Economic Rejuvenation:
Safely Bringing Corporations and Communities out of COVID Caves

Virtual Caucus | September 23, 2020
Agenda

Welcome & Overview

Jeffrey A. Sonnenfeld, Senior Associate Dean for Leadership Studies, Yale School of Management

Navigating a New Map for Global Diplomacy & Trade

Robert Lighthizer, United States Trade Representative
Introduction by: David P. Abney, Executive Chairman, UPS

RESPONSES
David P. Abney, Executive Chairman, UPS
Richard Adkerson, Vice Chairman, President & CEO, Freeport-McMoRan
Arvind Krishna, Chief Executive Officer, IBM Corporation
Doug Parker, Chairman & CEO, American Airlines Group
Maurice R. Greenberg, Chairman & CEO, CV Starr & Co.
Neal Froneman, Chief Executive Officer, Sibanye-Stillwater
David M. Cote, Retired Chairman & CEO, Honeywell International
Mary T. Barra, Chair & CEO, General Motors Company
D. James Ungleby III, Chairman & CEO, Caterpillar
Mark A. Weinberger, Former Global Chairman & CEO, EY
Carla Hills, US Trade Representative (1989-1993); 5th US Secretary of Housing & Urban Development
J. Stapleton Roy, 5th US Ambassador to China
Nicholas T. Pinchuk, Chairman & CEO, Snap-on Incorporated
Matthew S. Levitch, Former President & CEO, Harley-Davidson Inc.
Tamara L. Lundgren, President & CEO, Schnitzer Steel Industries
John Visentin, Vice Chairman & CEO, Xerox Holdings Corporation
Joel Szabat, Under Secretary for Transportation Policy, US Department of Transportation
Eddie Tame, Chief Executive Officer, Central Asset Investments
R. Adam Norwitt, President & CEO, Amphenol Corporation
Hugh T. Dugan, Special Assistant to the President, The National Security Council

Jared Kushner, Senior Advisor, The White House
Introduction by: Stephen A. Schwarzman, Co-Founder, Chairman & CEO, Blackstone

RESPONSES
Arne M. Sorenson, President & CEO, Marriott International
Kevin Sneader, Global Managing Partner, McKinsey & Company
Albert Bourla, Chairman & CEO, Pfizer
Alex Gorsky, Chairman & CEO, Johnson & Johnson
Stefano Pessina, Executive Vice Chairman, Walgreens Boots Alliance
Peter Orszag, CEO, Financial Advisory, Lazard; Former Director, US Office of Management and Budget
James R. Clapper, Director (2010-2017), US National Intelligence
Joel N. Myers, Chairman & President, AccuWeather
A. Muskhif Mobarak, Professor of Economics, Yale University
James H. Rosen, President & CEO, Artizan Biosciences
David J. Shulkin, 9th Secretary, US Department of Veterans Affairs
Rich Lesser, President & CEO, Boston Consulting Group
Sten H. Vermund, Dean, School of Public Health, Yale University
Navigating This Fall Domestically: Just When You Thought It Was Safe to Come Out. Is It?

Richard W. Edelman, Chief Executive Officer, Edelman
Kyle Dropp, Co-Founder, Morning Consult
Sara Eisen, Co-Anchor, CNBC
Jerry Greenfield, Co-Founder, Ben & Jerry’s Homemade
Richard J. Kramer, Chairman, President & CEO, The Goodyear Tire & Rubber Company
Margaret Keane, Chief Executive Officer, Synchrony
James P. Keane, President & CEO, Steelcase
Stuart A. Miller, Executive Chairman, Lennar Corporation
Jonathan Greenblatt, CEO & National Director, Anti-Defamation League
David H. McCormick, Chief Executive Officer, Bridgewater Associates
Bob Diamond, Founder & CEO, Atlas Merchant Capital
Jeffrey M. Solomon, Chairman & CEO, Cowen Inc.
Anthony Scaramucci, Founder & Co-Managing Partner, SkyBridge Capital
Thomas A. James, Chairman Emeritus, Raymond James Financial
Harold L. Yoh III, Chairman & CEO, Day & Zimmermann
Ivan G. Seidenberg, Retired Chairman & CEO, Verizon Communications
Sarah K. Williamson, Chief Executive Officer, FCLT Global
James F. McCann, Founder & Chairman, 1-800-Flowers.com
Helena Foulkes, Former Chief Executive Officer, Hudson’s Bay Company
Kay Koplovitz, Founder, USA Networks; Managing Partner, Springboard Growth Capital
Mark Fields, Former President & CEO, Ford Motor Company
Paul Polman, Co-Founder & Chair, Imagine; Retired CEO, Unilever PLC
Maria Pope, President & CEO, Portland General Electric
Maggie Wilderotter, Chair & CEO, Grand Reserve Inn
Steve Case, Chairman & CEO, Revolution; Founder & Former CEO, America Online (AOL)
Thomas J. Quinlan III, Chairman, President & CEO, LSC Communications
Richard H. Pildes, Professor of Constitutional Law, New York University

Legend in Leadership Award: Arne M. Sorenson, President & CEO, Marriott International

PRESENTATION
Virginia M. Rometty, Executive Chair, IBM Corporation
Alex Gorsky, Chairman & CEO, Johnson & Johnson
Adam M. Aron, President & CEO, AMC Entertainment
Economic Rejuvenation: Safely Bringing Corporations and Communities out of COVID Caves

On September 23, 2020, the Chief Executive Leadership Institute held its first-ever virtual CEO Caucus. Yale Professor Jeff Sonnenfeld led discussions among CEOs, policymakers, academics, and other thought leaders about international trade and diplomacy, the response to the COVID-19 pandemic, and the role of business in addressing systemic racism.

The Legend in Leadership Award was bestowed upon Arne Sorenson, President and CEO of Marriott International.

In the upcoming presidential election, CELI participants overwhelmingly prefer Joe Biden.

In a real-time poll of CELI participants, 77% plan to vote for Joe Biden in the upcoming presidential election, with 62% believing that Biden will win the election.

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>Donald Trump</th>
<th>Joe Biden</th>
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<tbody>
<tr>
<td>Who will you be voting for in the presidential election?</td>
<td>23%</td>
<td>77%</td>
</tr>
<tr>
<td>Who do you think will win the presidential election?</td>
<td>38%</td>
<td>62%</td>
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The Trump administration has very different trade objectives and policies.

According to Lighthizer, Trump wants a certain type of country and communities where families stay together, where children are proud of their parents for their work, and where parents have confidence and hope their children will do even better than them. This vision leads to a set of economic policies and trade policies that put America and its workers first, even if that slightly increases inefficiency and costs.

Lighthizer sees this vision coming to fruition through:

- The USMCA (US-Mexico-Canada Agreement), which affects $1.3 trillion in trade and is moving forward with implementation. It is a step forward for American workers and farmers.
- The China Phase 1 deal, which has several parts, including areas of tech transfer, intellectual property, and financial services, and includes purchasing requirements.
- A deal with Japan focused largely on agriculture and digital trade.
- A deal with South Korea that is being worked on.

United States Trade Representative Robert Lighthizer explained that historically, US trade policy has been driven by traditional economic ideas of free trade, efficiency, and lower prices for consumers. He termed these ideas "a noble ambition" but said that President Trump has a very different philosophy regarding the objectives of trade.
CEOs commended the Trump administration on the USMCA and agreed that the World Trade Organization (WTO) is broken and in need of repair. But participants challenged the administration on the importance of free global trade and on the need for increased focus on digital trade and US competitiveness in technology and the industries of the future.

A former long-term diplomat said the idea of “Put America first” is nothing new, as every American diplomat has always put American interests first, as foreign diplomats do for their country. However, this individual argued that the current administration is falling short by not working cooperatively with other countries and not joining together on common interests, such as climate change and North Korea.

Lighthizer acknowledged that in changing the paradigm for trade policy there will undoubtedly be some tension along the way, but sees this as part of the process and believes the results are positive.

**Americans want strong action against China, but business leaders don’t agree with the action taken.**

Mark Penn shared data showing that 53% of Americans see China as an enemy and 70% believe that China is creating global tensions and instability. Many Americans believe that China is primarily responsible for the coronavirus pandemic (60%), the US-China trade war (46%), the crackdown on free speech in Hong Kong (67%), and human rights abuses among Muslim Uighur minorities in China (60%).

Kyle Dropp of polling company Morning Consult said these views of China are not limited to Americans, as citizens in most countries around the world hold a negative view of China.

Caucus participants share this criticism of China, with 62% saying their business has suffered due to unfair Chinese competitive practices.

In response, a majority of Americans want the US government to hold China accountable through diplomatic actions and economic sanctions. However, the majority of CEO Summit participants are not fans of the approach taken by the Trump administration or the results that have been achieved. Most say that businesses have suffered from the US-China trade war and Trump trade policies, believe the future outlook is worse, don’t support protectionist policies, and don’t understand the status of a possible Phase 2 trade deal.

In addition to the trade war with China, US policy under the Trump administration has closed the country’s doors to immigrants. This has hindered the flow of creative, talented people to America’s universities and companies, which could have a detrimental long-term impact on the US economy. Talented immigrants, who have started numerous companies in the US such as Google and Tesla, are likely to take their talents to other countries where they are more welcome.

**Progress in the Middle East holds great potential for regional economic development.**

In Israel’s first 72 years the country entered into two peace agreements—with Egypt and Jordan. Then, over a period of 29 days the country had two more agreements, with the UAE and Bahrain, with others likely to follow in the near future. These achievements were led by Jared Kushner, based on a business plan he developed. This plan, which aims to improve the lives of Palestinians, intends to create one million new jobs, double the GDP in Palestine, and reduce the poverty rate by 15%.

Success to date has been based on thinking differently, taking risks, finding common interests, and bringing together the right people in the region.

**“There are still governance and security issues, but there are a very ambitious set of leaders right now who want to bring new hope for their people . . . hopefully there’s much more to come.”**

—Jared Kushner, Senior Advisor, The White House
A conference in Bahrain that attracted business leaders and investors from Israel, Arab countries, the US, and around the world has helped build momentum and support for the plan and is likely to produce considerable investment. This momentum is occurring despite 63% of Caucus participants believing that new diplomatic accords have not received the attention they deserve.

“In contrast to the government, the private sector has stepped up and moved incredibly quickly, with impressive results. Albert Bourla, CEO of Pfizer, said, “It is a question of when, rather than a question of if, we will have a vaccine.” He is hopeful that Pfizer’s vaccine candidate, for which about 34,000 people have already been enrolled in a phase 3 study, will yield results before the end of October, though approval and distribution will obviously take longer.

“Biology got us here and it’s going to take biology, great chemistry, great engineering to get us out. I’m very proud of the way the [pharmaceutical] industry has responded.”

— Alex Gorsky, CEO, Johnson & Johnson

As Sten Vermund, Dean of the School of Public Health at Yale, shared, there are currently:

- 487 drugs in preclinical studies, with 37 in phase 1, 67 in phase 2, and 22 in phase 3 trials.
- 92 vaccines in preclinical development, with 26 in phase 1, 14 in phase 2, and 10 in phase 3.

A year from now we will be in a very different place in terms of vaccines and treatments. Until then, we are dependent on classic public health measures of masks and handwashing.

“I’ve never seen activity in both the public and private sectors for drug development and vaccine development that I’ve seen here.”

— Sten H. Vermund, Dean, School of Public Health, Yale University

The speed of the pharmaceutical industry is a result of significant long-term investments, an ongoing focus on safety and efficacy, and partnership among companies and between companies and entities such as the CDC, FDA, and NIH.

The partnership is seen through a joint pledge among multiple pharmaceutical companies emphasizing their commitment to conduct the necessary scientific studies thoroughly, completely, and safely. This unprecedented joint statement was issued to avoid politicization of the vaccine development process and to ensure public trust in the process. This was necessary in part because there has been a dramatic decline in the trust of public officials, confusion...
among the messages from public health officials, and a significant increase (about 15 percentage points) in the reputation of the top pharmaceutical companies.

In April 2020, about 75% of people said they would get a COVID-19 vaccine but currently fewer than 50% say they would do so. Current polls from Morning Consult show that the percentage of Democrats and Republicans who would not get a vaccine is now equal and only 31% of Black adults would get a vaccine.

Clearly, when an FDA-approved vaccine becomes available, communication, education, and outreach will be necessary, especially from trusted sources like doctors, with a consistent message. It may also be necessary to get buy-in from regulators in foreign countries, such as Germany, which are seen by many as more credible than US regulators. And, businesses have an important role to play in educating employees about the importance of getting vaccinated as part of making society healthy.

The speed of response is not limited to the pharmaceutical industry. General Motors’ experience in moving quickly to manufacture 30,000 ventilators—using its capabilities and those of its suppliers—is reflective of the rapid response of countless American manufacturing companies.

Businesses have a critical role to play in addressing systemic racism.

Data shared by Richard Edelman highlights current attitudes toward race and the view of government and business. There is growing support among the public for protests and for Black Lives Matter. There is tremendous disappointment in government, with only 36% of individuals believing that government is ever going to do anything. There is a higher expectation (52%) that business will take action but there is a substantial gap in what people expect from business and what business is seen as delivering.

Currently, most individuals (71%) trust their own employer to respond to racism. When companies speak up about racism and take some type of action, they experience a tremendous gain in trust among all populations, especially Black Americans.

The power of business was shown through the Stop Hate for Profit campaign, organized this past summer by the ADL in conjunction with NAACP and several other organizations. The goal was to get Facebook and other social media platforms to stand up against racist content. Over 1,100 of the world’s most prominent brands participated in this effort.

“There’s an interesting conversation to have about the role of the private sector and businesses ... in pushing these social media companies to abide by the same standards of decency that are expected of all other businesses today, particularly in the media space.”

— Jonathan Greenblatt, CEO and National Director, Anti-Defamation League