services very shortly, and it will give more opportunities for our members to engage together. So I look forward to that. Thank you.

And back to you, Brian.

MR. KELLY: Great. Thanks, Mary.

Good morning.

So let me just briefly introduce Mark. We only have an hour for the program, so if I – if I go through all of Mark’s CV it’ll take about half that time. But I’ve had the pleasure of knowing Mark for many years. He is really one of the most astute analysts of both politics and business, and the intersection thereof. As you probably know, he had been very influential in the Clinton electoral victory, was the key pollster there; has been a senior executive and advisor at Microsoft; and now has a startup of sorts – I guess it’s not a startup anymore. He’s pulled together a number of agencies and advertising business and the famous Harris Poll, which he has revitalized. And is also an author of a number of books, the last one “Microtrends Squared” – “Microtrends,” his first book – which, you know, has given us some really good insights looking into the future. And I think right now everybody is pretty hungry to try to understand what the future looks like, even if it’s only about four weeks from now.

So, with that, let me turn it over to Mark. And, Mark, try to help us understand what we’re dealing with here.

MARK PENN: Thanks, Brian. I thought I’d give a pretty – a short presentation first and then let you fire away with questions. I think that Brian said today I head The Stagwell Group, and I’m also CEO of MDC Partners, so about 9,000 people across, you know, every single sector: digital, advertising, and research. And so we’re plugged into kind of what we see happening in the marketplace.

I think that, you know, the – let me give you a little overview and then let me give you some of the data that we have, both commercial and political, kind of coming into Harris. So let’s go next.

So, I just want to give you a couple of what I call paradigms of what’s going on out there. There are two ways people are getting through this crisis. One way: Xbox, pizza, pajamas. And about 50 percent of people never get out of their pajamas or sweatpants all day. And then there’s 50 percent who are doing the opposite: they’re getting ready, they’re going through their morning routines as though they’re going to the office, and they’re ready and up and at ‘em for the conferences. And so you’ll see these two personality types almost through the data.

Next.

And then when – the generations are facing the crisis quite differently. I think, actually, the older generation is much more stoic and relative to the actual threat of the virus more fearless. The younger generation in many ways exhibits extreme fear about the situation, and

when you think about it there has been almost no adverse – significant home front adverse advice events during their lifetime before this one. And you’ll see that, I think, in the data, too.

Next.

And then there are really kind of three kinds of businesses. I think there’s a reveal; you can go next. Businesses – whoops, go back. We lost the logos. But business where the pot’s kind of boiling over – I mean, right now there’s more demand for pizza, for orange juice, for milk, for Instacart, for Purell, right? There’s a number of companies who are facing sudden, unexpected increase in demand.

And then over way on the left, which – this one’s not coming through, but there’s a cold pot, right: airlines, cruise ships, you know, all sorts of companies that are finding – restaurants whose demand has hit to zero.

Most companies are in the middle. They’re facing diminished demand because of the economy, but they don’t have to prove that their products are safe, and so therefore they’re going to go with – how the economy is going, up or down.

And those are three everyone experiences from the consumers to the companies to the employees. There are basically three different experiences that people are having.

Next.

And there’s actually, then, two main emotions, right, that actually people have at the same time, which is fear and desire. Which is – and it’s the rollercoaster or seesaw of fear and desire that – and the interplay of those two fundamental emotions that kind of result in what people’s actions. And fear, as you’ll see in just a moment, is probably the dominant emotion.

Next.

So now let’s take a look at some actual data. You know, Harris Poll has been doing two - you know, one to two waves a week since mid-March, so we have a complete dataset. CDC has written that they’re using some of the – some of the data. States are using some of the data in decision. And we have one of the most complete, you know, datasets of every single week how attitudes are changing.

So if you take a look, basically, 54 percent in March – on March 15<sup>th</sup> thought that fear was irrational of this thing and 27 percent feared that they themselves could be swept up, you know, in this and could die as a result of the virus. That went up to 56 percent, and it has – it tilted down, and then it went back up, so that you see a tremendous amount of fear of dying. Half the population think that. And that would be, you know, most people think it’s sensible. Seventy-four percent of the 50+ think it’s sensible but 69 percent of everybody thinks it’s sensible, so there’s not that much difference. The younger generation, regardless of the statistics, has a tremendous amount of fear.

Next.

And this, to me, is the most important kind of question relative to what's going to happen with our economy, and I finally see some change now. Eighty percent fear leaving home for essential errands. That finally has gone down to 75 percent. So you look at this; you know, those who fear a ventilator shortage, that's gone down to 73 percent. Fear of dying, as you see, went up and basically stayed up at 50 percent. So as much as there's fear and desire, you know, 73 percent really fear returning to public activity at this point.

Next.

And, you know, what's happening to people economically? Do you think your income will be lower, higher, or about the same as it was? Again, here 36 percent now say that it is – now 36 percent say that it's lower, 45 percent about the same, and 19 percent are, so those are kind of my three, you know, different pots here. Interestingly, younger folks are out there getting additional jobs. There's different job opportunities that are for them in things like in the stores and other places that previously older people had done those jobs.

Next.

Emotionally, what emotions do people say they have? They're appreciative of kind of – just kind of, you know, surviving, how things are going. There's a tremendous amount of compassion. What's been growing is cabin fever and anger. Those two emotions a few weeks ago way down the list. Lonely, especially if you're stuck in an apartment by yourself after seven or eight weeks. Grateful you're safe. Fear itself, 37 percent. Claustrophobia, 34 percent. Seniors a little bit more appreciative, right? If you look at the 50+ on the side here, 74 percent appreciative and compassionate; a lot less lonely, a lot less claustrophobic. So, again, you're seeing the younger generation getting kind of antsy, yet also more frightened.

Next.

Where are people spending more time at? By now, obviously, more screen time. Both if you kind of look what are people giving to kids, kids are making out pretty well in the sense of no school. There's a low incidence of the virus. They're getting more screen time. They're getting more snacks because they're being, you know – basically, parents are diverting the kids as much as possible and trying to make it as good a time for them as possible.

Next.

So here's my basic dichotomy, right? When you're working from home, do you skip a couple of days of showering? Half. You take a daily shower? Half. You roll out of bed and start working? Half. You maintain your morning routine? Half. You wear PJs and sweatpants? Half. And do you get properly dressed? Half. So those are my two people, very clearly reflected. Some people – half say they're working more than – at home than they were at the office. But you can see two very different experience sets, and that's why you can see something like pizza deliveries are at an all-time high just as cooked meals are at an all-time high.

Next.

And are you consuming more or less of the following, and do you plan to maintain? Obviously, there's been a huge boom in home-cooked meals. At the same time, more snack foods. Some more fresh food. But again, there's a dichotomy between some people going fresher and other people going more ready-to-eat meals and pizza. You know, orange juice, you know, is up. People are thinking about meat alternatives; it's much more of a back-to-basics kind of movement, back to the home. Very unexpected, I think. No one would have expected this trend to come out. Even the whole experience has been more unifying than dissembling.

Next.

Now, once the government provides information that the virus is flattening, how long will it take you to be comfortable to do – to do each of these? And the choices are immediately, right, up to three months, up to six months. And you can see here that going to the office seems to be on the more acceptable side, followed by going out to dinner, followed oddly enough by going to a gym class, which I wouldn't have thought. Then comes public transportation. Then comes movies. Then comes handshakes. So then look at what's at the tail end: sporting events, casinos, hotels, flying on a plane, take a cruise, right? Only 15 to 20 percent of people are willing to take those experiences right away. So this chart is most promising for opening the office, least promising for cruise lines. But it shows you that the transportation, travel, and tourism industry has a lot of work to do to convince customers that it will be safe to use their products.

Next.

Would you say – what do you miss? Obviously, people want to get back to friends and family. People miss going out to restaurants. You see this particularly in the older generation. Miss shopping in stores. They don't miss working from the office. They don't miss traveling. They don't miss school. They don't even miss the gym, although they're more acceptable to come back. They miss family, restaurants, stores, social gatherings, and sports is up there high on the list.

Next.

Has your view of these different industries changed? Again, doctors, nurses, and hospitals, way up, right, in terms of – in terms of taking another look. Retail and grocery stores, people have been impressed; more positive reaction to how they've reacted – small business. Interestingly, pharmaceutical companies have a chance here to remake their image. Technology companies were mired in privacy; today they are seen as part of the solution. Restaurants didn't do badly. Again, real estate, airlines, travel and hospitality not seen as having the kind of greatest response compared to pharmaceutical and technology that are getting, I think, a second look. And of course, I think we really revere those people on the frontlines: the doctors, the nurses, and the hospitals.

Next.

And how trustworthy are different sources? Doctors and nurses were up at the top. Scientists, local agencies, medical journals, CDC. The president was down at 47 [percent]. He's been around 47 [percent] to 50 [percent]. National media, about the – about the same. So you can look. Local government, higher. Friends and family, higher. CDC, higher. In general, though, no one, if you notice, is at 30 [percent]. A lot of the stories about how Americans don't trust their institutions or don't trust their companies, don't trust their leadership, there's actually a pretty high degree of trust throughout this thing, which is why you see actually a very high degree of compliance.

Next.

Do you personally worry about the following? As you can see, you know, getting the virus itself, regardless of age, it's about the same. Your income not keeping up with cost of living, that's where I think you see, you know, Gen Xers being most concerned, 35 to 49, prime child-rearing age. Taxes, the same. Losing a job tends to be, obviously, the younger generations. Health-care expenses mounting up, again, Gen X. Gen X is singularly the most concerned about all matters economic.

Next.

Then let me just drive you through, you know, a little bit of politics and then get to questions. This is President Trump's long-term approval line since February 2017. He actually is at a record high of 49 percent when we did it on April 20<sup>th</sup>. I'll be curious; we're going back into the field this week. I think he had some setbacks since there. I'll be surprised if it's – if it's as high. He was in the low 40s before this really broke out and he's been edging up ever so gradually up until April 20<sup>th</sup>, and I will kind of see where this is now – where this is in May, which – I'm expecting some setback from what I see in the other polls. He hasn't broken 50 [percent], but on the other hand 49 percent would put him back into the capability of getting reelected, whereas the low 40s probably not. In the high 40s he's got an even chance of winning or losing.

Next.

Specifically on the individual issues, people still gave him the highest ratings on the economy, on jobs, on fighting terrorism. And he was getting 51 percent on the virus. Again, we'll see where that is. This was in April.

Next.

GOP approval has also been trending up pretty significantly. They were at the low point of 39 [percent]. They lost the midterm elections. And since then they have been gradually trending up. Forty-eight percent is the highest favorability the Republican Party has had in really my polling – since we started this poll years ago. It's a really significant increase for Republicans in Congress.

Next.

Democrats had a – you know, an image that was five, six points ahead of the Republicans. They've maintained their image. But they're at 47 [percent]. This is the first time last month that the Republicans actually had a better image than the Democrats. I think Pelosi got set back on some of the issues related to the bill and was seen as more partisan.

Next.

This chart is really a chart of favorable and unfavorable across, you know, our significant political figures. Again, as you can see on this Biden is at 49 [percent]. This is his personal favorability as opposed to job performance. Trump is at 44 [percent]. Bill Clinton at 45 [percent]. Nancy Pelosi at 35 [percent]. Mitch McConnell at 29 [percent]. Chuck Schumer at 27 [percent]. Bill Barr at 25 [percent]. So you can see that most figures remain fairly polarized. President Obama had the highest ranking and Anthony Fauci had 64/13 [percent], generally recognized, as you can see, across both parties as an expert and a voice in this thing.

Next.

We ran some extensive issue and image comparisons between Trump and Biden. And the issues here are very much on the who'd do the best job on the environment, education, bringing people together, cares about me. Then Biden has a significant edge. If it tells you what you think, shake up Washington, stand up to China, fight jobs – fight terrorism and create jobs, those issues all significantly favor Trump. And so whether this will be issue-oriented or not, there's a lot to be developed. It's pretty clear on which issues Biden and which personal element Biden wins, and where Trump gets, you know, in the high 50s and even the 60s.

Next.

Do you think mitigation is working? Eighty percent believe that mitigation is working. There's a very high confidence that mitigation was the right thing to do and is working.

Next.

Was it reasonable, too strict, or not strict enough? Fifty-six [percent] reasonable, too strict 13 [percent], not strict enough 31 [percent]. I'm curious to see, this is last month. We'll see this week what this month's looks like, and whether there's a change.

Next.

Do you think President Trump has reached across party aisles or been partisan? Fifty-fifty. Do you think Speaker Pelosi has reached across the aisle? Forty-sixty. And I think this is why the Republicans and Democrat image has closed, because I think Pelosi was seen as more partisan, about 10 percent here.



Next.

Are you optimistic that the United States will overcome the virus in a reasonable time, or pessimistic? Seventy-seven percent optimistic. Again, people expect this to really be overcome in the next – in what we call months as opposed to years. You can see the distribution on the right. Most people see this in three or four months. But there's a fundamental optimism running through the country. And, again, I'll be curious to see whether or not that continues to last.

And I think – next – I think that is an overview of both consumer changes and what's happening on the political sphere. And I'm happy to take some questions.

MR. KELLY: So that's all you got, Mark, huh? Wow. [Laughter.] I tell the audience there will be a quiz on this. I hope people were taking notes. It's a lot to digest. But, so, I mean, what – well, first I want to say to folks please, you know, throw some questions at us. The Q&A function on Zoom, if you're not familiar with it it's not that hard, and if you are please give us some thoughts. We've got a number that have already come in. But I wanted to just get your – you know, if you took a step back and your overall takeaway from this, what do you see when you pull all that together?

MR. PENN: What I see is a country that had been fighting like cats and dogs that actually came together around this crisis to do what they believe is the right thing, to stay in place, leave work, mitigate it. And I do think that now, though, they are gripped by a tremendous fear. And I do see that fear being the overriding emotion. And that's an issue for leadership here, in terms of helping to lead the country on the right path and the right way out of this.

MR. KELLY: Yeah. And I saw also one of the factors that popped up was anger. I guess this is people sitting at home and that wasn't there, and now it's there. Does that correlate with fear? Does that translate to some kind of disaffection here? Where does that take us, do you think?

MR. PENN: I think that, you know, there's a growing anti-ness. Cabin [fever], fear and anger over the situation. I think there's a lot of anger about what happened with the nursing homes too. You know, the nursing homes were about a third of the deaths. And so I think there's anger at the situation, and the changes in the economy that a lot of people are experiencing. A lot of people are out there with lost jobs. So I think that overall compassion, appreciation is gradually being chipped away at if people don't see progress here, with anger rising.

MR. KELLY: So a question from the audience: Do you see any interesting data on how white collar versus blue collar people feel on reengaging in commerce?

MR. PENN: Yeah, that's interesting. I mean, I think that in general blue collar will be more wanting to engage over white collar. There is a bit of a difference. As I said, there is also a big difference in generations. And I do think I point to this notion that the younger generations, who statistically have the least to fear, have the same fear that somebody who's 75 has. And so part of that is – and I didn't show the questions on the media. The media doesn't come out of this, you know, particularly well. Their ratings are kind of lower than Trump's really in terms of the job that – the job that they're doing, or close to it. And some other questions quite negative. So,

I do think that people are not getting a very clear, you know, evidence-based picture of what's happening, right? There's a disconnect that I think can be quite – can be quite, you know, a growing problem especially if the numbers in fact, you know, start to go down more significantly.

MR. KELLY: Yeah. Let me jump to one housekeeping question here, which is a good one. Will the PowerPoint be available after the event is over?

MR. PENN: Yes, absolutely.

MR. KELLY: The answer's yes. We'll have it. Mary, you can follow up with that. But I think we'll have it on The Economic Club website. Because that's a great question, because that's very valuable data which, I was joking before, but I would love to be able to unpack it.

So your question: What advice would you give to organizations in the entertainment, travel, tourism industry that are facing longer return to normalcy?

MR. PENN: Well, I think that's where they have – they have a double hurdle. First, they have to realize that they're part of a chain, right? So I can't get on the plane if I'm not comfortable going to the airport. How am I going to go to the airport? Are you going to offer me rides to the airport, right? Then I can't get on a plane if I'm not comfortable in the airport, right? And then if I get to the other side, I have to have a place to go, and I have to be comfortable with a hotel or whatever. So the first thing I would say is uniquely businesses have to get together, because if they don't get together and create a safe chain, just one weak link in the chain prevents people from going back.

I think second we did a lot of detailed questions. Now, obviously, the vaccine as the ultimate economic and health-care cure here, but before that they expect masks, they expect cleaning, you know, they expect procedures – you know, kind of procedures by – at this point everybody knows to be – you know, to be followed. And then they have to tell people, right? The other thing that I discovered is there's just so much misperception out here about what is the policy. Are they flying? Are they not flying? What are the rules that they're observing? I think that companies think that customers somehow, just because they adopt a series of rules, will magically know what they are. But the truth is that people suspect that there's a shortage and a lapse in everything, and therefore if you're in fact got good rules, good procedures, are open, you might want to tell people that that's the case and invest more in doing that.

MR. KELLY: The other side of that coin that you reflected, for instance, the pharmaceutical industry and a couple of other industries that had not been doing so well in the ratings have turned around. Is that – is there sort of a media marketing opportunity there for other companies to leverage this?

MR. PENN: Well, I think it's an unexpected chance for the pharmaceutical companies to rehabilitate their image. I mean, they basically were the political – you know, they were whipped, if you wanted to kind of throw somebody up there, right? And I think there's a greater appreciation for health-care innovation, the need to invest in that, the fact that our societal

existence could hinge on how much we invest in our health-care companies and how much we encourage health-care innovation, is something that had really slipped from the public consciousness, and has been brought back by this really quite a bit.

MR. KELLY: So – [laughs] – stop asking questions about the media. Why is the approval on the media's handling of the pandemic so low?

MR. PENN: I think they're seen as putting gasoline on the fire. The national media in particular is not seen as a very trustworthy source. People are turning to their local media. They want to know what's going on in the local situation. But I think the number-one thing is that they're not shaking their image of being biased and independent. If anything, I think they're taking – if the pharmaceutical companies are coming back in an unexpected way, the media instead of, wow, the media became a fount of real solid information for me, the media became a source of fear and confusion, I think is a real problem.

MR. KELLY: Yeah. What about, Mark, the fencing between Trump and the White House Press Corps there which went on for a number of weeks. I don't know if you have polling on that, but obviously you've had a lot of experience in that arena. What do you think was the outcome of that?

MR. PENN: That's why I'd be curious to see what this week's polling. I think as you can see, up through the polling Trump didn't achieve the kind of unifying numbers that either of the Bushes did during, you know, either the first Iraq War or after 9/11. Trump did achieve a general notion of having, you know, been doing a good job. I think I'll be curious to see whether that's fallen somewhat the last couple of weeks. He had a number of bad press conferences and events. And I don't know whether he's immune to that. I think he's probably re-strategizing right now in terms of – because I sense that there's right now much more drift than throughout this crisis.

I think there was – you know, there was a good sense that the private sector and the public sector come together. I think there's a lot of drift right now. And should we be getting out, should we not be getting out? Why? What the rules are? So I think the polling in a couple days will show a lot more insight into that.

MR. KELLY: Yeah. Here's one question that sort of follows up on that: Your data shows that consumers continue to trust Trump over Biden on economic issues. How do you reconcile that with historical trends showing that an incumbent president has a lower chance of being reelected in times of economic downturn or recession?

MR. PENN: Well, these are exceptional – first of all, this is an exceptional time because people aren't blaming – usually you blame the president. So I think Clinton successfully blamed Bush, right, for the economic downturn. Or, you have an economic downturn and you're seen as not competent to handle it. I think Trump's best line that he's given throughout this is that, hey, I did it before, I'll do it again. And I think if this is a referendum on who could fix the economy, economic devastation caused by the virus, that's his playground better than Biden's, who's had

no particular experience, you know, in the economy or managing. So whereas sort of a lot of issues play into this, if it comes down to that that remains, at least for now, Trump's ace card.

MR. KELLY: Yeah. The follow-on question to that is, you know, the impact of the election, if Biden and Trump aren't able to hold rallies and conduct normal campaigns. Let me kind of refine that. How would you run Biden's campaign?

MR. PENN: [Laughs.] Well, look, I think it's – Biden's got to get out of the basement. You know, people are waiting for him to come out and interact with some group, and kind of, you know, display leadership. It doesn't seem to have hurt Biden, though. If you look at it, his strategy of – you know, right now I would characterize this presidential race as Trump beat Trump. And Trump was beating Trump for a while. And then Trump managed to lose to Trump, in a very classic pattern where Trump loses to Trump and then he re-strategizes and comes back. We'll see if he can do it for the ninth and 10th time. And so Biden is staying out of that.

But I do think, you know, whether or not there are rallies or not, that's a serious handicap for Trump because, A, he's a lot better at a rally than he is at a press conference. He has refined the art of that kind of speech. And it was a huge organizing principle to do those rallies. So I think that actually hurts Trump a lot more than almost anything else right now.

MR. KELLY: Yeah. Do you see anything that suggest maybe Biden is not going to be the Democratic nominee?

MR. PENN: Oh, no. I think that's nonsense. I think Biden is – he is the Democratic nominee. He's ready to serve. I don't think there's any question about that. He's got the delegates. And those delegates are bound to him. And he's got the support of the party. I don't really see – it seems to me the Republicans are floating that a lot more than the Democrats are.

MR. KELLY: [Laughs.] So back to the economy for a sec, what are the two or three biggest variables that you're watching that you believe will indicate the type of recovery we will experience?

MR. PENN: So I think from my perspective there are a couple things. First, I kind of see, obviously, with the advertising firms, kind of what's happening with advertising and marketing. And you know, I saw it as companies pulled back. And then we've kind of reached a plateau now. So I'm looking to see when people start to put back, you know, advertising and marketing campaigns because they need to do that months – they need to do that months in advance. And I think they've gone from cutting to stabilizing, and beginning to think about, hey, what are the third and fourth quarters going to look like.

From the polling point of view, and the mood point of view, obviously people have to feel safer and safer about leaving their house. Is leaving my house with a mask and interacting through social distancing, you know, a safe thing to do, given the numbers in this virus and given, you know, a personal health profile? Right now, that number at 75 percent not

comfortable leaving their home. I look for that number to go down. You know, once that hits below 50, I think that will – that will really enable a strong opening up of the economy.

MR. KELLY: Mm hmm. I mean, as I sort of look through that data and listen to you, Mark, there is a 50 percent cleave on so many things. And, you know, we've talked over the years that we've become a 50/50 society, red – 50 [percent] red, 50 [percent] blue. Congress reflects that. You know, people's attitudes about opening or not opening seem to follow that same pattern. And their economic wellbeing seems to follow the same pattern. Is that – are we really going to be a half and half society here going forward? Is that the new normal?

MR. PENN: Well, but that's why my readout is, like, Fauci goes above that, support for the – I didn't show the questions – but support for the stimulus was in the 80s and 90s. Support for the – you know, the lockdown was, again, quite high. So this issue – people came around a consensus on this issue, despite all of these divisions, and even if they're experiencing it in my two fundamentally different ways of – [laughs] – of not shaving and video games and really being a go-getter. You know, I actually see more unity here than disunity. I think we'll come out of this as a country looking to end some of the divisions for the common good to, you know, a greater extent than I think people before that were basically fighting a pitched battle, you know, over every fact, over every statement. And I think that was – so I think there's an opportunity here for the country to come together in a better way and end the cycle of 50/50.

MR. KELLY: Interesting. And interesting and unexpected, to me.

A number of questions – [coughs] – excuse me – about Congress and – [coughs] – excuse me – and spending. One question, does anyone in Congress care about how we're going to pay the cost of this virus, estimated at \$10 trillion? And what does it mean for taxes and spending going forward?

MR. PENN: So some of that's in my wheelhouse, some of it is not. But I would say that the American public supported the first trillion. I'll say that I'm putting polls – questions in this week to see whether they will support the next trillions or whether or not they see a limit. I think the most interesting thing, the more I think about it, is that this is being borrowed now at incredibly low interest rates, and that once interest rates, and if they do return to normal, a lot of the bonds that people putting in will be – will go to, like, almost three-quarter or half value. The government will be able to pick this up – pick up their own bonds for a huge discount if interest rates normalize, because there's such a flight to safety. So the whole thing might actually wind up costing less than we expect.

But are people thinking about the deficit? Well, I mean, look, this country spent I don't know how and what – you probably remember the exact number of trillions on the Iraq War. After having spent that amount of money for something that produced nothing, I think you see the public saying: Look, if I've got to spend \$2, \$3, \$4 trillion on saving the country, and saving people whose jobs and businesses are destroyed by the pandemic, we have to do it, right? And we've done it before for things, you know, that are usually not at home, like these foreign wars that we didn't even win.

MR. KELLY: Interesting. I mean, that's a big question. Love to hear – see what your numbers are on the next bill, if there is a next bill. The Pelosi chart you had was pretty stark. I mean she, you know, was a loser from the politics of this, according to your polling. And it did seem like she did overplay her hand there. But she's up this week with a \$3 trillion bill, with a lot of other things packed into it. Do you see any appetite for that moving forward, or do you think we've really reached the limit?

MR. PENN: I think you'll see an appetite for some of that. I'll be surprised. I put in a very detailed battery about every element of the bill for this week. I think you'll see an appetite for, you know, one more trillion. I'd be surprised if there's a \$3 trillion, you know, appetite. And of course, people are going to have to make – you know, make real choices here about how much aid goes to the states. And I think Pelosi, you know, that whole Kennedy Center thing, you know, was a huge setback. And I think that she's, you know, got to avoid that or come out of that, because that was just seen as just trying to get your pet agendas done, as opposed to really helping people. And I don't think that there were any winners in this thing, maybe Fauci is a winner and maybe Cuomo to some extent. But I think the nursing home thing is coming around now that he's going to have to answer some serious questions about. I don't think there are winners, but I think Pelosi so far has been a loser.

MR. KELLY: Mm hmm. A question about – closer to home. Do you have any insight on the economic recovery in the Washington, D.C. region?

MR. PENN: Well, D.C.'s – you know, I have actually a lot of insight in China and Sweden, where we have offices. And China is back – you know, our offices in China are really back 100 percent. Our Sweden offices are operating pretty well. You know, I think that the lockdown – you know, I don't know what's going to happen. The lockdown here with the mayor seems extraordinarily long. You know, we'll have to see if the numbers really develop that way.

I'm out here in Maryland and you can see traffic returning, things beginning to open up, and people being really 100 percent compliant in terms of masks. I do think that the American public is kind of more compliant, more trusting than anyone really imagined that they would be. But I think the – you know, personally, I think they mayor – some of the mayor's orders are extraordinarily long, especially since we – again, I'd be more concerned about mass transit than our kind of relatively low-density office properties.

MR. KELLY: Yeah. Do you see – there's obviously politics to some degree involved here, given, you know, the demographics of who's being affected by this. We see the numbers. It's significantly in the Black community. It's significantly senior citizens, Hispanic community disproportionately. If you look at the D.C. numbers, you know, Ward 3, where I'm sitting, has had relatively little effect. Does that put political pressure on Bowser or on other government officials to be overly cautious, do you think?

MR. PENN: Well, in a normal world, it would. I mean, in a normal world I think you'd – again, with 27,000 deaths in the nursing homes you'd see that a tremendous, you know, issue. But, you know, no one knows about the nursing homes. Very little information about the statistics that you've quoted. A lot of the point of the presentation is that whatever the actual reality is of this

by demographic group, by age, by nursing homes, very little of that's getting through. There's a mass fear, not quite hysteria but close to it. And the younger – I think economic fear is concentrated in those, you know, 35 and so forth with kids, who feel that they're the most vulnerable and have the greatest responsibility. That, to me, is reality-based. It makes a lot of sense. The quality of fear among the older generations and the younger generations makes no sense to me. That should be a line that is pretty sharp, and that's not what you see.

So I think that – and that's where the whole media issues come in, because any time there's a group with a relatively – you know, there's been a zero mortality rate – a zero per 100,000 mortality rate for people 18 and under. Yet, the next thing you see is an article about people – six people 18 and under having a post-disease syndrome, as though that is the most significant fact and not that 27,000 people died in nursing homes.

MR. KELLY: It's that troublesome media again. I'm going to have to try to do something.

MR. PENN: It will never be true of news you could use.

MR. KELLY: No, no. U.S. News is – we're on the right side of this. But I have to agree with you, Mark. I think a lot of my fellow – my colleagues in the industry have not – they may not grasp the statistics as precisely as they need to. But it's always the anecdote that I think is really bothering a lot of people.

Political question here: Do you think Biden bringing Bernie Sanders and AOC into his administration campaign will help him in November? I guess more broadly, you know, how does he bring in those – the energized progressives?

MR. PENN: I mean, I don't think he's got any choice. It's going to cut both ways, of course. You know, how will the center react? Depending upon how much they see energy. Right now, you know, Trump has about 31-32 percent really strong supporters. Biden has only 9. This is more or less a referendum on Trump not Biden. But he needs to generate – you know, if he's going to work on one issue, it's that he does not have an enthusiastic base of a significant size. Whereas I've always told most candidates to come at – you know, you won the convention, definitely move to the center. In this case, you know, he's going to need to generate much more enthusiasm. So I wouldn't be surprised if he doesn't, you know, move as much to the center.

MR. KELLY: Yeah. What's your VP pick for him?

MR. PENN: You know, look, I thought Klobuchar did kind of the best job of being someone that could be a lot of crossover, Republican women votes in the Midwest. So I have to say, I thought she did a really strong job coming out of this – coming out of the debates and the primary, if we can even remember back in those days. But I think she'd be a very strong pick for him. You know, obviously the polling supports Elizabeth Warren and Bernie Sanders among Democrats, because they were the next tier of candidates and have the largest number of supporters within the party.

MR. KELLY: Yeah, interesting. We're winding down here. I want to just remind folks if you have a question for Mark, please throw it out.

I wanted to ask you, Mark, a little bit about your business. I mean, you have a big, complicated business, which is global. Also near and dear to my heart, you're in the advertising business, which is how we make some of our money. What's the – how are you managing this, and what's the future, do you think, of advertising and marketing?

MR. PENN: Well, look, and I read something on Fox business yesterday kind of saying, look, you know, the fate of the advertising industry has been every time one of these crises broke they act like, oh, advertising is dead. That industry is gone. And it's not gone. You know, it's an essential part of marketing. It has been moving more online. It will continue to move online. It will vary with the economy. If there's a 15 percent cut in a lot of consumer goods and so forth there'll be a 15 percent cut.

But right now, if you go to my three pots, there's a group of people with new customers they didn't have. They're going to want to keep those customers. If you're an Instacart or you hear about people drinking orange juice who kind of threw it overboard the last few years, then you're going to need a marketing strategy for keeping them. And then, as I said before with the airlines and travel, you need a big marketing strategy to talk to your consumers and put together not just what you're doing, but how you're going to tell consumers what you're doing.

And then if you're in the middle, right, if you're, like, you know, a Gillette or a razor blade and people stop shaving on you, then you're going to say: How do I get my customers back, right? And so I think there are going to be two or three really big questions here that they're going to turn to marketing to help them answer. And I think that is going to mean a lot of work for people in the marketing industry, not the kind of continual – so get ready for those ads. They're coming.

MR. KELLY: They better. [Laughs.] We got to maintain this work-at-home household. Not that this is a commercial for Mark Penn, but people will know where to find you if they need the support.

How about your people? Are you – you're sheltering in place in Maryland? How's that working out?

MR. PENN: You know, I'm a lot of the trends you see. I'm a lot of those trends – home-cooked meals, family, all of those kind of back to basics. So you know, it's a better – it's a stay at place. I think I'm, like everybody else, getting a little antsy, a little more frustrated. And, as I said, I have a lot of anger about kind of what happened with the nursing homes, because I think that's the biggest scandal coming out of this thing. But I think a lot of people in the advertising industry adjusted pretty well to work at home. Much better than I think people expected.

MR. KELLY: And your – yeah, your folks are all remote, and won't be going back to the office for some time, I guess.



MR. PENN: No, though we usually use the Microsoft technology, as I was just trying to – [inaudible] – on Teams instead of the competitor, Zoom, as you guys do here at The Economic Club.

MR. KELLY: So everybody – I think we’re all figuring out what our favorite is.

Well, there are no further questions from our fellow members, Mark. I want to thank you very much for taking the time to brief us on that. That was a terrifically deep presentation. And as always, you bring your own particular insights to it. This will be on The Economic Club website. Folks can check back, and certainly dig into the numbers. And we will look forward to seeing where you take this, because this show is not going to be over for quite some time. So, Mark Penn, thank you very much for taking the time with us today.

MR. PENN: Thank you very much. We’re going to have some more data coming out this week. You can find it at The Harris Poll or [HarvardHarrisPoll.com](http://HarvardHarrisPoll.com). And you can write to me, [Mark@Stagwell.com](mailto:Mark@Stagwell.com). If you’ve got questions, I’m happy to answer them.

MR. KELLY: Great. And thanks, everybody in The Economic Club. Goodbye, virtually. We’ll see you virtually again soon. Be well.



**Mark Penn**  
**Managing Partner, The Stagwell Group**  
**Chairman, The Harris Poll**

Mark Penn is the President and Managing Partner of The Stagwell Group, a private equity fund focused on the marketing services industry. In this role, Penn directs the acquisition process and oversees the Group’s portfolio companies.

Mark Penn’s career spans 40 years in market-research, advertising, public relations, polling and consulting, and he has advised top world leaders, led companies, and written a bestselling book. Currently, Penn is the President and Managing Partner of The Stagwell Group, a private equity fund that invests in marketing services companies and reinvents the traditional holding company model. Before founding The Stagwell Group, he served in senior executive positions at Microsoft, where as Executive Vice President and Chief Strategy Officer, he was responsible for working on core strategic issues across the company, blending data-analytics with creativity to help set the company on a new course.

Penn’s experience in growing, building, and managing agencies is well documented. As the co-founder and CEO of Penn Schoen Berland, a market research firm that he built and sold to communications behemoth WPP, he demonstrated value-creation in a crowded industry, serving clients with innovative techniques from being first with overnight polling to unique ad testing

methods used by presidents and major corporations. At WPP, he also became CEO of Burson Marsteller, and managed the two companies to record profit growth during that period.

A globally recognized strategist, Mark has advised corporate and political leaders, both in the United States and internationally. For six years, he served as White House Pollster to President Bill Clinton and was a key adviser in his 1996 re-election, identifying “Soccer Moms” as the key swing vote needed for victory. The Washington Post remarked that no other pollster had ever become “So thoroughly integrated into the policymaking operation” of a presidential administration.

Penn later served as chief strategist to Hillary Clinton in her Senate campaigns and 2008 Presidential campaign, devising her successful NY “upstate strategy” and creating the “3 AM” ad in the 2008 primaries. Internationally, he helped elect more than 25 leaders in the Asia, Latin America, and Europe, including Tony Blair and Menachem Begin.

Penn is also an internationally known thought leader. He authored the 2007 bestselling book “Microtrends: The Small Forces Behind Tomorrow’s Big Changes,” and was a columnist for the Wall Street Journal, Time.com, POLITICO, and the Huffington Post. In a cover story, Time Magazine called him “Master of the Message.”

Penn earned a bachelor’s degree from Harvard College and attended Columbia Law School. He is a visiting lecturer at Harvard College and a Professorial Lecturer at George Washington University, where he teaches courses on Public Opinion.