

There’s always more to discover about ETFs.

Take a closer look on page R10.



# THE WALL STREET JOURNAL.

DOW JONES | News Corp. \* \* \* \* MONDAY, JULY 6, 2020 ~ VOL. CCLXXVI NO. 4 WSJ.com ★★★★★ \$4.00

Last week: DJIA 25827.36 ▲ 811.81 3.2% NASDAQ 10207.63 ▲ 4.6% STOXX 600 365.43 ▲ 2.0% 10-YR. TREASURY ▼ 10/32, yield 0.670% OIL \$40.65 ▲ \$2.16 EURO \$1.1249 YEN 107.51

## What's News

### Business & Finance

**Duke Energy** and Dominion Energy said they were abandoning the proposed \$8 billion Atlantic Coast Pipeline, citing regulatory delays and uncertainty. **A1**

◆ **The EU's** digital-policy and antitrust czar detailed a comprehensive plan for how she plans to rein in U.S. tech giants on content, competition and taxes. **A1**

◆ **China is** behind on targets for the purchase of American energy under this year's trade deal, U.S. export data show. **A2**

◆ **Many investors** struggling to predict where the stock market is headed are already betting that health-care shares won't lead the way. **B1**

◆ **The used-car market** is faring better than it was before the Covid-19 crisis, a relief to makers and dealers. **B1**

◆ **A probe into Luckin's** accounting concluded the coffee chain's chairman knew or should have known about fabricated transactions. **B1**

◆ **Commerzbank's CEO** and chairman have submitted their resignations as the bank faces pressure from Cerberus for a deep overhaul. **B9**

◆ **Clothing retailer Lucky Brand** has filed for bankruptcy with initial plans to close at least 13 stores. **B3**

### World-Wide

◆ **Researchers** are engaged in an unprecedented effort to recruit the tens of thousands of healthy volunteers needed to finish testing coronavirus vaccines in late stages of development. **A1**

◆ **Two U.S. carriers** completed hundreds of aircraft launches in a display of American military power in the disputed South China Sea. **A1**

◆ **Trump has** seized on saving statues and monuments as a winning issue for his reelection, attacking protesters and Democrats in remarks over July Fourth weekend. **A4**

◆ **Publication** of scores of research papers from China-based authors that appear to have reused identical sets of images has raised questions about scientific integrity. **A8**

◆ **An Iranian** conglomerate owned by the country's military and tied to its missile program has established a retail foothold in Venezuela. **A8**

◆ **Hong Kong libraries** have pulled books for review under China's new national-security law for the city, including two by pro-democracy figures. **A8**

◆ **Tokyo Gov. Koike** was reelected to a new four-year term, a boost to prospects for the Olympics to go ahead in the city next summer. **A8**

**JOURNAL REPORT**  
Investing in Funds:  
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## Flooding, Mudslides Kill at Least 34 People in Japan



**DIRE CONDITIONS:** Heavy rains triggered flooding in Japan, leaving at least 34 dead. Kumamoto in southwestern Japan was hit hard by the flooding and mudslides, leaving many homes damaged Sunday and hampering rescue efforts. **A8**

## EU Targets U.S. Tech Giants

By VALENTINA POP AND SAM SCHECHNER

BRUSSELS—Big tech companies including Google parent Alphabet Inc., Amazon.com Inc. and Facebook Inc. face a swath of proposed European regulations aimed at curbing their alleged anticompetitive behavior, making them pay more taxes and compelling them to shoulder more responsibility for illegal content

on their platforms, a top European Union official said. Margrethe Vestager, the EU's digital-policy and antitrust czar, detailed for the first time a comprehensive plan of how she aims to rein in U.S. tech giants, using a package of initiatives that the EU has begun to outline individually in recent weeks. The aim is to clearly delineate new legal boundaries for tech companies, rather than just apply

existing laws covering fields such as antitrust regulation. "It's a full complex of things. It's not done with just one piece of legislation," she said. Ms. Vestager—who in her prior term as European competition commissioner levied record fines on Google and ordered Apple Inc. to pay Ireland \$14.5 billion in allegedly unpaid taxes—was promoted last year to vice president of the European Commission, the

EU's executive arm, in charge of competition and new legislation for the digital sector. "After the first mandate and the first specific competition cases, what I have seen very clearly is that we need rigorous competition-law enforcement, but we also need regulation," she said. Tech companies have said that they want to work with the commission to craft

*Please turn to page A4*

## Wanted: Patients For Vaccine Trials

By JARED S. HOPKINS AND PETER LOFTUS

Vaccine researchers are trying new tactics in an unprecedented effort to recruit the tens of thousands of healthy volunteers needed to finish testing coronavirus shots in late stages of development. Quickly lining up all the subjects for so many studies at the same time poses several challenges, creating competition among companies. Given the urgency, researchers are taking unusual steps, such as recruiting at pharmacies, enlisting churches

in searches for subjects and even requesting colleagues and families to ask around. Researchers are also rolling out algorithms to target recruitment in places at risk of getting hit with the virus. Finding the patients will be crucial to conducting the trials to evaluate whether the experimental vaccines safely protect against the virus. The broader population can't start getting

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- ◆ **Early success stories** face virus surge..... **A6**
- ◆ **Heard on the Street:** Impact won't end with vaccine..... **B10**

## Face Masks Over Makeup Trigger New Anti-Smear Campaign

Frustrated cosmetics users resort to lip, eyebrow tattoos to keep a made-up look

By SHAN LI AND SANTIAGO PÉREZ

After months of living in a pandemic, Liqing Ye got fed up with her lipstick always smearing under a face mask—revealed when unmasking at dinner with friends or in meetings. She hit upon a solution: getting her lips tattooed with a semi-permanent coral hue. The procedure, which costs about \$350 and involved a tiny needle depositing pigment into her skin, "hurt a lot," said Ms. Ye, an American fashion writer living in Shanghai.

But the pain was worth it, she said, freeing her from the constant aggravation of ruined makeup. "Whatever facade you have of 'I have great skin' and 'I just woke up like this' is completely shattered," she said. "It's super gross." Face masks are in focus as a way to control the spread of Covid-19 as countries emerge from lockdowns, and more U.S. states require them. But makeup lovers are finding the insides of their masks—whether makeshift or medical—

*Please turn to page A10*



## Countries Lose Billions Sent Home From Workers Abroad

An economic pillar of developing economies falls to Covid-19

By JON EMONT

Migrant workers—from Polish farmhands working the fields of southern France to Filipino cruise-ship workers in the Caribbean—who lost their jobs because of the pandemic's economic impact are running out of cash to send home, dealing a blow to the fragile economic health of the developing world. Tens of millions of Indians, Filipinos, Mexicans and others from developing countries working overseas sent a record \$554 billion back to their home countries last year. That's an amount greater than all foreign direct investment in low- and middle-income

countries and more than three times the development aid from foreign governments, according to the World Bank. The drop-off in the payments, known as remittances, has affected life for millions around the globe who rely on the cash for food, fuel and medical care. Families from South Asia to Latin America can't afford mortgage payments and tuition. "There are households that critically depend on the remittance lifeline, and that lifeline has been ruptured," said Dilip Ratha, lead economist on remittances at the World Bank, which estimates that the transfers to develop-

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## INSIDE



**LIFE & ARTS**  
Road-trip getaways are bumping into quarantine chaos this summer. **A11**

**BUSINESS & FINANCE**  
Used-car sales rebound after plummeting in April amid lockdowns. **B1**

## Navy Displays Force In South China Sea

By ALASTAIR GALE

Strike fighters and electronic-warfare jets took off day and night from two U.S. aircraft carriers in the South China Sea to simulate sustained attacks on enemy bases as Washington put on one of its biggest displays of naval power in a potential flashpoint for conflict. Throughout the weekend, the USS Ronald Reagan and USS Nimitz completed hundreds of launches of jets, surveillance planes and helicopters in some of the largest military drills in recent years in the disputed South China Sea, the leading edge of Beijing's move to expand its regional sphere of control. China held its own large-scale drills through Sunday around

the Paracel Islands in the South China Sea, where it has built missile bases, radar facilities and an airfield. Vietnam and Taiwan also claim the Paracels. The Navy frequently sails through the South China Sea to challenge Beijing's territorial claims, but an escalation of friction between the superpowers over trade, spying allegations and a shifting military balance also lie behind the rare latest show of U.S. force. "Because of the high state of our global readiness right now we have the opportunity to ex-

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- ◆ **China unlikely** to meet trade purchase targets..... **A2**
- ◆ **Hong Kong libraries** pull activists' books..... **A8**

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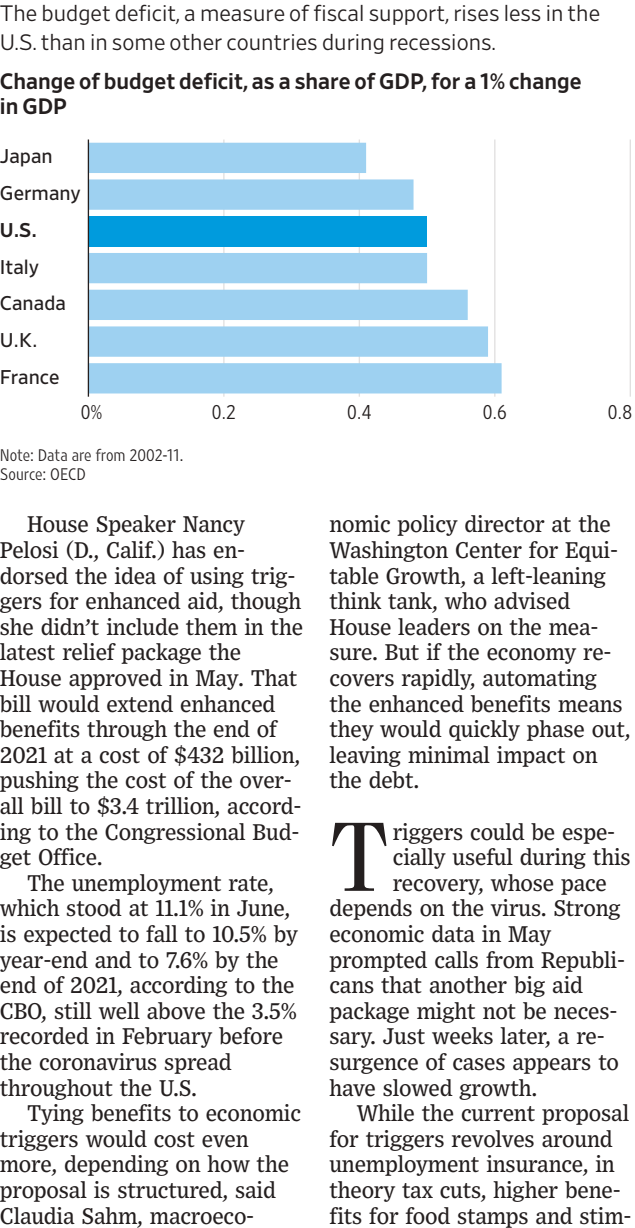
# U.S. NEWS

THE OUTLOOK | By Kate Davidson

## To Smooth Aid, Some Favor Autopilot

 One of the trickiest questions facing Congress when it takes up the debate on new stimulus later this month is just how much help the economy needs to recover from the Covid-19 pandemic. If it is already recovering rapidly, the government may spend and borrow more than needed, pushing the national debt higher. If the recession drags on, multiple rounds of economic relief may be necessary, a process fraught with political hurdles. Some economists and lawmakers say they have the solution: put stimulus on autopilot, so that aid to households automatically becomes more or less generous as economic triggers are hit. They say enhanced unemployment benefits could be authorized to continue until the unemployment rate falls below a preset threshold, avoiding the political fights that can slow stimulus efforts. “There were 13 votes in the wake of the [2007-09] recession to extend unemployment benefits,” said Rep. Don Beyer (D., Va.), the vice chairman of Congress’s Joint Economic Committee. “That’s a lot of political back and forth. Any time you have to go through a tough negotiation, there are political costs to both sides, so why not take it away from that?” A few features of current

law already act as automatic stabilizers: When the economy weakens, more people qualify for food stamps and unemployment insurance, and the Treasury collects less tax revenue. When the economy strengthens, that goes into reverse, thus automatically “stabilizing” the business cycle. The U.S.’s automatic stabilizers are weaker than those of some other advanced countries. Tying these programs to economic conditions would be one way to make them more powerful, at a time when the Federal Reserve has less room to cushion the economy with interest rates already close to zero. At the end of March, Congress expanded those programs by adding \$600 a week to regular unemployment benefits, widening eligibility to contract workers, such as delivery drivers or freelance writers and extending the duration of benefits. Senate Minority Leader Chuck Schumer (D., N.Y.) and Sen. Ron Wyden (D., Ore.) introduced a measure last week that would extend the extra \$600 until a state’s average unemployment rate over three months is below 11%, then gradually shrink the bonus as the rate drops further. It would also extend the duration of regular benefits from 39 to up to 78 weeks, as long as a state’s unemployment is above 5.5%.



nomic policy director at the Washington Center for Equitable Growth, a left-leaning think tank, who advised House leaders on the measure. But if the economy recovers rapidly, automating the enhanced benefits means they would quickly phase out, leaving minimal impact on the debt. Triggers could be especially useful during this recovery, whose pace depends on the virus. Strong economic data in May prompted calls from Republicans that another big aid package might not be necessary. Just weeks later, a resurgence of cases appears to have slowed growth. While the current proposal for triggers revolves around unemployment insurance, in theory tax cuts, higher benefits for food stamps and stim-

ulus checks could be similarly linked to the state of the economy. The proposal is unlikely to make headway so long as Republicans control the Senate. Critics say enhanced benefits discourage workers from returning to the labor force. There is some evidence that extended benefits have that effect: A 2015 study by economists Marcus Hagedorn, Iouri Manovskii and Kurt Mitman found an abrupt stop in extended benefits in the U.S. at the end of 2013 led to higher employment the following year. “There is a vicious cycle here that the unemployment rate won’t fall if the government keeps the benefit so high,” said Chris Edwards, an economist at the libertarian Cato Institute, who also warned such fiscal policy rules could add trillions to federal debt. Mr. Beyer, who introduced a House bill similar to Messrs. Schumer’s and Wyden’s plan, said the triggers proposal might not make it into the next fiscal package Congress expects to pass by the end of the month, but he is optimistic. After the House passed its bill, Mr. Beyer said Mrs. Pelosi told a group of lawmakers from relevant committees to continue to explore the idea. And if Democrats win control of the White House and Senate in November, “It wouldn’t surprise me if we do it in January,” he said.

ECONOMIC CALENDAR
<b>Monday:</b> The Institute for Supply Management’s <b>nonmanufacturing index</b> is expected to show a return to growth for U.S. service and construction sectors in June—though barely. Even a gentle expansion, however, would be a welcome break from two months of falling activity as the nation grappled with the new coronavirus.
<b>Thursday: U.S. applications for unemployment insurance</b> have leveled off in recent weeks, underscoring a sustained and historically high level of layoffs across the country. Economists expect jobless claims to have declined slightly last week, a sign the labor market is healing, if only slowly.
<b>China’s consumer inflation</b> likely strengthened modestly in June, while industrial deflation probably eased. Economists expect the consumer-price index rose about 2.6% in June from a year earlier, accelerating slightly from May’s 2.4% gain. Faster increases in food prices, due to severe floods in China, likely outweighed slower gains in rent and other nonfood prices, economists say. <b>China’s producer-price index</b> probably dropped around 3.1% in June from a year earlier, narrowing from May’s 3.7% decline, reflecting rising commodities prices and warming demand.
<b>Friday: Canada is expected to have added jobs</b> in June as more cities and provinces emerge from coronavirus-related lockdowns. While that would be the second consecutive month of gains, the level of employment will likely have remained below its pre-pandemic peak.

## China Is Far Behind on Energy Purchases Under Trade Deal

By JOSH ZUMBRUN

WASHINGTON—Economic fallout from the coronavirus pandemic has cast doubt on whether China can meet its targets to buy U.S. goods under this year’s trade deal—with energy emerging as the biggest casualty.

China has made strides toward its agricultural and manufacturing targets, but it remains far behind an ambitious target for purchases of oil, natural gas, refined petroleum products like propane and butane, and coal. This is prompting concerns from the U.S. energy industry which is encouraging the U.S. Trade Representative to increase pressure on China to reach the goal.

The targets in the deal implied China would purchase around \$25 billion of U.S. energy in 2020 and even more in 2021. The latest data on U.S. exports for the month of May, released on Thursday, show China has so far this year purchased only \$2 billion of that sum.

The collapse in energy demand and energy prices during

Agricultural purchases are 39% of the pace needed to hit the phase one goal. But agricultural purchases are heavily seasonal in the fall when major crops like soybeans are harvested, giving China time to catch up if the deal remains intact.

China has purchased \$19.5 billion of manufacturing goods, where the goal for the year is \$84 billion. That puts manufactured goods at 56% of the pace needed to hit the goal, according to Mr. Bown’s calculations.

Energy is far behind—running at only 18% of the pace needed to reach the goal. Catching up in the next seven months would require massive purchases to begin immediately. To hit the goal, China would need to start purchasing more than \$3 billion a month of energy, more every single month than it has been able to purchase in the past five months combined.

A surge in domestic energy production over the past decade has made the U.S. energy industry an exporter after decades of foreign dependence, and China—with its 1.4 billion

person population and the world’s second-largest economy—represents the single largest potential market for exports like American crude oil and liquefied natural gas.

“We think China and the U.S. are destined to have a very strong long-term LNG relationship and we need to keep nudging things back on track,” said Fred Hutchison, the president of LNG Allies, the U.S. liquefied natural gas association.

The goals for energy exports were always aggressive, especially for LNG which is a relatively new U.S. export, said Mr. Hutchison. And the pandemic made the goals even harder, he said.

Because the two nations had agreed to a dollar target, the goals become vastly more difficult when energy prices plunge.

“The purchase commitments are made in dollar (value) terms, not volume terms, so even if China makes massive volume purchases, if prices are close to zero they are not going to reach the dollar value targets,” said Mr. Bown, of the Peterson Institute, in an email.



A cargo ship docked in Qingdao, China. The U.S. energy industry is eager for China to increase buying.

COSTO/BARCROFT MEDIA/GETTY IMAGES

## Pipeline Project Is Canceled

*Continued from Page One* States,” Dominion and Duke said in a joint statement. “Until these issues are resolved, the ability to satisfy the country’s energy needs will be significantly challenged.” Utilities and pipeline companies have been trying to expand U.S. pipeline networks for more than a decade to take advantage of the bounty of oil and gas unlocked by the fracking boom. But many of the projects have encountered intense opposition from landowners, Native American groups and environmental activists concerned about climate change who want to keep fossil fuels in the ground. The Keystone XL pipeline expansion to carry oil from Canada to the U.S. Gulf Coast remains unbuilt more than a decade after it was proposed by TC Energy Corp. The operator of the Dakota Access pipeline, Energy Transfer LP, completed the conduit to carry oil from North Dakota’s Bakken Shale region to Illinois in 2017 after years of protests and delays. The Trump administration has sought to make it easier for companies to build pipelines

and other energy infrastructure, but the effort has failed to fast-track projects amid continued legal and regulatory challenges by opponents. Dominion and Duke had first proposed building the Atlantic Coast Pipeline in 2014. It repeatedly faced legal challenges. Its costs had swelled to \$8 billion before the companies decided to abort the plan. “Duke and Dominion did not decide to cancel the Atlantic Coast Pipeline—the people and frontline organizations that led this fight for years forced them into walking away,” said Michael Brune, the executive director of the Sierra Club. The companies had scored a significant victory last month when the Supreme Court ruled that it could cut under the historic Appalachian Trail, which runs from Georgia to Maine. The court overturned a lower-court ruling that found the U.S. Forest Service didn’t have the authority to grant a special-use permit that allowed for the development of that segment. However, Duke and Dominion said Sunday that the ruling wasn’t enough to mitigate an “unacceptable layer of uncertainty and anticipated delays” for the project. They cited a Montana court ruling last month that threw another roadblock in the path of the Keystone XL Pipeline as an example of the continued challenges such projects face. That ruling, which related to

a federal permit program for oil and gas pipelines, had the potential to also further delay the Atlantic Coast Pipeline, the companies said. The companies involved had together invested about \$3.4 billion in the pipeline to date. Duke, based in Charlotte, N.C., provides electric and gas service to more than nine million customers in the Carolinas, Midwest, Florida and Tennessee. Dominion, based in Richmond, Va., provides electricity or natural gas to about seven million customers in 20 states. It will almost entirely exit from its gas-transmission business with the sale of its pipeline and storage assets to Berkshire Hathaway Energy. As part of the deal, Berkshire Hathaway Energy will acquire Dominion Energy Transmission, Questar Pipeline and Carolina Gas Transmission as well as a 50% stake in Iroquois Gas Transmission System. Berkshire Hathaway Energy will also acquire 25% of Cove Point LNG, one of six liquefied natural gas export facilities in the U.S. Dominion will retain a

50% stake in the project, with Brookfield Asset Management owning the remaining 25%. Berkshire Hathaway Energy operates a \$100 billion portfolio of utility, transmission and generation businesses providing natural gas and electricity to more than 12 million customers. The Dominion acquisition will add 7,700 miles of natural-gas storage and transmission pipelines and about 900 billion cubic feet of gas storage to its holdings. “Acquiring this portfolio of natural gas assets considerably expands our company’s footprint in several Eastern and Western states as well as globally,” Bill Fehrman, Berkshire Hathaway Energy’s president and chief executive, said. The \$9.7 billion transaction includes \$5.7 billion in debt. It is expected to close in the fourth quarter. Dominion said the sale will allow it to focus on its state-regulated gas and electric utilities. It expects those businesses, primarily those serving Virginia, Ohio, Utah and the Carolinas will account for as much as 90% of future operating earnings. Dominion and Duke have each been pushing to slash their carbon emissions in response to state mandates and customer concerns about climate change. Both companies are aiming for net-zero carbon emissions by 2050 by developing more wind and solar power and investing in other clean technologies.

## CORRECTIONS & AMPLIFICATIONS

**China’s commercial** banks had more than 749 million credit cards in circulation as of March, up 77% from five years earlier, according to data from Wind. A June 15 Markets article about American Express Co. incorrectly said China’s commercial banks had 8.5 billion credit cards in circulation, nearly double the total five years earlier. That number referred to the total number of bank cards, which includes ATM and debit cards.

**The Charlottesville,** Va., City Council in 2017 voted to remove a statue of Robert E. Lee, but a court ordered that it remain in place. A June 27 Re-

view article about Confederate statues and monuments incorrectly said the statue was removed in 2017.

**The first name** of Gabriela Fridriksdottir incorrectly was given as Gabriella in a Mansion article Friday about an Icelandic home filled with art.

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U.S. NEWS

# Hispanics Take Big Hit In Downturn

By HARRIET TORRY

A dramatic drop in hotel stays, elective surgeries and dining out since the coronavirus outbreak in February is driving a recession that is unlike every other since the Great Depression.

Prior downturns were largely led by lower spending on such things as cars, houses and factories, while this one is hitting service industries. That change has meant Hispanic workers are being particularly hard hit, and economists expect the jobs recovery to be slow and halting as Covid-19 cases accelerate around the country.

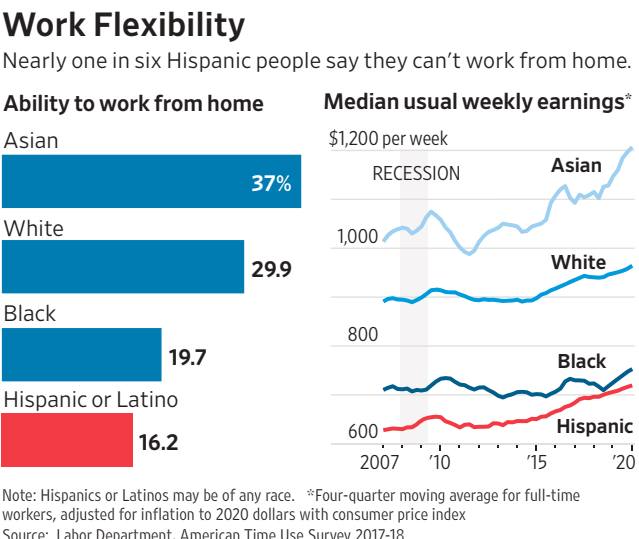
“This recession is very different; you’re seeing it start in the services sector. It’s very unique,” said Gabriel Mathy,

assistant professor of economics at American University in Washington, D.C.

Hispanic workers last year made up 17.6% of the total workforce but accounted for about half of all maids and housekeeping cleaners, painters and roofers, according to the Labor Department.

Services sectors shed jobs in droves in April as quarantine orders shut down swaths of the economy. In June, the jobless rate for workers of Hispanic ethnicity was a seasonally adjusted 14.5%, more than three times its rate at the start of the year.

Luis Ruiz, of Orlando, Fla., applied for unemployment benefits in late June, after unsuccessfully searching for a job since March. The 22-year-old recently graduated from Florida



Rafaela Cervantes, who works in housekeeping in Miami Beach, was glad to return to her job in June, but worries about her safety.

## Jobless Rate Hovers Above Other Groups’

The Hispanic unemployment rate has dropped 3.1 percentage points since May, a steeper decline than for other groups. In June, the rate was a seasonally adjusted 14.5%, higher than the jobless rate for whites, at

10.1%, and Asians, at 13.8%. The unemployment rate for Black workers, at 15.4% in June, was higher than the Hispanic rate.

The Labor Department refers to people who identify themselves as Hispanic, Latino or Spanish in the survey process, who may be of any race.

Thursday’s jobs report, which was based on survey data largely collected in mid-

June, didn’t reflect recent government-mandated business closures and related layoffs.

And despite last month’s job gains, the overall situation for Latino workers has deteriorated sharply. Before the coronavirus, the unemployment rate for Latino workers had hit an all-time low of 3.9% in September 2019, in records going back to 1973, and wages were rising.

# Police Chief in South Brings New Perspective to Job

By DAN FROSCH AND TALAL ANSARI

NORTH CHARLESTON, S.C.—Police Chief Reggie Burgess was in church one Sunday in February when his phone started buzzing. A young Black man had died after a standoff with several white officers. Rumors were flying that police had shot him, and upset community members wanted answers.

It was a tense moment, particularly in a city with a population that is 46% Black and a police force that is nearly 75% white. Relations between the department and the Black community have long been fraught, and reached a low point when an unarmed Black man, Walter Scott, was shot in the back by a white officer five years ago, an incident caught on video that sparked a national uproar. The officer was fired, pleaded guilty to civil-rights violations, and was sentenced to 20 years in prison.

Chief Burgess, the first African-American to lead the North Charleston police, stayed on his phone as he left church, asking one activist he had known for years to hold off issuing any statements criticizing the department until he got more information. At the scene, the chief examined security camera footage that showed the dis-



Reggie Burgess, the police chief in North Charleston, S.C., since 2018, outside his mothers home.

traught man shooting himself in the head.

After praying with the deceased man’s father, he told the activist that he could watch the video after the family.

“I’ve been Black all my life...I understand why people sometimes assume the worst,” said Chief Burgess.

Like others in his position across the country, Chief Bur-

gess has sought to diversify his department so it better reflects his city.

Attracting young Black people to join the ranks isn’t easy, Chief Burgess said, when polic-

ing often isn’t a profession family and friends encourage them to pursue. He has searched for potential recruits at historically Black colleges, technical colleges and in the military, as well as in the North Charleston neighborhoods from which he hails. Of the 109 officers he has hired in the past two years, 38 are Black men and women.

“I can go to all the Black churches in this city, cookouts, family gatherings. But I’ll never be able to get 360 people that are African-American to work here,” Chief Burgess said, referring to his department’s total size. “So what I’m trying to get is the right person. The person who believes that when I go to that house, those folks are calling me for a reason.”

Chief Burgess, 55 years old, a former college All-American wide receiver, joined the force in 1989 and served as a school resource officer, detective and SWAT commander before being named to his current post in 2018. At the time, North Charleston, a city of 115,000, was in trouble.

Many were still angry over the shooting of Mr. Scott and years of aggressive policing in the Black community. In 2017, the NAACP Legal Defense and Educational Fund released a report that found Black residents

filed a disproportionate share of complaints against North Charleston police compared with white residents, but were less likely to have theirs found credible.

“You had people that wanted to explode,” said Chief Burgess.

He told his officers he wanted to replace sweeps of Black neighborhoods searching for criminals with more targeted operations. He had officers trained at the YWCA’s Racial Equality Institute and sent them to civic-club meetings, urging them to build personal relationships with Black residents. “It cannot be us against them,” he said. “The ‘them’ is the people we’re serving.”

Still, Chief Burgess has vowed his department wouldn’t pull back on enforcement, stating emphatically that the majority of the city’s homicide victims are Black and the perpetrators are too often “my people.” Every time a community member is murdered, the chief, whose nephew was gunned down in North Charleston several years ago, walks the neighborhood holding a “Stop the Violence” sign.

Homicides dropped to 25 during his first year as chief compared with 36 in 2017. There were 26 murders last year, and so far there have been 13 in 2020.

# Debate Over Lincoln Statue Unearths a Key Artifact

By TED MANN

A text-message debate led Scott Sandage and Jonathan White to discover a vital American artifact last weekend: a long-forgotten letter showing how Frederick Douglass really felt about a statue of Abraham Lincoln and a slave.

Messrs. Sandage and White are history professors who have been on opposite sides of a dispute over the Emancipation Memorial near the U.S. Capitol, which depicts Lincoln in the act of freeing a kneeling Black man.

Mr. White, who teaches at Christopher Newport University in Virginia, wrote in a newspaper that the statue should be preserved, even while conceding in passing that Douglass disliked the design.

Mr. Sandage, a professor at Carnegie Mellon University in Pennsylvania, considered the statue “visually unredeemable” because of its depiction of a Black man kneeling in a subservient position to Lincoln.

Both men sit on the board of the Abraham Lincoln Institute and had been debating whether the statue should remain or come down.

And so on the last Friday evening in June, Mr. White was texting back and forth with Mr. Sandage, pondering the alleged distaste for the statue by Douglass, who had dedicated it with a famous address in 1876.

The account of Douglass criticizing the statue at its unveiling came from a 1916 book that included the recollection of activist John W. Cromwell.

Mr. White pointed out the

account was secondhand from three decades later. Mr. Sandage had thought Cromwell’s account had been corroborated.

Last Saturday morning, Mr. Sandage started searching Douglass’s name and the word “knee” in digitized newspaper archives. He found no corroborating accounts of the remark, but something better: published blurbs headlined “Fred-

erick Douglass says” that referred to an 1876 letter criticizing the monument.

After 20 minutes, Mr. Sandage uncovered Douglass’s letter itself.

Five days after the unveiling, in a letter to the editor of the National Republican newspaper in Washington, Douglass had critiqued the statue’s design and suggested how more dignified depictions of free Black

people would improve the park.

“The negro here, though rising, is still on his knees and nude,” Douglass wrote. “What I want to see before I die is a monument representing the negro, not couchant on his knees like a four-footed animal, but erect on his feet like a man.”

Just like that, a document apparently unknown to Douglass’s biographers and not found in the orator’s papers at

the Library of Congress had landed squarely in the middle of the debate that has swept the nation and the neighborhood around Lincoln Park where the statue stands.

Amid the Black Lives Matter Movement and the protests following the killing of George Floyd, momentum is gathering to remove or alter statues like the Emancipation Memorial.

In Washington, a candidate for District Council has gathered roughly 7,000 signatures on a petition to either remove or alter the Lincoln statue.

Mr. Goodwin has said concerns about the statue could be addressed by adding more Black figures in standing positions. It is a compromise that the newly discovered Douglass letter seems to anticipate.

Still others believe the monument should be moved, including Kirk Savage of the University of Pittsburgh, whose work includes a history of monuments erected after the Civil War.

“It is a distorting image,” Mr. Savage said. “It’s a white savior narrative that puts Lincoln in the position of a kind of saint, working a miracle cure on the enslaved population.”



Protesters for and against the removal of the Emancipation Memorial argued in Lincoln Park in Washington, D.C., on June 25.



U.S. NEWS

# Trump Sees a Win in Monuments

Presidents pushes to protect nation's iconic markers as he deepens cultural divide

By CATHERINE LUCEY

President Trump has seized on saving statues and preserving monuments to American history as a winning issue for his re-election, attacking protesters and Democrats in remarks over the Independence Day weekend.

The president's effort to exploit cultural divides is a familiar tactic, recalling the "American carnage" he described in his inaugural address. The message is complicated this year by a pandemic and a national debate over race relations.

The emphasis on protecting the U.S.'s iconography from critics comes after Mr. Trump has urged crackdowns on protesters and defended police against some liberals who call for defunding departments.

On an official visit Friday to Mount Rushmore that bore all the hallmarks of a campaign rally, Mr. Trump condemned what he called "a new far-left fascism that demands absolute allegiance. If you do not speak its language, perform its rituals, recite its mantras, and follow its commandments, then you will be censored, banished, blacklisted, persecuted, and punished."

Mr. Trump repeated some of the same appeals Saturday from the White House, saying he was in the "process of defeating the radical left" and pledging not to give in to an "angry mob."

National polls and surveys in several battleground states recently have shown Mr. Trump behind presumptive Democratic nominee Joe Biden four months before Election



President Trump and first lady Melania Trump joined an event at Mount Rushmore in South Dakota on the eve of Independence day.

Day. His holiday-weekend comments drew criticism for focusing on political divisions rather than a broader message of unity.

Several of the president's aides and allies predicted that his holiday-weekend comments would resonate beyond his political base, saying his defense of statues and monuments was a unifying issue. Aides also think his recent messaging on police will resonate with voters concerned about safety.

"The reality is that most folks in the Washington, D.C., corridor are incapable of grasping the growing backlash against the 'cancel culture' movement," said campaign adviser Jason Miller. "People do

not like to wake up every day and be told that they should be ashamed of who they are."

Demonstrators have pulled down statues and called for removing others, including Confederates and some former U.S. presidents and other well-known figures, at protests in the wake of the killing of George Floyd in Minneapolis police custody. Mr. Biden has drawn a distinction between preserving statues that honor some historical figures who owned slaves or had racist beliefs and those of Confederate figures who he said had "committed treason."

Biden spokesman Andrew Bates said Saturday that Mr. Trump was a "negligent, divi-

sive president who doesn't give a damn about anything but his own gain," adding that "Joe Biden is running on the opposite values."

Dan Eberhart, a Republican donor and chief executive of a Colorado-based energy company, said Mr. Trump's weekend remarks came at "a time of national disaster, and he should be focused on being unifier and healer in chief."

"Trump is clearly focused on solidifying and stoking his base at the expense of trying to make progress in the center," he said.

Sen. Joni Ernst (R., Iowa), asked if she was comfortable with the president's remarks, acknowledged the "frustration

across the country on CNN Sunday. She said the nation needs to have "hard discussions about our past, but the great thing about this nation is that we can learn from those blemishes."

Sen. Tammy Duckworth (D., Ill.), also on CNN, was more critical. "What really struck me about the speech that the president gave at Mount Rushmore was that he spent more time worried about honoring dead Confederates than he did talking about the lives of 130,000 Americans who lost their lives to Covid-19 or by warning Russia," said the lawmaker, who Mr. Biden's team has considered as a possible running mate.

# Bid to End Senate Filibuster Gains Steam

By KRISTINA PETERSON AND LINDSAY WISE

WASHINGTON—Democrats' improved prospects for winning both chambers of Congress and the White House in November have reignited calls within the party to end the Senate filibuster, lowering the bar for passing all legislation to a simple majority.

Lawmakers of both parties have resisted throwing out the current three-fifths threshold—60 votes when the Senate has no vacancies—even as they changed the rules for federal judicial and executive-branch nominees, and most recently Supreme Court picks, to require just 51 votes when all senators are present. But a growing number of Democrats see eliminating the filibuster as the only way to pass legislation on health care, policing and other priorities if they win the Senate, even if it means they will have less power when they are in the minority again.

"I decided the only way I could justify spending more years of my life in this broken institution was to do everything I possibly can to restore it to being a functioning legis-



Sen. Elizabeth Warren is one of the Democrats urging a change to Senate procedural rules.

lative body," Sen. Jeff Merkley (D., Ore.) said in an interview Wednesday.

Mr. Merkley and Sen. Elizabeth Warren of Massachusetts are leading the push among Democrats to change the chamber's rules if the party wins the Senate and presidency this fall.

Mr. Merkley said he hoped to pair changes to the legislative filibuster, which would benefit the party in control, with

changes to make it easier for those in the minority to offer amendments. Senate Minority Leader Chuck Schumer (D., N.Y.) has said nothing is off the table.

Democrats need to add a net three seats to gain control of the Senate if they also win the White House. But even with a very strong showing this fall, they are unlikely to hold 60 seats next year.

One party moving unilater-

ally to change the rules is so contentious, it is referred to as "the nuclear option." In recent years, lawmakers from both parties have said eliminating the legislative filibuster would diminish the central difference between the Senate and the House, where legislation can be passed by a simple majority.

"You change the character of the Senate and the Congress forever if you do that," said

Sen. Roy Blunt (R., Mo.).

Former Vice President Joe Biden, who spent 36 years in the Senate and has emphasized the possibility of bipartisan cooperation, has said he opposes eliminating the rule.

If Democrats win, they would be under pressure from voters to make swift changes on issues including the public health crisis and economic recovery and a policing overhaul.

"People are realizing that speed is going to be important and if voters put Democrats in power, they're going to expect results," said former Senate Democratic aide Eli Zupnick. "It will not inspire confidence if they spend months allowing Mitch McConnell to block everything."

Mr. McConnell, the Senate majority leader, on Tuesday warned Democrats against taking the step. "The important thing for our Democratic friends to remember is that you may not be in total control in the future and any time you start fiddling around with the rules of the Senate, I think you always need to put yourself in the other fellow's shoes and just imagine what might happen when the winds shift," he said.

# EU Targets Tech Giants From U.S.

Continued from Page One the new laws, but several have raised concerns about elements of the proposals. Representatives for Google, Facebook, Apple and Amazon, asked about the commission's new approach, either didn't respond, declined to comment or referred to earlier replies on the individual EU proposals.

Ms. Vestager's plans would keep the EU at the vanguard of a movement to more tightly regulate tech companies—though other parts of the world are increasingly joining the debate. The EU in 2018 put into force a data-protection regime known as the General Data Protection Regulation, which was imitated in several other jurisdictions and inspired California's data-protection measures that took effect in January.

More European regulation in the digital sector is likely to

have an impact beyond the Continent, with other jurisdictions following suit. The U.S. Justice Department proposed in June rolling back rules that limit companies' responsibility for what people post on their platforms, and the U.K.'s antitrust authority has proposed creating a special antitrust unit focused on digital markets, which could have powers potentially including ordering large companies to share data with smaller ones.

The regulatory plans come as most European governments that have rolled out coronavirus contact-tracing apps, including Germany and Italy, are using Google and Apple's new software framework to do so. France is the last big hold-out, and its app has suffered from a low adoption rate.

The EU published guidelines in May for governments and tech companies on how to balance privacy with the need to gather sensitive health data. Ms. Vestager has endorsed the kind of system used by Apple and Google, in part because it leaves most user data on the phone—a rare instance of U.S. companies earning high marks from Euro-

pean privacy advocates.

Last week, Ms. Vestager spelled out three separate pieces of new legislation that are likely to be presented by the end of this year, including one tackling platforms' liability for their content. Several EU governments and the European Parliament have advocated such measures, so the proposals are likely to win broad support in principle and could become law as soon as the end of next year.

The EU's current e-com-

## Policy makers blame tech platforms for allowing the spread of misinformation.

merce rules date to the year 2000, "when no one could have foreseen the situation we're in today, that platforms would not just be channels, but full ecosystems where a lot of what is ongoing is monetized by the platform itself," she said.

She said the EU won't demand that platforms be "liable for each and every post or

fake bag that is put up for sale," but rather that they create redress mechanisms that businesses and individuals can appeal to when their posts and ads are taken down.

Decades-old laws on the books in the U.S. and Europe have shielded tech companies from much liability for what their users do on their platforms. Policy makers on both sides of the Atlantic have proposed rolling back those protections, blaming tech platforms for allowing the spread of misinformation.

Another piece of legislation would list prohibited practices. It is aimed at stopping platforms from leveraging their dominance to quash smaller rivals and is inspired by the three EU antitrust cases against Google that brought fines totaling more than \$9 billion.

Separately, Ms. Vestager said she is seeking enhanced investigative powers that would allow her to order all companies in a certain sector to change their behavior so they don't monopolize a particular market.

In taxation, the EU is considering establishing its own digital tax now that the Trump

administration and European countries including France have reached an impasse in international talks on the topic. The European Commission, like several European countries, has said over the past year that if international talks fail by the end of this year, the bloc will put forward its own digital-tax proposals.

In a submission to the commission last week, Google cautioned against adopting strict rules barring it from promoting its own services, for which it has been fined by the EU.

Google is the object of preliminary antitrust investigations into several of its nonsearch services, with the commission having sent out new requests for documents in recent months, Ms. Vestager said.

Tech lobbyists are urging caution. "The commission should carefully weigh evidence of new potential theories of harm against the potential costs of top-down intervention," said Kayvan Hazemi-Jebelli, competition and regulatory counsel for the Computer & Communications Industry Association, a lobby group that represents companies including Amazon, Facebook and Google.

# Tensions Hinder Intelligence Briefings

By DUSTIN VOLZ AND WARREN P. STROBEL

WASHINGTON—President Trump's combative relationship with U.S. intelligence agencies has made it difficult for officials to speak candidly to him or the public about national-security threats throughout his tenure, particularly those involving Russia, current and former officials said.

Blunt talk by officials about threats ranging from North Korea's nuclear program to Russian election interference has resulted in Twitter-powered fusillades or private tongue-lashings from Mr. Trump—and contributed to his dismissals of senior intelligence officials seen as insufficiently loyal, the officials said.

The challenges of communicating intelligence that Mr. Trump may not want to hear are on renewed display amid revelations about intelligence assessments that Russia paid bounties to the Taliban to carry out attacks on U.S. troops in Afghanistan.

The White House said Mr. Trump wasn't briefed on the intelligence because it was unverified. Republican lawmakers have acknowledged it was contained in the daily intelligence brief prepared for the president, and several said they take the potential threat seriously. Mr. Trump has called reports of the intelligence a "hoax."

Tensions between Mr. Trump and the intelligence community existed even before Mr. Trump took office. During the presidential transition, Mr. Trump blamed intelligence agencies for leaks of unsubstantiated claims about his relationship with Russia and accused them of acting like "Nazi Germany."

But the Russia bounties episode has offered a rare look at the impact of Mr. Trump's distrust of intelligence agencies, former officials said.

Mr. Trump is known among intelligence officials to be especially sensitive to issues involving Russia. Marc Polymeropoulos, who was a senior Central Intelligence Agency officer until last summer, said that when a briefer would raise issues related to Russia, "Trump would

## Mr. Trump is known to be especially sensitive to issues involving Russia.

flip out."

"There's probably a lot of self-censorship" in terms of what the president's intelligence briefers raise in oral presentations, he said.

From the perspective of the president and many White House officials, the mistrust goes both ways. Former senior intelligence officials from the Obama administration are vocal critics of Mr. Trump in the media, where they routinely call him a threat to national security and the rule of the law—something many current and former officials privately concede is unhelpful. And Mr. Trump and other officials have claimed the investigation into Russian election interference was motivated by a desire to damage his presidency.

The Central Intelligence Agency prepares the President's Daily Brief, a classified digest gleaned from human spies, electronic intercepts and other sources of information. An intelligence official typically meets with the president and other senior White House officials to highlight key takeaways from the prepared brief, former officials said.

The National Security Council and CIA didn't respond to a request to comment. White House press secretary Kayleigh McEnany last week, when questioned about Mr. Trump's use of intelligence, called him "the most informed person on planet Earth" and blamed "some rogue intelligence officer" for leaking information.

The issue of intelligence verifiability has become a central defense of the White House to explain why Mr. Trump wasn't briefed.



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U.S. NEWS

# Early Success Stories Face Virus Surge

By Kris Maher

While states across the South struggle with major outbreaks of the new coronavirus, others that stemmed its spread in recent weeks face the challenge of maintaining that success, as summer contributes to increased travel and social-distancing fatigue.

In Ohio, where Gov. Mike DeWine had been praised for taking action early to shut down businesses to halt the virus's spread ahead of many other governors, a sudden rise in cases is sparking new concern.

Last week, Covid-19-related hospitalizations in the state rose after two months of decline. The increase was stark in Hamilton County, where Cincinnati is located. Hospitalizations there rose to 130, doubling from a low of 65 on June 11.

Statewide, the number of coronavirus cases has roughly doubled to more than 700 a day, compared with 382 in mid-June. Officials said an increase in the rate of positive test results indicated that the virus is spreading in communities as opposed to cases rising only from increased testing.

Mr. DeWine, a Republican, asked Ohioans last week to redouble their efforts to socially

distance, wear a mask in public and follow hand-washing protocols. He extended health orders that had been set to expire, such as a ban on gatherings of more than 10 people.

Separately, officials in Dayton and Columbus, which also have logged upticks, made public mask-wearing mandatory last week.

On Thursday, the governor rolled out a new system with four colors to track cases in the state's 88 counties. Seven counties, including Hamilton, were at red, the third-highest level, denoting "very high exposure and spread," in which people are supposed to limit activities as much as possible.

"This should be a wake-up call to all of us that we are in the fight of our lives. We're literally fighting for lives," Mr. DeWine said.

Many states had driven down daily coronavirus tallies only for them to tick up again after businesses reopened. That includes New York, New Jersey and Connecticut, where steep surges in cases and hospital admissions were followed by steady declines as shutdowns took effect.

California, which controlled the virus through March and



Locals enjoyed a lake park in Harrison, Ohio, on Friday. The Cincinnati region has seen a sharp rise in Covid-19-related hospitalizations.

April, is now recording a sharp increase in cases.

States that have done a better job containing the virus shut down early and didn't reopen until case counts were very low and tracking programs were in place, said Eric Toner, a senior scholar at the Johns Hopkins Center for Health Security.

Differences in transmission rates among states can largely be attributed to social-distancing and mask-wearing practices and how well elected officials have communicated their importance, he said. As states reopen, he said, people can still limit transmission of the virus, even as they travel more, by

following the simple practices.

"Avoiding crowded areas. Keeping a distance. Wearing a mask. If we do it, we don't see large-scale outbreaks," he said.

Worrisome trends are popping up in other places that had been on a path to reopening.

On Wednesday, Michigan Gov. Gretchen Whitmer issued an order closing indoor bars in the southern part of the state. Cases were up in every region of the state in the past week. Officials linked 105 cases to a single bar in East Lansing.

Ms. Whitmer, a Democrat, said there was evidence that younger people were causing much of the rise, which she

said aligned with a national trend. In Michigan, nearly one-quarter of positive cases were among people ages 20-29 in June, up from 16% in May.

Daily coronavirus cases hit a peak of 716 in Washington state last week. Gov. Jay Inslee, a Democrat, added new restrictions Thursday, including barring businesses from serving customers who don't wear facial coverings.

In Pennsylvania, officials in Allegheny County, which includes Pittsburgh, banned the sale of alcohol in bars and restaurants last week. Daily cases had fallen to zero on June 17, but last week the county recorded more than 100 on two

consecutive days and 233 on Thursday, by far its biggest single-day count.

Health officials are scrambling to conduct contact tracing. The latest cases have mostly been among younger people who had been to bars and restaurants or traveled to places such as Myrtle Beach, S.C., Miami and Nashville, Tenn., said health officials.

Debra Bogen, director of the Allegheny County Health Department, said the surge surprised her.

"I was personally planning for this rise of cases in the fall," she said. "I'm really worried that people are not taking it seriously."

## Vaccine Testers Are In Demand

Continued from Page One

vaccines until the shots pass muster in the trials. The trials must enroll enough patients, in enough different parts of the U.S. and overseas, so that sufficient numbers are exposed to the virus to enable researchers to measure whether it works.

So many vaccines are nearing the pivotal testing phase that researchers and companies feel they must go to extraordinary lengths to recruit all the subjects needed.

"We not only have to find the number of volunteers, but they need to be in an area where the virus is currently spreading, otherwise you learn nothing about the effectiveness of the vaccine," National Institutes of Health Director Francis Collins said in an interview.

"It is a big task, and it means pulling together all of the clinical trial capacity that we can," he said.





On Sunday, officials in southern and western U.S. cities and states said local hospitals were near capacity as coronavirus cases surge in some spots. Those warnings came as the nation saw a dip in the number of virus cases, according to data compiled by Johns Hopkins University, after three straight days that each saw more than 50,000 infections.

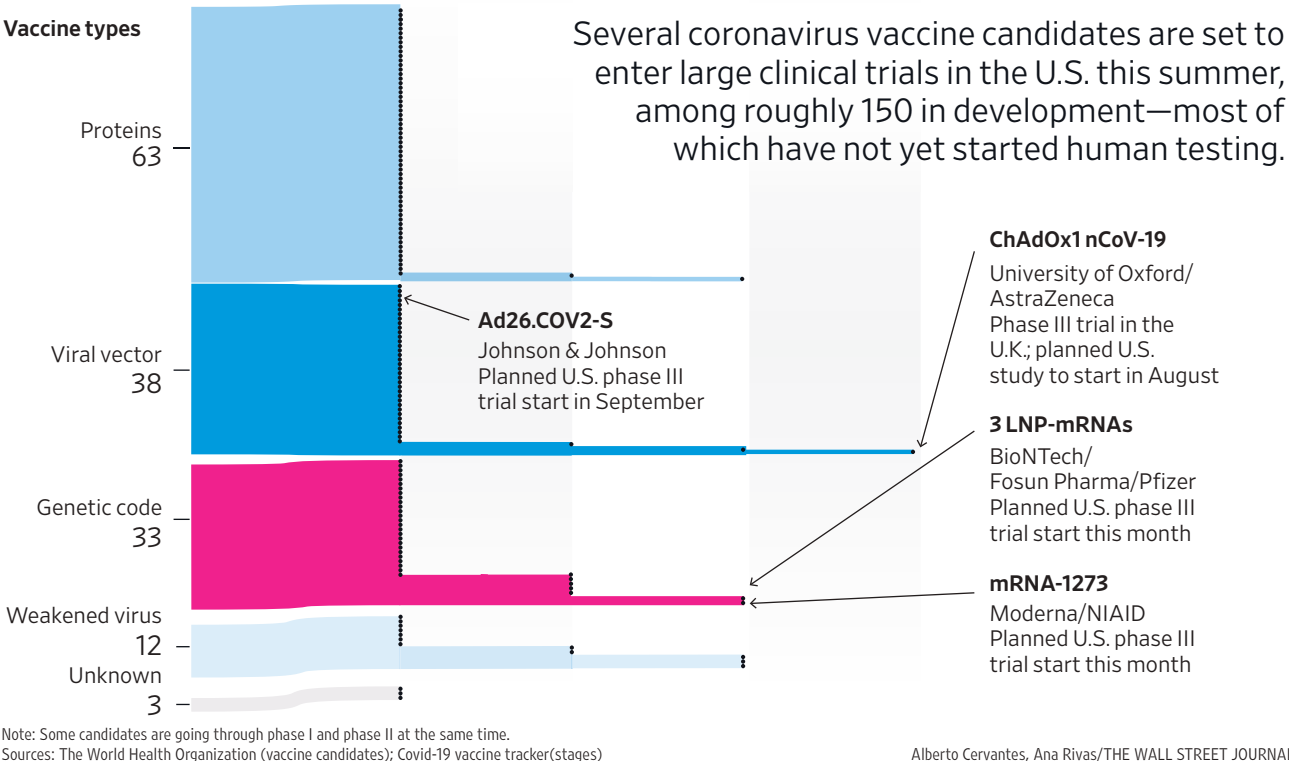
Nearly 130,000 people in the U.S. have died from the virus.

Health authorities and scientists view vaccines as the best way to stop the spread. Dozens are in development to increase the odds that some will prove to work and then can be supplied as broadly and rapidly as possible.

Several coronavirus vaccine candidates have shown promise in small, early studies, but they still must be tested on thousands more patients.

Normally, drugmakers recruit patients to test potential

Stages of development	Preclinical	Clinical I	II	III	Regulatory review	IV
EVALUATES	Collects data to support feasibility and safety.	Safety, immune response	May test efficacy	Safety, efficacy	Government agency reviews trials and licensing application	Monitors effectiveness in real-world conditions
TESTING	 Nonhuman testing	 Small	 100s	 1000s		



products through advertising, on social media or when patients visit doctors. Trials can take years, and vaccines on average take more than a decade to develop. But the luxury of time has all but disappeared with Covid-19.

"It really is a major project beyond the scope of anything I've done before," said Mark Mulligan, director of the Vaccine Center at NYU Langone Health, which will be involved in late-stage trials and is devoting extra clinics for the testing.

Several of the final-stage, or phase 3, trials are expected to begin in the coming weeks, after what researchers and industry officials described as a remarkably fast time line for designing the vaccines and studying their safety, dosing and signs of effectiveness in earlier phases.

The U.S. government is planning to fund three 30,000-person trials starting this summer: Moderna Inc.'s vaccine starting this month, followed in August by a vaccine co-developed by University of Oxford and AstraZeneca PLC, and in September, a vaccine developed by Johnson & Johnson. Oxford's vaccine recently began late-stage testing outside the U.S.

Pfizer Inc. and partner BioNTech SE plan to start their own 30,000-person trial of their vaccine this month, too.

Researchers have planned to enroll more subjects than are typical in vaccine trials to ensure enough people are exposed to the virus so they can determine quickly if the vaccines work safely, Dr. Mulligan said.

The scale is so large it means trials are effectively competing with each other for recruits.

"One volunteer cannot be in two different studies. It's a zero-sum game in that regard," said Joseph Kim, chief executive of Inovio Pharmaceuticals Inc., which made public last week positive results in a small study and is preparing for a larger study.

PRA Health Sciences Inc., which helps recruit trial patients, is mining busy Covid-19 testing locations, including public-health departments, testing labs and pharmacies, to find healthy volunteers, said Kent Thoele, PRA's chief scientific officer.

Cincinnati Children's Hospital Medical Center, which is preparing to test the Oxford shot, is contacting participants from non-Covid trials, emailing the hospital's 16,000 employees, urging them to contact friends and families, and following up with 7,000

people who contacted the hospital after it was identified as a site for Pfizer's early-stage vaccine study, said Robert Frenck, professor of pediatrics at the hospital.

"We're kind of pulling out all the stops," he said. "I want to make it so that if people want to have the opportunity to participate, they can."

Complicating the recruitment efforts, industry officials said, is making sure not only that the trials reach a set number of subjects, but also that they include sufficient numbers of elderly, ethnic-minority and other participants at higher risk of infection. Public-health officials have said representing high-risk groups is important, and regulators have encouraged their inclusion.

Speed is a concern. The trials can't finish until enough

vaccinated volunteers become exposed to the virus in everyday living. To meet that goal quickly, researchers are trying to identify areas at risk of spreading virus and recruit there, said Kathleen Neuzil, professor of vaccinology at the University of Maryland School of Medicine, who helps lead one of the clinical-trial networks participating in the large vaccine studies.

Among the areas being targeted in the U.S. and outside the country, industry officials said, are places where people generally aren't following preventive measures like social distancing or wearing masks. Some testing sites for Pfizer's vaccine trial will be in states that have seen recent increases in infections, Pfizer Chief Executive Albert Bourla said during an online event hosted by the Milken Institute.

the middle of a road.

Mr. Huffman was charged with two counts of malicious wounding, use of a firearm in the commission of a felony and child endangerment, according to Capt. Liz Scott of the Spotsylvania County Sheriff's Office.

She said the killings stemmed from a road-rage incident. Mr. Huffman told investigators he was cut on the arm by one of the brothers before the shooting. He was being held in jail without bond.

—Associated Press

## U.S. WATCH

### TEXAS Remains of Missing Soldier Are Identified

A family lawyer says Army investigators have identified the body of a soldier who vanished more than two months ago from a base in Texas.

Attorney Natalie Khawam said remains found Tuesday buried near Fort Hood belong to Spc. Vanessa Guillén.

Ms. Guillén had been missing since April. Investigators said she

was killed and dismembered by a fellow soldier who took his own life last week.

Human remains were found Tuesday near the Leon River in Bell County, about 20 miles east of Fort Hood, in the search for Ms. Guillén.

—Associated Press

### MINNESOTA

### Third Former Officer Released on Bond

A former Minneapolis police of-

ficer charged in the killing of George Floyd has been released from jail, according to Hennepin County jail records.

Tou Thao, 34 years old, is the third former officer accused in Mr. Floyd's death to be freed on bond. All four officers at the scene have been fired and face criminal charges.

Mr. Floyd, who was Black and handcuffed, died May 25 while being arrested. A white police officer used his knee to pin Mr. Floyd's neck for nearly eight minutes as he begged for air and eventually

died. Mr. Thao is set to appear in court on Sept. 11 on charges of aiding and abetting second-degree murder and aiding and abetting second-degree manslaughter.

Two other former officers, J. Alexander Kueng and Thomas Lane, face the same charges as Mr. Thao. Derek Chauvin, the officer who pressed his knee to Mr. Floyd's neck, is charged with second-degree murder, third-degree murder and second-degree manslaughter with culpable negligence. He remains in custody.

—Associated Press

### VIRGINIA

### Road Rage Sparks Killing of 2 Brothers

A Virginia man has been charged in the fatal shooting of two brothers that apparently stemmed from a fit of road rage, authorities said.

Danny Lee Huffman, 48, of Spotsylvania, was arrested after sheriff's deputies responded to a 911 call late Saturday and found the bodies of the two brothers, who were 38 and 39, in a car in







WORLD NEWS

# Hong Kong Libraries Pull Activists’ Books

By Dan Strumpf

HONG KONG—Public libraries have removed several books by pro-democracy figures from circulation, amplifying concerns that China’s sweeping national-security law for Hong Kong will be used to restrict political discussion in the city.

Two books by the activist Joshua Wong and one title by lawmaker Tanya Chan were among those listed as “under review” on the city’s online library catalog on Sunday. A government spokeswoman confirmed that some books had been removed from circulation pending a review for compliance with the new security law.

“The book collection must comply with the law of Hong Kong,” the spokeswoman said, without stating how many books were affected. “While legal advice will be sought in the process of the review, the books will not be available for borrowing and reference in libraries,” she said.

Ms. Chan said the action undermined assurances by officials that the law would only affect a small minority of people.

“It’s affecting what books people can have access to,” Ms. Chan said. “It’s affecting each and every aspect of our people’s normal lives.”

The removal of the titles from city libraries comes amid concerns that authorities will censor political statements in publishing, the media and the internet. Passed by legislators in Beijing on Tuesday, the law criminalizes four categories of crimes, including secession, subversion, terrorism and collusion with foreign or external forces to endanger national security.

Since then, the Hong Kong

government said a popular protest slogan, “Liberate Hong Kong, revolution of our times,” could violate the new law, and police have arrested demonstrators carrying signs authorities allege refer to independence for the city. Across the city, businesses aligned with the pro-democracy movement have removed posters and other signs in support of the movement out of fear that their display could be considered illegal.

It isn’t clear, however, whether saying or displaying such slogans alone runs afoul of the law. Teresa Cheng, Hong Kong’s secretary of justice, said in interview excerpts the government released on Saturday that courts will examine “not just the words, but the overall acts in context” when determining whether a defendant violated the new national-security law.

The books pulled from circulation at libraries in recent days include two books by Mr. Wong, the internationally known pro-democracy activist who is awaiting trial on charges related to last year’s protests. The titles are “I Am Not A Hero,” published in 2013, and “I Am Not a Child: Before and After Turning 18 Years Old,” published in 2015. The book by Ms. Chan under review is called “My Journeys for Food and Justice,” according to the library website.

In a Twitter post, Mr. Wong called the review one step away from a ban on the book.

Ms. Chan, a legislator with the pro-democracy Civic Party, said she was surprised her book was placed under review. She described the book as a collection of articles containing observations about politics and travel from around mid-2012.

# Chinese ‘Paper Mills’ Draw Critical Scrutiny

By Eva Xiao

HONG KONG—Internationally peer-reviewed journals published more than 100 scientific research papers from China-based authors that appear to have reused identical sets of images, raising questions about the proliferation of problematic science as institutions fast-track research during the coronavirus pandemic.

The cache of 121 papers, credited to researchers from hospitals and medical universities across roughly 50 cities in China, all shared at least one image with another—a sign that many were likely produced by the same company or “paper mill,” said Elisabeth Bik, a California-based microbiologist and image-analysis expert who identified the trove.

Though the reports were published by different authors

tific body of work,” said Dr. Bik, a former researcher at the Stanford School of Medicine who quit her job at a medical startup last year to investigate research misconduct full-time. “I’m worried they might be the tip of the iceberg.”

Reached for comment, the European Review for Medical and Pharmacological Sciences said it would contact the authors and ask them to prove the originality of their data.

Three journals that had each published one paper Dr. Bik identified as problematic said they were looking into the situation, such as the Journal of Cancer. “It is alarming how adept paper mills have become,” said Richard Reece at Portland Press, the publisher of Bioscience Reports, one of the three journals. Elsevier, publisher of Biomedicine & Pharmacotherapy, said it was investing “considerable resources” into new systems to bolster fraud detection.

The Journal of the Balkan Union of Oncology couldn’t be reached for comment. Oncology Letters didn’t respond to requests for comment.

It is possible some of the papers’ authors are victims of plagiarism whose work was copied by paper mills. At least 15 of the 121 researchers The Wall Street Journal contacted responded by asking for more information to check their paper and clear their names. Some said they would produce the raw data.

In February, a group of researchers including Dr. Bik described more than 400 papers with suspiciously similar images that were linked to authors in China, where doctors and researchers are often under pressure to produce peer-reviewed work to advance their careers or win cash rewards.

These incentive systems are ripe for exploitation by paper mills, experts say, especially when those who are expected to produce published papers aren’t typically involved in research, such as clinical physicians.

“China is the extreme version of ‘publish or perish,’” said Ivan Oransky, co-founder of Retraction Watch, which tracks published academic studies that have later been withdrawn.



A woman in a Caracas slum carries a box of food staples from a state food-aid program that is now being bolstered by an Iranian firm’s presence.

# Iran Boosts Maduro Ties With Food

An Iranian conglomerate owned by the country’s military and tied to its missile program has established a retail foothold in Venezuela, according to officials and records detailing the move, deepening Tehran’s involvement with the Maduro government.

The Iranian firm is working

By Ian Talley in Washington and Benoit Faucon in London

with the Maduro government’s troubled emergency food program, which is the subject of U.S. enforcement action as an alleged money-laundering operation, compounding U.S. concerns regarding the move.

The arrival of the company, which also has ties to Iran’s elite military Islamic Revolutionary Guard Corps, designated by the U.S. as a terror organization, bolsters Tehran’s foothold in the Western Hemi-

sphere and comes as Venezuela increasingly seeks assistance from U.S. foes, including petroleum from Iran and energy-industry assistance from Russia.

The U.S. has imposed sanctions against the governments of the two countries, both of which lauded the new venture as part of a growing diplomatic, military and trade relationship.

“Another success in friendly and fraternal relations between two countries,” Iran’s embassy in Caracas tweeted recently.

On June 21, an Iranian vessel discharged a cargo of food at a Venezuelan port to supply the Islamic Republic’s first supermarket in the Latin American nation, according to shipping trackers and comments by Tehran’s ambassador to Caracas, Hojatollah Soltani, released by the embassy.

Venezuelan media, including state-run news outlets, showed

a giant, empty grocery store in the Venezuelan capital on the cusp of opening with fresh products. The location previously was a major outlet for Venezuela’s military-run emergency food program known by its Spanish initials, Clap.

The building now exclusively advertises brands owned by the Iranian military: Delnoosh, which makes tomato sauce and canned tuna, and Varamin, which makes sunflower oil. The firms are two of the many subsidiaries of a company called Ekta, according to its website, which was set up as a social-security trust for Iranian military veterans.

Ekta didn’t respond to a request for comment. Iran’s embassy in Caracas and Venezuela’s mission to the United Nations also didn’t respond to requests for comment.

Ekta is headed by Issa Rezaie, a veteran executive in companies owned by the IRGC,

which has been blacklisted by the U.S. for its involvement in arms development and for directing proxies fighting across multiple Middle Eastern fronts.

Ekta is subordinate to the Iranian Ministry of Defense and Armed Forces Logistics, another entity sanctioned by the U.S. for its alleged role in ballistic-missile development, according to the U.S. Treasury.

U.S. officials and Venezuela watchers question the legitimacy of the Clap program as well as Iran’s intentions in setting up the Venezuelan food operation.

“This is Iran’s sanctioned military taking advantage of the sanctioned but desperate Venezuelans to make money,” said Russ Dallen, the Miami-based managing partner of Caracas Capital Markets who tracks developments in Venezuela. “They are not doing it out of the goodness of their heart.”

## WORLD WATCH

### JAPAN

#### Olympics Supporter Re-Elected in Tokyo

Tokyo Gov. Yuriko Koike said she would push ahead with planning for a simplified Olympics next summer after winning re-election to a new four-year term, despite public concern about holding the Games during a pandemic.

The landslide victory for Ms. Koike, 67 years old, furthers the career of one of the few women at the top level of Japanese politics. With most of the votes counted, official results showed she won 60%. Her nearest rival, a candidate backed by the biggest opposition party, won 14%.

Ms. Koike, a former television newscaster, has won public credit in recent months for her appearances in regular internet and TV broadcasts asking people to stay home and businesses to reduce operations to prevent the spread of the new coronavirus.

Ms. Koike has been a central figure in planning for the Olympics and is eager for them to go ahead after they were postponed to the summer of 2021 because of the virus.

On Sunday, Tokyo reported 111 new cases, the fourth successive day above 100 after new cases fell to a few dozen each day from early May. Since the pandemic began, around one-third of infections in Japan have been in Tokyo.

Three recent opinion polls have shown a slight majority of Tokyo residents think the Olympics should be canceled or postponed again.

One of Ms. Koike’s main challengers in the election campaigned on a pledge to scrap the Games.

Declaring victory, Ms. Koike said she would work to “guarantee a safe and secure Olympics” and “minimize the additional costs of the Games.”

—Alastair Gale

#### Floods Kill Dozens, Including Elderly

Deep floodwaters and the risk of more mudslides that left at least 34 people confirmed or presumed dead hampered search and rescue operations Sunday in southern Japan, including at el-



Voters line up outside a polling station in Santo Domingo to elect a new president of the Dominican Republic.

derly home facilities where more than a dozen died and scores were still stranded.

Helicopters and boats rescued more people from their homes in the Kumamoto region. More than 40,000 defense troops, the coast guard and fire brigades were taking part in the rescue.

Large areas along the Kuma River were swallowed by floodwaters, with many houses, buildings and vehicles submerged almost up to their roofs. Mudslides smashed into houses, sending people atop rooftops waving at rescuers.

At a flooded elderly care home in Kuma Village, where 14 residents were presumed dead after rescuers reached them on Saturday, rescue continued Sunday for the dozens of remaining residents and caregivers.

—Associated Press

### AUSTRIA

#### Critic of Chechen Strongman Killed

Police in Austria say they have detained a Russian man after one of his compatriots was shot dead near Vienna.

Austrian news agency APA reported the 43-year-old victim was an ethnic Chechen who had lived in Austria for more than a decade. The Kurier daily re-

ported he was a critic of Ramzan Kadyrov, the authoritarian leader of Russia’s Chechnya region.

Lower Austria police said Sunday that a 47-year-old suspect didn’t resist when he was detained by officers in Linz. Police said the investigation is being handled by regional antiterrorism authorities.

The Russian website Kavkazski Uzel, which covers issues throughout the Caucasus region, said the victim ran a YouTube channel containing critical commentary about Chechnya under Mr. Kadyrov.

—Associated Press.

### GAZA STRIP

#### Rockets Fired Across Border Into Israel

The Israeli military said two rockets were fired by Palestinian militants in the Gaza Strip toward southern Israel.

The barrage set off air-raid sirens in southern Israel. Israel’s Channel 12 TV said the rockets landed in open areas, causing no damage or injuries. There was no immediate Israeli reaction.

Tensions have been rising as Israeli Prime Minister Benjamin Netanyahu has said he hopes to begin annexing Israeli-occupied land in the West Bank.

—Associated Press

### DOMINICAN REPUBLIC

#### Presidential Vote Held Amid Pandemic

With Covid-19 cases still surging, the Dominican Republic held presidential elections that had already been delayed by the pandemic, and polls indicated that a businessman with no previous experience in government was favored to oust a party that has ruled for the past 16 years.

Luís Abinader, a 52-year-old tourism industry leader who finished second in the last election, was leading in most recent surveys, with the governing party’s Gonzalo Castillo, a former public works minister, trailing. Former President Leonel Fernández, who served three previous terms, was also on the ballot, along with three minor parties.

Messrs. Abinader and Castillo have both proposed social assistance programs to cope with the new coronavirus crisis.

Term limits prevented President Danilo Medina from seeking a third four-year term of his own for the center-left Dominican Liberation Party, which had won every presidential election since 2004. If no candidate tops 50% of the vote, a runoff would be held on July 26. The new president takes office Aug. 16.

—Associated Press



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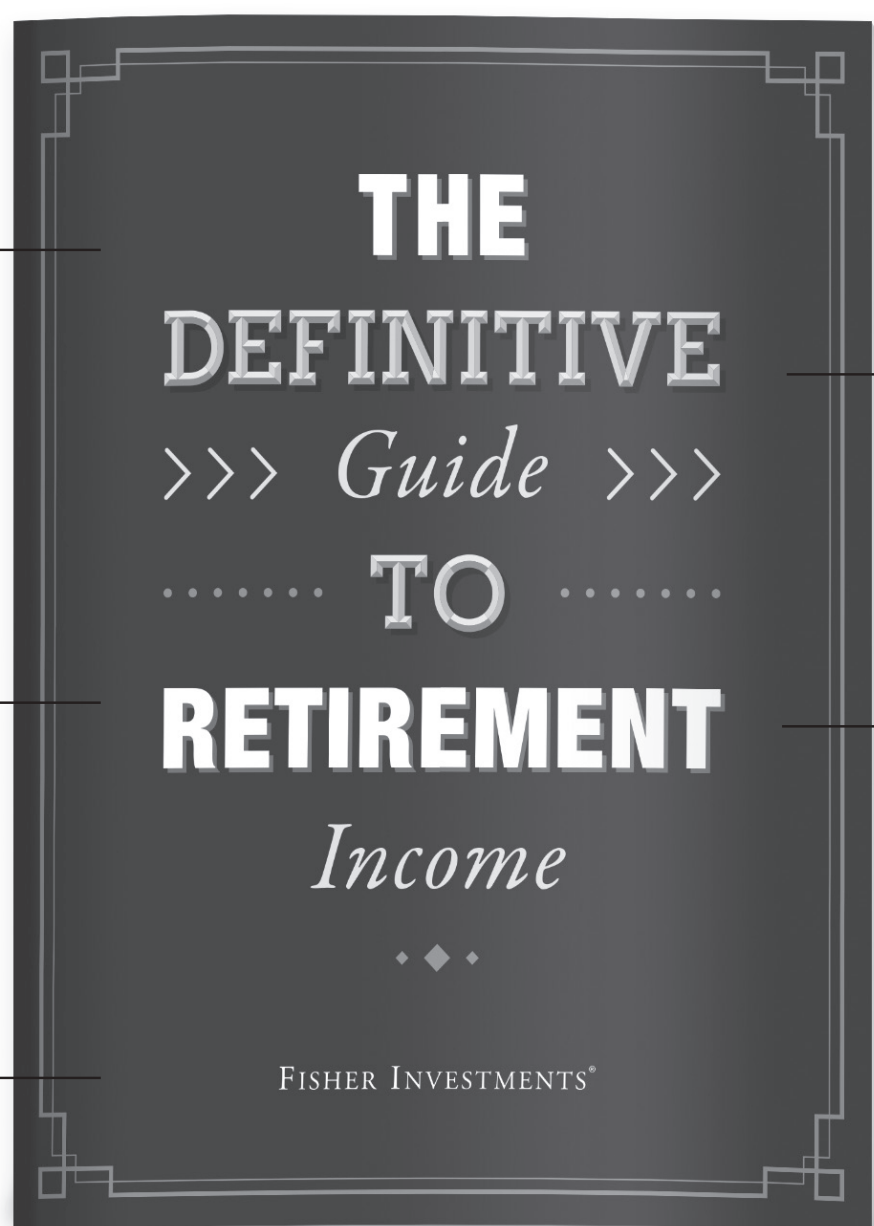
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FROM PAGE ONE

Makeup, Masks Are A Bad Mix

Continued from Page One  
grade—resemble a Jackson Pollock painting at the end of a hot summer’s day. And their faces look more like a Jean-Michel Basquiat.

Months at home have also permanently altered some people’s habits, and they have less tolerance now for the labor-intensive makeup routines they adhered to before the pandemic.

Some are opting instead for tattoos, using different products—or just going without. Like dressing for Zoom meetings from home, some are giving attention to the top half the world can see.

Melina Basnight, a 41-year-old discharge assistant from Killeen, Texas, said she began experimenting with dramatic false eyelashes and eye shadows in colors of orange and purple after her hospital began requiring all employees to don a mask.

“Half of your face is covered, so it’s sort of a lost cause with lipsticks,” said Ms. Basnight. Instead, she is focused on her eye region, including perfecting a thick eyebrow look that she calls her



A YouTuber known as SSUNZY makes a video about how to use makeup while wearing a mask.

“werewolf brows.”

She makes YouTube videos as a hobby, and viewers have asked for mask friendly makeup tutorials, she said. She has already filmed two.

Cosmetic companies are racing to put out products that can withstand the daily rubbing of face coverings. Asian retailers are well ahead of the West after years of catering to customers who have had to mask up during previous outbreaks of SARS and swine flu, said Sharon Kwek, a beauty analyst at research firm Mintel.

Harbour City, a posh shopping mall in Hong Kong,

teamed up in March with beauty brands to create makeup tutorials featuring models wearing surgical and N95 masks. The looks include “Ocean Eyes” from Chanel (blue eye shadow and blue mask) and “Sporty Spice” from Tom Ford Beauty (sweatproof eyeliner with a white mask).

Makeup and skin-care giant Clinique has begun asking all focus groups how face masks are affecting the feel of new products, said Janet Pardo, senior vice president of product development world-wide. Customers are ditching heavy foundations and other products that smudge, Ms. Pardo said.

“Lipstick was never formulated to be exposed to your breath for several hours,” said Tomás Espinosa, the head of marketing and business development for Schwan Cosmetics, a leading makeup supplier to brands including Revlon and L’Oréal. “The moisture behind the face mask is like a sauna.”

He predicts that global lipstick sales will drop by about 70% this year, a seismic event in an industry where lipstick was long viewed as an affordable luxury even during uncertain times.

Jordan Timmermann, a compliance analyst at a bank, said she used to devote up to

three hours to her morning grooming ritual before leaving for work. “I wouldn’t go outside to get the mail without makeup,” Ms. Timmermann said of her pre-pandemic self.

After three months of working from home, the 38-year-old said she has become used to skipping the hair straightener and full-coverage foundation. But she dropped \$650 in mid-June to get a natural pink tint tattooed onto her lips. She expects the color to last up to five years.

“I’m trying to take the easy route now,” Ms. Timmermann said.

Months of solitude outside of work made Renee Wilson realize she wanted to “embrace her natural features.” Gone is her steady lineup of eight wigs; instead, the 44-year-old now sports her natural hair—although recently dyed blonde and shaved at the sides.

In late June, Ms. Wilson got her eyebrows microbladed—a sharp tool applies pigment to create a semi-permanent tattoo. That gave her the confidence to show up to work without a stitch of makeup on for the first time.

“I just wanted a little freedom,” said Ms. Wilson, who works in medical billing in Dallas, an essential service that remained open during the pandemic.

Ming Ng, the owner of Moai Beauty in Burlingame, Calif., said she is doing about 40

consultations a week for brows and eyeliner tattoos—double the numbers pre-pandemic. Among her new clients: moms who are wrangling kids with no school or summer camps to attend.

“Covid caused them to pull the trigger,” she said. Moai Beauty is located in San Mateo County, where nail salons and tattoo parlors were allowed to reopen in June.

The pandemic has also provided an unexpected upside: time to heal at home without witnesses. Tattooed lips can flake and scab, taking about two weeks to return to normal. Eyebrows can take a while longer for the new color to fully emerge. Ms. Ng said she normally recommends a hat to keep sun off, but now clients can cover up with a mask, too. “It’s a double whammy for hiding,” she said.

Vicki Hansen, owner of Vicki’s Making Faces in Arlington, Texas, said her permanent-makeup spa is booked through August. Many clients have dropped fussy routines such as eyelash extensions, which require regular salon appointments every month or two. Instead, they are opting for permanent lip color or bold eyeliner.

“We just view the world differently now,” she said. “That hour in the morning—you are going to spend that doing makeup, or sitting on the porch having coffee with your significant other?”

Countries Lose Billions

Continued from Page One  
oping countries will decline by 20% this year.

That drop would be four times as big as the fall that followed the 2008 financial crisis and the largest drop since the World Bank began recording remittance data in the 1980s.

In El Salvador, remittances plunged 40% to \$287 million in April, contributing to a food crisis. Slum dwellers have hoisted white flags outside their homes to signal they’re hungry, as local charities struggle to fill the gaps.

In Bangladesh, remittances for April dropped 24% from a year earlier, adding pressure to an economy that saw clothing exports—another key source of foreign exchange—plummet 85% that month.

In a measure of the breadth of the economic crisis brought on by the pandemic, even the Philippines is seeing cash inflows drop. Its workers travel all over the world seeking employment in a wide range of industries, few of which have been spared. That geographic and professional diversity has insulated remittance payments to the Pacific island nation of around 107 million during previous downturns. But not this time.

“During bad times, Filipino overseas workers tend to send more” money home to help their families, said Benjamin Diokno, governor of the central bank of the Philippines.

But he said that given how deep and widespread the pandemic is, his bank is predicting a drop of 5%, or about \$1.5 billion, in annual remittances this year. Other researchers predict a decline of up to 20%. Mr. Diokno said he wasn’t worried about the country’s balance of payments, and noted the peso has been strong.

Mitzie Espiritu, a 34-year-old fitness-center employee who left the Philippines five years ago to work in Dubai, was called into a company meeting in March and told she would be suspended without pay from the job that allowed her to support a niece and nephew back home.

She flew back to Manila at the end of May, unable to afford to remain in the emirate. She would return to Dubai if work materialized again, but she’s not optimistic. “I don’t see any urgency for our clients to go back to the gym,” she said. She recently received word from the gym that her employment there was officially terminated.

In the aftermath of the 2008 financial crisis, remittances to the Philippines rose 21% between 2007 to 2009. Money sent from Australia, Qatar and Japan helped offset decreased transfers from America. By contrast, inflows



Wilfredo Tojon Zafe Jr. and wife, Jenalyn Zafe, with the coconut sweets they sell to make ends meet.

to Mexico, which relies heavily on remittances from the U.S., dropped 18% in that period.

Today, an estimated 10 million Filipinos live abroad—approaching 10% of the total population—many working as maids in Taiwan, hotel staff in the Middle East and nurses in the U.S.

Those workers sent \$35 billion back to their home country last year, according to the World Bank, accounting for nearly 10% of the country’s gross domestic product.

Filipino croupiers in the casinos of Marrakesh have lost their jobs, as have car washers in Macau. Cruise-ship workers have flown back from the U.K. and office staff from Dubai. Government figures from early June show around 350,000 Filipino overseas workers are displaced, which means they have been laid off or aren’t receiving their salaries due to local lockdowns.

“Back in the day, the natural hedge of having Filipinos across the globe really helped,” said Nicholas Mapa, a senior economist for ING Groep NV, an international bank. He said Covid-19 negated this advantage: “It’s hit everywhere, so having Filipinos everywhere doesn’t really help.”

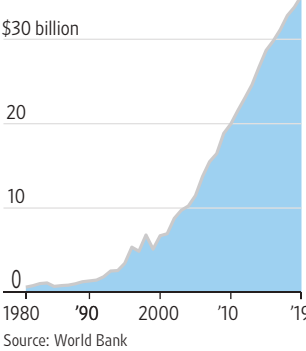
Mr. Mapa doesn’t predict a quick recovery, in part because a high percentage of Filipinos are concentrated in sectors like hotels and restaurants that are expected to struggle in a socially distanced world.

Remittances could fall this year by 10% to 20%, according to research by Alvin Ang, an economics professor at Ateneo de Manila University, and Jeremaiah Opiniano, a journalism professor who runs a research nonprofit on migration. That would represent the largest decline in the nation’s history. A government program that

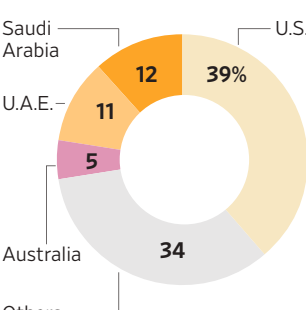
Lifeline

Remittances to the Philippines, much of which come from the U.S. and Persian Gulf, have grown substantially. The country ranks high among those most dependent on the payments.

Annual value of remittances to Philippines



Sources of remittances to Philippines, 2019



Remittances as a share of GDP, 2019



run out of gas,” said Ms. Tanedo, adding they’ve had to cut down on food expenses. “I’m scared sick,” she said.

The Philippines’ reliance on money from abroad dates back to the 1970s, when demand for labor on oil rigs and construction projects in the Persian Gulf spiked. With limited job opportunities at home, then-

The drop-off in remittances has affected life for millions worldwide.

President Ferdinand Marcos instituted a new labor code that facilitated employment agencies to recruit Filipinos for overseas work, laying the foundations of a system that would soon send millions abroad. Over time, the government took a more active role in overseas workers’ welfare, including by establishing a fund under the department of foreign affairs to assist migrant workers with legal difficulties.

sion to go abroad, in part to support her young nephew and niece.

After living off savings for nine months, she found jobs in retail that paid her \$800 a month. In November of last year, Ms. Espiritu got a job in sales at the fitness center and her salary doubled again.

She sent half her earnings home to pay for her niece’s and nephew’s education and their daily expenses. In January, the Taal volcano erupted near her home village, and she wired most of her savings to repair her family’s damaged home and pay for temporary accommodation for her mother, who had retired and moved back home.

Late on rent and no longer able to afford living in Dubai, Ms. Espiritu flew home at the end of May.

Her family’s other source of foreign income also looks shaky. Her father works on a tanker vessel, loading goods onto the ship, but his contract expired earlier this year. He’s been able to keep working because the crew that was supposed to replace him hasn’t been able to do so amid travel restrictions.

“We are scared of what will happen tomorrow,” Ms. Espiritu said.

Her father is one of around 400,000 Filipino seafarers working on commercial vessels—including cargo, fishing and cruise ships—making up roughly a quarter of the world’s total. Remittances from Filipinos at sea have grown 70% over the last decade.

The cruise industry is one of the hardest hit by the pandemic. Many Filipinos working aboard cruise ships as entertainers, electricians, waiters and repairmen had their contracts canceled after cruises were canceled.

Wilfredo Tojon Zafe Jr., 39 years old, was ready to board a plane in March to Miami, where he was to spend the rest of the year working as a waiter at a cruise-ship restaurant. Just as he arrived at Manila’s airport, he got a call from his employment agency that the cruise had been canceled.

It was a shock to his family. He’d been working on cruise ships since he was 23, in recent years sending back \$600 a month to his family in a suburb a few hours outside of Manila. It was enough to enroll two of his sons in private school. Mr. Tojon Zafe is arranging a meeting with the principal to see if he can defer payment and keep his kids in school.

He and his wife have started baking traditional coconut desserts and selling them to his neighbors. To supplement the income he has begun moonlighting as a package-delivery man. But he said finding a decent-paying job at home is hard.

After Mr. Tojon Zafe’s contract was canceled, he asked his employment agency to hire him first when a cruise job opens up. “When the sea calls us to work again, I will do everything to put my family in a normal way of life,” he said.



GREATER NEW YORK

Gyms Sweat Out Reopening Strategies

Connecticut studios lament low turnout; ‘people are just very, very cautious’

By KATE KING

Gyms and fitness centers in Connecticut are seeing a slow warm-up after reopening their doors, with many customers still worried about the risk of coronavirus infection, while New York and New Jersey gym owners are anxious to get back on track soon.

Connecticut allowed fitness centers to reopen June 17 at 50% capacity, with gym goers required to keep 6 feet apart if masks are worn or 12 feet apart without them. For non-“vigorous” exercise, participants can be 6 feet apart with no masks. In New York, officials haven’t allowed gyms to reopen, while New Jersey fitness instructors can offer outdoor classes and private indoor sessions by appointment.

Most Connecticut gym owners said attendance since reopening has been low, even for the typically slow summer season. Boutique fitness instructors said social-distancing rules were preventing them from bringing in enough business to pay the bills.

Bob McDowell, chief executive of the Riverbrook Regional YMCA, said daily visits to the facility in Wilton were down about 65% during the first eight days of reopening compared with the same week last year. The YMCA is requiring mem-

bers to reserve time slots in advance, and Mr. McDowell said outdoor activities like swimming and paddle tennis are proving to be the most popular.

“I think people are just very, very cautious,” Mr. McDowell said, adding that he projects by the end of the year the Wilton YMCA will have lost \$2 million in revenue, equal to about one-third of its operating budget.

Boutique fitness studios with business models that depend on group classes are now struggling with social-distancing regulations. Yoga studios, where mats were often spaced inches apart in popular classes pre-pandemic, are having trouble making the math work.

Bernadette Hutchings Birney, owner of Stamford Yoga Center, determined her 1,000-square-foot studio could accommodate four people per class, including the instructor. Before the pandemic, attendance for the most popular classes often reached 24 people.

Ms. Hutchings Birney is working with her landlord to find a larger, temporary space where she might be able to hold bigger indoor classes. Meanwhile, she is offering online instruction as well as free classes in a downtown park. Still, revenue is down about 70% since March.

“We have a loyal community, but every boutique fitness business is hugely reliant on having new people,” she said. “We’re not having new people walking through the door.”

Jen Irwin, owner of Dew Yoga in Stamford, said she



Carrie Getz, an instructor with Stamford Yoga Center, teaching an online class from her home.

could only fit three or four students in her small studio under social-distancing restrictions. She can no longer afford her rent and is permanently closing her studio, but will continue to hold online and outdoor classes.

“It’s heartbreaking,” Ms. Irwin said. “The expense of the bricks-and-mortar are just not viable with reduced class sizes and safety restrictions.”

Fitness studios that operated with low student-to-instructor ratios before the pandemic are having an easier time complying with social-distancing rules. Claudia King, owner of Darien Pilates, teaches mostly private and semiprivate sessions and said about 40% of

her clients have returned since she reopened June 24.

Scott Ackerman said classes at his three Club Pilates locations in Fairfield County are almost at capacity, although he has had to reduce class sizes and modify the daily schedule to allow enough time to clean and sanitize the studio in between classes.

“It’s kind of a scary time to go to a big-box gym right now,” Mr. Ackerman said. “You’re going to have people gravitate to studios like ours.”

Jack Banks, co-owner of two large gyms in northern Connecticut, said attendance has been lower since they reopened, but he believes it is because people are working out

at home. He said foot traffic at his Malibu Fitness in Farmington and Powerhouse Gym in Berlin is about 30% lower than before the shutdown.

“Some customers say, ‘I’m fairly happy in the basement,’ ” Mr. Banks said. “But it’s a very rare person who can work out for years in their own home. Most treadmills eventually become coat racks.”

David Lehman, commissioner of the Connecticut Department of Economic and Community Development, said he doesn’t know of any coronavirus infections or outbreaks that have been linked to gyms or fitness studios. Public health officials will assess whether social-distancing

STATE STREET | By Jimmy Vielkind

Wading Through Absentee Ballots



Observers looked on as absentee ballots were tallied by officials at the Albany County Board of Elections last week.

Two weeks after the polls closed for New York’s primary elections, dozens of political campaigns still are actively pushing for votes in the electoral equivalent of extra innings.

Officials in New York City will begin opening more than 389,000

absentee ballots this week, an unprecedented number of mailed votes that were cast as a result of the coronavirus pandemic. In many close races, there are more unopened absentee ballots than votes that were cast on June 23 or the nine days of early voting that preceded it.

“This is a circumstance of no rest for the weary,” New York City Board of Elections Executive Director Michael Ryan said at a meeting last week.

Campaigns have the right to observe the counting and object to the validity of any given ballot. Volunteers and lawyers search for reasons that could cause a vote to be set aside—like an envelope that isn’t sealed—and in some instances, apply extra scrutiny to ballots they believe were cast for rivals.

It is an arcane process, driven half by law and half by politics. In a 2009 special election to succeed Sen. Kirsten Gillibrand in the House of Representatives, lawyers for the Republican candidate objected to...Ms.

Gillibrand’s absentee ballot.

U.S. Rep. Carolyn Maloney, a Democrat from Manhattan’s Upper East Side whose 12th District also includes parts of Queens and Brooklyn, is locked in a particularly close race. Ms. Maloney finished 648 votes ahead of Suraj Patel, a hotel executive and former Obama administration official, on primary night.

By law, board officials must count absentee ballots received by June 30 and postmarked on or before June 23. The Board of Elections said it received 61,828 ballots in the district, compared with nearly 41,000 votes cast in person.

Stanley Schlein, a lawyer for Mr. Patel’s campaign, said his client was pushing for all ballots to be counted but lawyers will be present to “make sure the Board of Elections process proceeds steadily and transparently.”

Martin Connor, Ms. Maloney’s lawyer, said the counting could take “weeks and weeks,” but that he was optimistic her lead over Mr. Patel—as well as challengers Lauren Ashcraft and Peter Harrison—would hold.

“It seems that the weight will be in Manhattan, particularly the Upper East Side, and she did particularly well there,” Mr. Connor said.

Absentee ballots typically track the returns at the polls, campaign operatives say. Mr. Schlein declined to issue a prediction, but Mr. Patel said

in a statement on primary night that “the energy and momentum is on our side.”

Mr. Schlein also is working for New York City Councilman Ritchie Torres, who finished ahead of 11 rivals in the Democratic primary to succeed U.S. Rep. José Serrano representing the South Bronx. More than a half-dozen races for the state Legislature also are in limbo, including several in Brooklyn and Queens, where incumbents are trailing challengers.

“It just puts everyone in a

The counting could take ‘weeks and weeks,’ said a lawyer for one candidate.

really difficult holding pattern,” said Jessica González-Rojas, an insurgent candidate backed by the Working Families Party. She finished ahead of Assemblyman Michael DenDekker in Queens.

Counting has already begun, and in some races finished, in other areas of the state. Roughly a dozen people gathered Wednesday at the Albany County Board of Elections to open absentee ballots in contested primaries for the state Assembly and district attorney—involving incumbent David Soares and challenger Matt Toporowski.

On Wednesday, campaign lawyers watched from two rows of seats, as the Democratic and Republican election commissioners quickly examined hundreds of envelopes.

The various campaigns agreed that if an envelope was properly sealed and dated, and if the signed name matched the name of the voter, the ballot would be counted. Election officials didn’t check the signatures on the envelopes against the ones they had in their permanent files.

“You would be here until December if we did that,” said Albany County Democratic Elections Commissioner Matt Clyne, noting there were four times as many absentee ballots as in a typical year.

In response to the pandemic, Gov. Andrew Cuomo issued executive orders to let any voter apply for an absentee ballot and to require local boards of elections to mail everyone a postage-paid application. Mr. Clyne said thousands of inactive voters were included, and hundreds of letters were returned by the postal service as undeliverable.

“The county boards of elections were not prepared to accommodate this high volume of paper ballots,” he said. “If it’s carried through to the presidential election, it’s going to be pure chaos.”

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N.J. Democrats Seek Chance to Reclaim Congressional Seat

By JOSEPH DE AVILA

When U.S. Rep. Jeff Van Drew of New Jersey switched to the Republican Party last year, he opened a window of opportunity for a host of Democratic candidates vowing revenge for his turncoat departure.

These candidates will face off in Tuesday’s Democratic primary for New Jersey’s second congressional district, which covers the southern part of the state including Atlantic City.

The race features Brigid Callahan Harrison, a political-science professor at Montclair State University, and Amy Kennedy, a former schoolteacher who is married to ex-Rhode Island Rep. Patrick Kennedy. Also in the race is Will Cunningham, a former congressional aide who served as chief investigator for the House Oversight Committee.

The primary has turned increasingly negative and personal, said John Farmer, director of the Eagleton Institute of Politics at Rutgers University.

The state’s leading Democratic officials are split between the two women, with Gov. Phil Murphy and Lt. Gov. Sheila Oliver backing Ms. Kennedy, and U.S. Sens. Cory Booker and Bob Menendez and state Sen. President Steve Sweeney endorsing Ms. Harrison.

“The real question is whether they will unite behind a candidate,” Mr. Farmer said, referring to New Jersey Democrats.

On the issues, the top Democratic candidates share many of the same positions. Mr. Cunningham, who favors Medicare for All, is the most progressive. Ms. Harrison and Ms. Kennedy want to expand the Affordable Care Act.

Mr. Cunningham said he supports diverting funds from police departments to community programs, and Ms. Kennedy said she is open to re-examining funding priorities. Ms. Harrison said cutting funds for police could put some residents at risk.

Ms. Harrison, who has never held public office, has taken credit for Mr. Van Drew’s departure from the party. She said constituents began urging her to run after she wrote an op-ed criticizing Mr. Van Drew’s position on the impeachment of President Trump. Mr. Van Drew switched parties after it became clear he would likely lose in a Democratic primary after opposing Mr. Trump’s impeachment.

Ms. Kennedy said Mr. Van

and capacity rules can be relaxed once the state enters its next phase of reopening, the timing of which he said will likely be announced this week.

In New York, Gov. Andrew Cuomo recently delayed gym reopenings indefinitely, saying the state Department of Health needs to further study indoor viral transmission.

Tammeca Rochester, owner of the boutique cycling studio Harlem Cycle, said she was disheartened by the delay. Her revenue is down at least 75% since mid-March, and keeping customers engaged through online classes has been challenging. She said she needed an idea of when she would be allowed to reopen so she can inform her clients and negotiate with her landlord.

“It’s very hard to be optimistic when there is no light at the end of the tunnel,” she said.

Fitness centers in New Jersey are mostly closed, although owners can offer outdoor classes and indoor instruction to individuals and their families, caretakers and romantic partners. In Montclair, Architect Studios co-owners Sarah Reppert and Adrienne Felder said they would start offering outdoor classes in addition to their online instruction, but don’t plan to open their doors until at least Labor Day regardless of whether the state loosens restrictions earlier.

“We don’t think people will really be running to come back to class and sweat and breathe on each other,” said Ms. Felder. “We’re going to wait until it really feels safe.”

Drew’s exit from the Democratic Party also spurred her to jump into politics for the first time. She has run a campaign focused on mental-health issues and education.

Her famous family has also become a target for attacks. Ms. Harrison said her opponent is banking on the Kennedy name winning her the nomination.

“The reality is, if this person was named Amy Savell, we wouldn’t be having this conversation because I would already be the nominee,” Ms. Harrison said, referring to Ms. Kennedy’s maiden name.

Ms. Kennedy said Ms. Harrison’s criticisms are meant to diminish her achievements as an educator and a mental-health advocate.

“I think the voters in South Jersey, and particularly in Atlantic County where I spent my life, understand my connection here,” Ms. Kennedy said. “It’s as much about being a Savell, which is my maiden name, and a schoolteacher and someone who cares about the next generation as anything else.”

The Kennedy campaign has attempted to portray Ms. Harrison as beholden to the same South Jersey Democratic machine that backed Mr. Van Drew for years. Ms. Harrison said she was able to earn the support of South Jersey Democrats through hard work and persuading them she is the best candidate to take on Mr. Van Drew.

Mr. Cunningham, who overcame homelessness before becoming an aide to Sen. Booker in Washington, acknowledges that he is the underdog in the race. But Mr. Cunningham, who is Black, said the nationwide protests demanding greater police accountability have reinvigorated his campaign.

“My whole life has been an uphill road,” Mr. Cunningham said. “I, of course, never imagined this would be an easy race for me.”

Mr. Farmer said the bad blood between the Democratic campaigns could carry over to the general election and benefit Mr. Van Drew.

In the Republican primary Tuesday, Mr. Van Drew will face conservative Bob Patterson.

A spokesman for the Van Drew campaign didn’t respond to requests for comment.

“Like Amy Kennedy and Brigid Harrison, Van Drew is a lifelong Democrat and liberal, eager to sell out American values for a radical agenda,” Mr. Patterson said in a statement.



GREATER NEW YORK

Restaurants Head to Hamptons

Amid pandemic woes, city eateries open East End outposts; ‘where the money is’

By CHARLES PASSY

New Yorkers who make their way to Long Island’s East End and other popular warm-weather retreats this summer may find they haven’t left the city behind, at least in a culinary sense.

A number of the city’s most popular restaurants, from Carbone in Manhattan’s Greenwich Village, to Il Buco and Il Buco Alimentari, both in NoHo, have opened or are running establishments this season in the East End. Others are doing regular deliveries all the way from Manhattan or finding different ways to bring their food to the well-heeled shorefront communities.

There is a sudden “gold rush” to the East End, said Arlene Spiegel, a New York-based hospitality consultant.

“They want to go where the money is,” said Ms. Spiegel, who has clients joining the East End bandwagon.

It isn’t entirely a new phenomenon. For years, restaurateurs in the city have tried their hand in the Hamptons and elsewhere, often by creating outposts of their brands to appeal to the summer crowd.

But this season, the “summer” started in mid-March, when the coronavirus pandemic prompted many to leave the city. At the same time, the pandemic has left restaurants in the city with little to no way to make money, short of putting a few tables outside their establishments.

What is particularly remarkable is how the restaurants have established operations in the East End so quickly, signing lease deals or working out other arrangements just weeks ago.

“It was totally crazy. It was just like, ‘Let’s do this,’” said Donna Lennard, owner of Il Buco and Il Buco Alimentari,



Kissaki, a Japanese restaurant with locations in Manhattan, now has a space in the East End hamlet of Water Mill, above. NoHo’s Il Buco opened a spot in Montauk, right.

who formed a partnership with the Marram hotel in Montauk to bring her Italian-influenced dining concept there this summer.

The same quick pivoting is true for those doing delivery programs. In the case of Hill Country Barbecue Market, a fixture in the Flatiron District for many years, the program of weekly deliveries was set into motion so suddenly that Marc Glosserman, founder of parent company Hill Country Hospitality, didn’t have the setup to coordinate drop-offs to individual East End customers.

So, he opted to have the food all brought to his East Hampton residence and then let fans of his Texas-style barbecue pick it up from him.

“I turned my house into a logistics center,” he said.

Restaurateurs also are getting creative with how they approach their offerings.

Major Food Group, the hospitality company behind Car-



bone, is serving much of the upscale Italian-American fare at the Carbone Southampton outpost that regulars from its Manhattan location know and love. But as a Sunday special, it is also featuring a mainstay from one of its other restaurants—the prime rib from the Grill in East Midtown.

It isn’t just New York deliveries that are looking to the East End. Bakeries, including Eileen’s Special Cheesecake and Breads Bakery, are delivering to the area. So, too, are drinking spots: Dante, the award-winning bar with two

locations in Manhattan, is sending out bottled cocktails.

And Death & Co, the East Village bar that helped spark the craft-cocktail movement, has formed a partnership with the Sound View Greenport, a hotel in the East End’s North Fork, to run its beverage program.

David Kaplan, Death & Co founder, says having a new income stream during the pandemic is certainly helpful, but he also is thinking in terms of his customers as they spread out from New York but still crave the familiar.

“We were thinking, ‘How can we give people some sense of normalcy?’” he said.

The challenge for all these New York establishments, say restaurant-industry professionals, is that what works in the city doesn’t always work elsewhere. Indeed, the East End has seen several prominent New York restaurateurs come and go over the years for this very reason, they note.

But many of those venturing to the East End are doing so with less financial risk by limiting themselves to delivery from the city or by partnering with a hotel.

Still, some are taking bigger risks. Kissaki, a Japanese restaurant with locations in Manhattan, put in close to \$125,000 to build out its new outpost in the East End hamlet of Water Mill, according to owner Garry Kanfer. Plus, the restaurant is paying rent on the location.

Mr. Kanfer says business has been strong enough so far that he doesn’t regret the decision. He is considering extending his time beyond the summer, particularly given that some New Yorkers in the East End may be doing likewise because of the pandemic. “We see the demand,” he said.

GREATER NEW YORK WATCH

NEW YORK CITY  
Nail Salons Return As Phase 3 Begins

Tattoo parlors and other personal-care businesses like nail salons will be allowed to welcome customers in New York City starting Monday, as it enters Phase 3 of reopening.

The rest of the state’s regions have already moved into Phase 3. New York City will still be more limited, as officials decided last week to hold off on allowing indoor dining indefinitely out of concerns that it would cause a spike in new coronavirus cases. Outdoor dining is in effect.

—Associated Press

NEW JERSEY  
Newark Shooting Leaves Two Dead

Gunfire claimed the lives of two people in Newark on the Fourth of July, authorities said.

Essex County prosecutors and Newark public-safety officials said 36-year-old Nekeya Grady of Willingboro and 46-year-old Earl Cohen of Newark were pronounced dead at the scene just before 3 p.m. Saturday. No arrests were immediately announced.

—Associated Press

CONNECTICUT  
Columbus Statue’s Head Is Knocked Off

The head of a Christopher Columbus statue in Waterbury was knocked off amid protests over racial injustice and the legacy of the 15th-century navigator.

The statue had been the focus of a standoff earlier in the week between its supporters and Black Lives Matter protesters who wanted it removed.

Several Columbus statues in Connecticut have been removed in recent weeks.

The Waterbury statue was donated to the city in the 1980s by UNICO, an Italian-American organization.

—Associated Press



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# LIFE & ARTS



By NANCY KEATES

**T**opside Inn in Boothbay Harbor, Maine, last month sent what was meant to be a positive email to guests booked to stay in the next few weeks.

“The good news is Maine is making it easier for people to visit,” the hotel wrote. Under eased restrictions, guests would fill out a certificate that they’d complied with one of the state’s three options: Either they’d received a negative Covid-19 test result from a sample taken up to 72 hours before arrival, they would quarantine in Maine at their lodging facility for up to 14 days, or they’d already quarantined in Maine for 14 days.

The phone started ringing non-stop. The hotel got more than a dozen cancellations in 24 hours and 10 the next day. Occupancy is down 60% from last year.

“What a nightmare,” said Mark Osborn, the inn’s co-owner. He said he understands the concern about safety and isn’t “one of those people saying open the floodgates.” But he suspects the guests who canceled either aren’t coming to Maine—or are staying somewhere that isn’t enforcing the rules.

Safe domestic road trips were supposed to be the ticket for a relaxing vacation this summer. But states’ plethora of confusing quarantine rules is increasing stress and driving travelers crazy. Who is allowed to visit, and where they can go, keeps changing—in some cases every week.

State officials say they are trying to keep people safe at a time when local communities typically explode with visitors. Last summer, more than 29 million people went to Maine, home to a year-round population of 1.3 million. More than five million people travel in the summer to Vermont, where the year-round population is about 626,000.

But enforcement of the rules is spotty. Few states are regularly monitoring travelers, and highway checkpoints in at least three states that had them no longer exist.

Travelers note the restrictions often seem illogical. To vacation in Kansas, travelers from Arkansas, Alabama, Arizona, Florida and South Carolina must undergo a 14-day quarantine. But anyone from Texas

## Summer Escapes Hit Quarantine Chaos

Road trippers bump into fast-changing rules on self-isolation, tests

and California, two other hot spots, can waltz on in.

Meanwhile, Florida, with more than 190,000 confirmed cases and over 3,700 deaths, requires travelers from New York, New Jersey and Connecticut to self-isolate for 14 days—and it has a 24-hour checkpoint on I-95 at the Florida-Georgia state line, where they have to complete a form with contact information and trip details.

In turn, New York, New Jersey and Connecticut have put restrictions on travelers from Florida and

Vermont announced June 5 it would open up to some out-of-state travelers: People traveling by a direct car ride from counties with fewer than 400 active cases of Covid-19 per one million residents are eligible for quarantine-free leisure travel. The list of qualifying ZIP Codes is updated every Friday.

Travelers to Vermont who arrive by personal car from counties with high case counts—deemed “red”—first have to quarantine: Either for 14 days at home or in Vermont, or for 7 days followed by a negative

to five days for the result, and it might not be accurate. “Right now we have a plan, but that plan can change,” she said.

Helene Bushwick got an email from a Vermont campsite she booked, near Stowe, informing her that her county is currently marked red and she would have to quarantine if she didn’t get a test. “It shocked me. It made me say yikes,” Ms. Bushwick, a policy analyst from Bethesda, Md., said.

When she turned to a Tripadvisor forum for travel advice, she

June 8, it exempted visitors from New Hampshire and Vermont. On July 1, it said travelers from New Jersey, New York and Connecticut would be exempted, even though people arriving from those states could be coming from anywhere. Maine also waived the requirement for people who test negative within 72 hours of arrival, resulting in more angst about timing a Covid-19 test and a departure date.

Residents of New Hampshire and Vermont are exempt from Maine’s quarantine and testing requirements: Numbers of active cases of Covid-19 in these states, when adjusted for population, are similar to Maine’s, as compared with other states in the Northeast, said Robert Long, communications director for Maine’s Department of Health and Human Services.

Carole Allen, a hair stylist from High Ridge, Mo., in April booked a 10-day trip to Maine for late July, to Bar Harbor and Acadia National Park. The next day, Maine imposed its 14-day quarantine rule. She canceled in June, because she worried there wouldn’t be time to quarantine, and the state could switch gears at any point. “It might renege,” she said.

E. Scot Fuller-Beatty, innkeeper of Chadwick Bed & Breakfast in Portland, used a government website to report 12 violations—cars with out-of-state plates parked by a nearby B&B in June, before Maine eased restrictions. He got no response. When he followed up by phone, someone in the state government said it was up to the city to crack down; a city official said it was up to the state. “It’s infuriating,” he said. His inn has only 12 room-nights booked for July, when it’s usually full.

Donna Nichols-Lawrence got her Covid-19 test on June 29 and left home in Morris Plains, N.J., a few days later for two weeks at the Topside Inn. Because the lab couldn’t guarantee results in 72 hours, she thought they’d have to quarantine at the inn for a few days until results arrived. But then Maine dropped the restrictions for New Jersey residents. If the test had come back positive, she says, people would have heard her “screaming from all the way up there.” Now that she’s arrived, she says, “it’s the perfect place to be.”



A reminder in Gilead, Maine, left, about quarantine rules; Florida beaches, including Miami Beach, opened with restrictions in mid-June, while the state is requiring some out-of-state visitors to self-isolate for 14 days.



15 other states including Idaho that have either 10% of Covid-19 diagnostic tests coming back positive, or at least 10 daily positive tests for every 100,000 residents. Those calculations, based on rolling seven-day averages, could change every week.

“Even when you have a Ph.D. in epidemiology, it’s confusing,” said Olivia Carter-Pokras, who does have a Ph.D. and is a professor of epidemiology at the University of Maryland School of Public Health. Her current plan is to drive from her home in Silver Spring, Md., with her husband and cocker spaniel in mid-August to an Airbnb near Springfield, Vt. But she is struggling to understand how to comply with the state’s rules.

Covid-19 test. If they are traveling by plane, train or bus, the 14-day or 7-day quarantining must be in Vermont, either in a lodging establishment or with friends and family. Anyone from west of Ohio must quarantine, even if from a county with fewer than 400 active cases per million residents, based on an assumption they couldn’t drive that far nonstop.

The Maryland county where Ms. Carter-Pokras lives is currently marked red by Vermont. She can’t do a 14-day quarantine before her vacation, and she says it has been difficult to get a Covid-19 test in her area without a doctor’s note, symptoms or documented exposure, although that is changing. Someone who does get tested might wait up

got a response from a Vermont resident telling her to stay home. She hasn’t made a decision yet, although she is hoping to get a negative Covid-19 test result so she can go. “We are still processing the changes,” she said.

Amy Spear, vice president of tourism at the Vermont Chamber of Commerce, said she doesn’t see anything unfriendly about the policies. “Our ethos is doing everything we can to welcome people back,” she said. Vermont isn’t going to stop people or check test results, she said. “There’s a social responsibility aspect to this.”

Maine’s approach also has been fluid. On April 3, the state said it would require visitors to isolate for 14 days upon arrival. Then, on

**AIR MAIL** | SCOTT MCCARTNEY

## Why Is It So Easy for Sick People to Fly?

**Q**I fly regularly and have always been amazed that airlines still allow people to board who are obviously symptomatic for contagious upper-respiratory diseases. I don’t know why passengers are not screened for temperature and, if sneezing, sniffing or coughing, held back from boarding. It is only common sense. If you are too symptomatic to go to church, best not get on a plane either.

—Scott Frost, Glendale, Calif



**A:** Scott, this is a serious issue that airlines and federal regulators need to address. Change fees are waived for now, but that won’t last without a major push against

them. When change fees are in place, contagious people have a real incentive to fly. Airlines hassle people about doctor’s notes and such if you say you want to change because you are sick. And they penalize them—\$200 or more in many cases.

The change fee is now a public health issue. (Should have been a long time ago.) Charlie Leocha of Travelers United, a travelers’ rights group, has been pushing the issue with federal regulators and airlines. But the Trump administration has resisted new regulation and airlines don’t want to give up the huge revenue windfall. U.S. airlines collected \$2.8 billion in reservation cancellation and change fees last year.



A passenger has his temperature checked by an employee at Toronto’s Pearson International Airport on May 15.

Passengers shouldn’t be penalized for doing the right thing and staying home when they are sick. And we probably will get to the point where we do start screening people for fevers. Los Angeles International Airport said it would run a 12-week test of thermal cameras to identify passengers with a fever. There has to be a better answer to this question than people coughing and sneezing on others from a 31-inch seat.

**Q**Travel is rebounding and airlines are hoping that will continue with a more active summer season than was predicted earlier in the pandemic. Are stored airplanes coming back into service? And is there a difference between a parked airplane and a stored airplane?

**A:** Yes on all counts. Aviation-data firm Cirium reported that for the

first time in nearly three months, the number of in-service commercial airliners exceeded the number of stored airplanes. In mid-April, nearly two-thirds of global passenger jets were in storage. Right now, 49% are in storage, Cirium says.

That doesn’t mean all are actively flying. Airlines can classify jets as parked as well as stored, and there’s a big difference. Parked jets need to be used at least once every couple of days. They are essentially spares. Usually a big airline will have only a handful of dedicated spares; now there are lots of them.

One use for parked planes at Southwest is adding another flight to a route if a particular flight books up early for a particular day.

Since Southwest is capping seats at 65% capacity, it makes sense to put another flight on the schedule. Employees get to pick up some more work; a parked plane gets its exercise.

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LIFE & ARTS



WHAT'S YOUR WORKOUT? | JEN MURPHY

She Skates to Stay Fit As Coronavirus Rolls On

STACY ZANINOVICH never imagined the tiny kitchen of her Fullerton, Calif., apartment could double as a roller rink. But when California ordered residents to stay at home in March, she set a goal of roller skating every day of quarantine. Wipeouts do occur, but not because she's moving at high speeds on the vinyl floor. Ms. Zaninovich practices rhythm or jam skating, a dance-inspired skate style with roots in African-American culture. "It's been a stressful time psychologically," says the 37-year-old. "On the days where I don't want to do anything, this challenge keeps me motivated." To hold herself accountable, she created an Instagram skate diary where she documents new moves. Ms. Zaninovich skated for fun as a girl. A brief stint on a roller derby team in 2010 taught her it could also be a serious workout. After giving birth to her son in 2017, she began roller skating outdoors to get back in shape. "It was something I enjoyed and that I could do with a stroller," she says. Looking for a new challenge, she started copying the disco-like moves of rhythm skaters on YouTube. "The first time I did it I felt muscles I never knew I had," says Ms. Zaninovich. In the fall of 2018 she enrolled in a 10-week skating workshop at a local dance studio, and was soon a regular at the roller rink. Ms. Zaninovich sews products for Couch Guitar Straps in Long Beach, Calif., but logs fewer hours due to employee social distancing rules. She has used the downtime to improve her skating, practicing

Workouts Can Recapture the Joy of Youth

You're more likely to stick to your workout if you find it fun, says Angela Smith, Philadelphia-based past president of the American College of Sports Medicine. When adults re-embrace childhood activities, such as roller skating, they use muscles they haven't worked in a while, she says. Here, Dr. Smith explains how child's play can double as a workout for grown-ups. **Skateboarding** Protective gear is a must if you're picking up skateboarding again, she says. When you ride a longer, surf-style board you engage your quads, glutes and thighs more, she notes. **Roller Skating** "Your knees are bent the entire time you are skating and your glutes and thighs are working hard," she says. "As you push off to propel forward, you fire your calves, hamstrings and glute

muscles and your whole core stays engaged to keep you balanced." Some skaters hold their arms out for balance, and this may result in soreness in the arm muscles. **Hula Hooping** This is a core blaster, she says. You also work your leg muscles. Get creative and use it as a jump rope, she says. **Jumping Rope** "This is a fast, efficient cardio workout," she says. Challenge your stability by trying to jump on one leg. "The jumping will also build bone strength, which is important as we age," she says. **Tree Climbing** "Climbing a tree is a full-body workout," she says. You can use tree limbs to do knee tucks or pull ups. When you drop to the ground focus on landing softly and absorbing impact. "As an adult, you need to be careful," she cautions.

when her son, 3, is napping, or allowing him to dance along, sans skates. "I'm stronger now than I've ever been, and I love the discipline I've developed," she says. While she misses the rink, she's made new skate friends virtually. "Until lockdown, I never posted on social media," she says. "I've found people's comments and virtual challenges really encouraging." **The Workout** Ms. Zaninovich's home rink consists of a narrow galley kitchen

area that feeds into a dining area, from which she removes a table and chairs. Live online classes and online challenges fuel her creativity. "I would have never thought to try a backbend on skates," she says. Classes often incorporate yoga postures such as splits and dancer pose, and strength exercises like triceps dips and squats. When she wants a cardio burst, she'll do variations of burpees and mountain climbers on skates. "Most people don't think you have to be strong to roller skate," she



From top, Stacy Zaninovich gets creative on her roller skates by doing aerobics moves like leg lifts. Splits and yoga poses are also part of her routine, as is practicing dance-inspired moves with friend Rochelle Scheel.



says. "But you need a strong core to stop and shift your balance to pivot or twirl." Since quarantine, she's perfected "shoot the duck," where the skater squats down and glides forward on one foot while kicking the other leg straight out and holding the skate with one hand. She's also fine-tuned hurricane kicks, where the skater balances on one leg and repeatedly kicks the opposite leg straight out in front while spinning in circles. "If you aren't engaging everything

you are going to fall," she says. She recently started socially distanced skating in a friend's backyard. She used to skate on a paved path along the beach for 30 to 60 minutes once a week. She's hesitant to return there, and instead skates around her block when she craves speed. "Coronavirus is still a big concern in California," she says. "I feel more responsible staying close to home, even if it means skating over cracks and dodging potholes on my street."

How Hollywood Drove Charlie Kaufman to a Novel—and Netflix

By CARYN JAMES

"MY BOX OFFICE has been terrible," says screenwriter and director Charlie Kaufman, describing the commercial flop that led to his first novel, "Antkind," a 705-page comedy about a failed film critic and a destroyed movie. Mr. Kaufman's playful, mind-bending screenplays for other directors, including "Being John Malkovich" and "Eternal Sunshine of the Spotless Mind," are among the most acclaimed of recent decades. But the two films he has directed were critical hits that made no money. In "Synecdoche, New York" (2008), Phillip Seymour Hoffman is a theater director whose work blurs life and fiction. "Anomalisa" (2015) is a stop-motion drama about a tender one-night stand. In between making those films, unable to get another financed, he accepted an offer to write a novel. Random House will publish "Antkind" on July 7. The novel's unreliable narrator, B. Rosenberger Rosenberg, exalts the work of Judd Apatow and considers Charlie Kaufman a hack moviemaker. Mr. Kaufman tweaks his own image here, as he did in his screenplay "Adaptation." B. also has a tendency to fall into manholes. He discovers a stop-motion film that is three months long—yes, months—only to see it lost in a fire. As he tries to reconstruct the film from memory, believing that will bring him the stature he deserves, he moves into imaginary worlds, fictions within fictions that include a slap-



Mr. Kaufman also wrote and directed a new movie that comes to Netflix in September. Above, Mr. Kaufman with Jessie Buckley on the set of 'I'm Thinking of Ending Things.'

stick comedy duo and a president called Donald J. Trunk. "Antkind" also overflows with obscure references, some invented, others not, including a real 1914 film, "A Florida Enchantment," in which a woman swallows a magic seed and becomes a man. Mr. Kaufman recently wrote and directed "I'm Thinking of Ending Things," (premiering on Netflix Sept. 4), based on a psychological thriller by Iain Reid, in which a woman drives with her boyfriend to his family's isolated farmhouse, where her fears about him grow. Mr. Kaufman talked to the Journal about creating novels and movies. Edited excerpts:

**Why did you create a main character, B., who is a wrong-headed, self-involved, failed film critic?** I'm not questioning your description, but I want to make clear those are your words, not mine. I have a lot of sympathy for B. I feel like he's distinctly human in all of his failings. I like the idea of impossible things, like when [the late science fiction writer ] Stanislaw Lem writes book reviews for nonexistent books, so I liked the idea of describing a film that does not exist and probably could not exist. That seemed like it would lend itself to a book about a film critic. **B. says that watching a film is a creative act, a collaboration be-**

**tween the filmmaker and the viewer. Is that an idea you share?** I do share that with him and that is my intention with everything I do. Any piece of creative work people experience is their experience with the work. With a lot of movies and popular culture, you have this thing that's presented to you and it's got a point and it teaches you something, and there's a resolution that is very clear. I try to avoid that. I'm interested in stuff that's somewhat dreamy because that opens up the possibility to interpret it. **Your new film is adapted from a novel. How did that project come to you?** I was looking for something that somebody would let me direct and it's easier to get something made if it's based on a book or a comic book or a movie that's already existed. The producer I work with happened to have a deal with Netflix. I don't know that Netflix knew going in that I was going to make it into something that was less of a thriller than the book, and I don't think I knew that either. The book is leading you to a reveal, and I felt like that might be obvious and disappointing in the movie. Things are more mysterious in words than they are in images.

**Was it easier to get an original screenplay made earlier in your career?** Definitely. Earlier in my career, I could experiment, but the business has changed enormously, and it all happened around 2008 when studios stopped making movies and started making tentpoles. The reason something like Netflix attracts filmmakers is because there's no- **Netflix didn't ruin movies, Mr. Kaufman says: 'Studios ruined movies.'** where else to make those things. It's infuriating to me when people say Netflix is ruining movies because—no, movies ruined movies, studios ruined movies, and that's the truth. **Has that change affected specific projects of yours?** I wrote a screenplay called "Frank or Francis," which explores some similar ideas as my novel. He's not a film critic, he's a kind of online troll. It was very eccentric, it's a musical, and nobody would make it. I got a lot of really big movie stars attached to it, which was required of me in order to get any financing. But even with all these people interested, I couldn't get the money, and I wasn't asking for a lot, about \$11 million. Books are good in that regard.



LIFE & ARTS

THE STAYING INSIDE GUIDE—ART

Raise a Glass to Art History

The Frick’s online programs, including ‘Cocktails With a Curator,’ offer engaging introductions to the museum’s holdings

By Karen Wilkin

**EVER SINCE MID-MARCH**, when we all were forced to withdraw from the world, museums everywhere have been exploring ways of comforting disconsolate art lovers with virtual reality. The Frick Collection, in New York, has distinguished itself with “Cocktails With a Curator” and “Travels With a Curator,” online programs so engaging and informative that many of us hope they will continue after the galleries reopen. (All episodes of both series are available on the Frick’s website and YouTube channel. Episodes of “Cocktails” have their premieres at 5 p.m. on Fridays; new episodes of “Travels” become available to museum members at 5 p.m. on Wednesdays, and to the general public after the initial showing.)

“Cocktails” and “Travels” are hosted mainly by the Frick’s chief curator, Xavier Salomon, with less frequent but equally absorbing contributions by his fellow curator Aimee Ng. We see them in their homes, Mr. Salomon against a background of books and framed drawings, in a changing at-home wardrobe of dressing gowns and kimonos. “Cocktails” focuses on individual masterworks in the collection. We get close-ups and details of the works discussed, plus comparative material, with the commenting curator in a smaller screen at the bottom right.

“Cocktails With a Curator” provides recipes for beverages, alcoholic and nonalcoholic, keyed to the art under discussion—a very British Pimm’s Cup with Gainsborough, for example—but with or without a drink, the series offers an ideal intimate, private tour with an extraordinarily knowledgeable guide. The earliest episodes included Mr. Salomon’s compelling discussions of two well-known, stellar works, Giovanni Bellini’s glorious “St. Francis in the Desert” (c. 1476-78) and Rembrandt’s enigmatic “Polish Rider” (c. 1655), followed by Ms. Ng’s illuminating talk on John Constable’s bucolic riverside scene, “The White Horse” (1819).

We learn a great deal about the individual works and their creators, but we also discover the gaps in the relevant art-historical information. Mr. Salomon describes “The Polish Rider” as “haunting, beautiful, poetic,” with its heavily armed young horseman, in Polish costume, “riding resolutely across the landscape,” but, he tells us, “we know very little about it or what it means.” Nothing is known of the painting’s history until the end of the 18th century, when it was acquired by a Polish nobleman traveling through the Netherlands, brought to Poland, and sold to the King of Poland.

We learn, too, about the history of the collection: that Henry Clay



Thomas Gainsborough’s ‘Grace Dalrymple Elliott’ (c. 1782), left; Rembrandt’s ‘The Polish Rider’ (c. 1655), below

Jordan, fitting both because of our present situation and Duccio’s “The Temptation of Christ on the Mountain” (1308-11), drew a connection between quarantine and the 40 days Jesus spent fasting in the desert before the devil took him to the mountain top. It also, as Mr. Salomon noted, illustrated how different the site was in Duccio’s imagination: an essentially Tuscan landscape dotted with “toy towns.”

Most exciting are the sessions devoted to masterpieces in the collection that actual visitors might notice only casually. Mr. Salomon revealed the secrets of the tall, slender bronze angel, with its ravishing, long-feathered wings and rippling drapery, set in the garden court, where it is often ignored de-

Enjoy world travel, lively conversation, and a deep dive into masterpieces from home

spite its beauty and uniqueness. Jehan Barbet, who cast and signed the angel in 1475, was a cannon maker—a fact that makes us freshly consider the slim, columnar figure with the bolted-on, separately constructed wings. Who was the artist? “We don’t know,” Mr. Salomon says.

Ms. Ng sharpened our focus on Thomas Gainsborough’s portrait of Grace Dalrymple Elliott (c. 1782), a small, expressive head of a striking woman with eloquent eyebrows, parted lips, and an impressive corsage. As installed in the Frick’s former dining room, the modest painting is overshadowed by opulent, full-length portraits by Gainsborough and his colleagues. Ms. Ng alerted us to Mrs. Elliott’s complicated, rather scandalous career, in England and France, as an intimate of the Prince of Wales and the Duc d’Orleans, known as Philippe Liberté, telling us that an early viewer at the Royal Academy Summer Show thought that “the eyes were too characteristic of her vocation,” which made the brilliant painted picture even more interesting.

“Cocktails” and “Travels” provide an entertaining crash course in art history and a wonderful introduction to the riches of the Frick Collection, as well as great preparation for visiting the museum when it reopens. Thousands are already regular viewers—all of us, I suspect, fascinated and even more eager to see the real thing.

Ms. Wilkin is an independent curator and critic.

Frick bought many spectacular works from the estates of J.P. Morgan and his son Jack; that most of the early Italian paintings were acquired for the museum by Frick’s daughter, Helen Clay Frick; and that some works, such as Jean-Antoine Watteau’s rare, quasi-military scene “The Portal of Valenciennes” (c. 1710-11), with its lounging soldiers, are surprisingly recent additions.

“Cocktails” starts with the object and places it in a yeasty context. “Travels” gives us dazzlingly wide-ranging history lessons that enrich the object. We have visited, virtually, churches and palaces in Italy, England, Poland and Jordan, all connected with the collection. The charming 18th-century Łazienki Palace was where the King of Poland kept “The Polish Rider,” placed where he saw it daily. A visit to the dramatically sited Mount of Quarantine monastery in



MUSIC REVIEW

Legacy of a Dance Hall

By Larry Blumenfeld

**AMONG THE** beer-parlor dance halls that once dotted New Orleans was one modest wood building with a tar-paper roof in the Faubourg Marigny, just outside the French Quarter, called Luthjen’s. Until it burned down in 1960, Luthjen’s hosted many beloved traditional jazz musicians. A second incarnation, a one-story brick building not far from the original, lasted until 1981. It reopened last year as a music studio and venue, hosting intimate concerts with food and drink

that doubled as recording sessions.

The first release to result from these sessions, in March, from pianist Tom McDermott and clarinetist/soprano saxophonist Aurora Nealand, extended a playful yet searching collaboration that spans more than a decade. Now comes “Live at Luthjen’s” (Clarinet Road), from clarinetist Evan Christopher and pianist David Torkanowsky, a duo invested not only in each other’s music but also in how the legacies of spots like Luthjen’s resonate today.

In 1994, Mr. Christopher arrived in New Orleans from his native

Long Beach, Calif., for a gig. He fell in love with the city, eventually settling there. Among the most accomplished and expressive clarinetists in any genre, he is singular for his rigorous and nuanced exploration of the clarinet style indigenous to his adopted hometown. Initially, this meant “taking lessons from ghosts,” as he once described his graduate-school research at Tulane University’s Hogan Jazz Archives—studying the lives and works of, among others, Louis “Big Eye” Nelson and George Lewis, both of whom performed at the original Luthjen’s.

Mr. Torkanowsky was born and raised in New Orleans. He was just 10 years old when pianist “Sweet” Emma Barrett, who also played at Luthjen’s, taught him “Make Me a Pallet on the Floor,” a song at least

Evan Christopher, left, and David Torkanowsky, far left

as old as jazz itself. Mr. Torkanowsky plays it here with elements of stride piano and early blues but also splashes of bebop harmony. Meanwhile, Mr. Christopher leans toward Lewis’s breathy, spiritually infused quaver, especially in his instrument’s upper register. Far from a period piece, the rendition sounds alive with fresh energy. On “Way Down Yonder in New Orleans,” the oft-played century-old popular song that opens the album, Mr. Torkanowsky throws in downward arpeggios that might befit another New Orleans hero, Allen Toussaint, and, soon after, quotes Thelonious Monk’s “Well, You Needn’t.” In a city full of distinctive homegrown pianists with personalized approaches to their instrument, his presents perhaps the most balanced grasp of New Orleans traditions and modern jazz styles. He moves easily from Professor Longhair’s rollicking feel to more subtle polyrhythms befitting, say, Errol Garner, who gave him some early informal lessons.

Throughout this performance, Messrs. Christopher and Torkanowsky challenge each other boldly but also casually, as if in animated conversation. They’re reverent, and not. Did they include Fats Waller’s “Jitterbug Waltz” because the original Luthjen’s had a sign instructing “No Jitterbugging”? In any case, that tune swayed in ways that might have shocked the old dance-hall crowd.

For all their reworkings of familiar songs (the ache embedded within Billy Strayhorn’s “A Flower Is a Lovesome Thing” is especially affecting), this is no repertory set. The most interesting tracks are original compositions. Mr. Christopher’s “Sid’s Biz,” a minor-key blues

dedicated to the presence that looms above all New Orleans clarinetists, Sidney Bechet, hints at its namesake’s bravura choruses and walks through several moods: stately, insistent, freely flowing, declarative, wistful. His lovely “Valse Marignaise,” drawn from a “Faubourg Variations” suite, benefits from Mr. Torkanowsky’s elegant trills and tremolos as well as his own pure and transparent tone.

“Big Greaze,” co-written by Mr. Torkanowsky and Rick Margitza, honors New Orleans bassist George French, who was born into brass band tradition and played on “Handa Wanda,” a 1970 single by the Wild Magnolias that combined funk rhythms with the chants and hand percussion of Mardi Gras Indians, another influential New Orleans cultural community. This version doesn’t open with shimmying snare-drum second-line parade beats, as on Mr. Torkanowsky’s 1988 album “Steppin’ Out,” but it’s just as funky. Near the end, as Mr. Torkanowsky’s piano repeats an emphatic figure, sounding somewhere between a jazz vamp and an Afro-Cuban montuno, Mr. Christopher’s clarinet floats figures that sound like Indian chants. The phrasing and inflection are correct, as is the requisite air of mystery.

This album is punctuated by audience applause, which highlights the fact that until clubs reopen, experiences like this can’t happen. Messrs. Christopher and Torkanowsky have continued to perform, streaming live online under the moniker “Art of the Duo 504.” Their repertoire and rapport keep growing. Caught here in January, before an uncertain future took hold, they negotiate a musical past and present with elegance and invention.

Mr. Blumenfeld writes about jazz and Afro-Latin music for the Journal.

THE FRICK COLLECTION, NEW YORK (2)

GETTY IMAGES (2)



SPORTS

Long Push to Drop Insensitive Names

Stanford dropped its mascot in 1972. Other college teams followed. Now professional sports are getting the message.

By Andrew Beaton

In the early 1970s, Stanford's athletic teams were a source of great pride. They were also the target of simmering outrage.

Stanford won two consecutive Rose Bowls at the precise moment when Native American-themed mascots were being increasingly skewered as a cultural wrong. Around the time Jim Plunkett led the school to an upset of undefeated Ohio State in Pasadena in 1971, a group of the school's Native American students launched a drive to dislodge the school's nickname: the Indians.

Stanford dropped the name in 1972. Things changed dramatically. The new nickname eventually became the Cardinal (singular). The unofficial mascot? A tree.

Now the rest of the sports world has arrived at the same crossroads. The reasoning: Native American-themed names, traditions, logos and mascots—deemed inappropriate by one of the country's top universities almost a half-century ago—have persisted into this moment of national social unrest over systemic racism.

That movement is forcing teams to finally address momentum that has built up—but often been ignored at the highest levels of American sports.

On Friday, after calls for change from fans, politicians and even their own business partners, the NFL's Washington Redskins said they were conducting a review of their long-criticized name. The franchise will likely change its name before the start of 2020 season, two people familiar with the matter said.

A few hours later, MLB's Cleveland Indians also said they were considering a name change, a year after retiring Chief Wahoo, a logo that had long been seen as a racist caricature.

The upheaval comes against a backdrop that's both new and old. Sports leagues, and teams, have been thrust into the spotlight in recent weeks for their social and cultural messaging in the wake of George Floyd's killing and protests across the country against issues of racism. At the same time, team names and traditions relating to Native Americans have been criticized as dehumanizing for decades.

Yet the response to those calls has never led to uniform change, leaving high schools in small towns and professional teams worth billions of dollars to make their own decisions about various monikers and imagery.

Redskins, for example, is commonly defined as a racial slur. It's less clear where that leaves teams such as the Kansas City Chiefs, Atlanta Braves and others that officially or unofficially feature Native-themed traditions that many consider to be cultural appropriation or racially insensitive.



FROM TOP: PETER AIKEN/GETTY IMAGES; REED SAXON/ASSOCIATED PRESS

Teams such as the Redskins and Chiefs are facing increased pressure to consider a name change. Right, the Stanford Tree in the Rose Parade.

The National Congress of American Indians, a 75-year-old organization that represents Native American and tribal rights, has long called for the elimination of all “derogatory” mascots.

“Indian mascots and stereotypes present a misleading image of Indian people and feed the historic myths that have been used to whitewash a history of oppression,” the organization's website says.

Instead of going away en masse, the last 50 years or so has produced an inconsistent drip of change when it comes to these names. Some teams and schools evolved their thinking on this subject so long ago that their modern incarnations are hardly associated with it anymore.

The Golden State Warriors, previously the San Francisco and Philadelphia Warriors, once had a logo featuring a racist stereotype of a Native American. Two years after Stanford dropped the Indians, Dartmouth did the same. Syracuse's mascot is now Otto the Orange be-



cause in 1978 the school got rid of the Saltine Warrior, a stereotypical Native American character.

That trickle continued with some teams slowly getting rid of mascots, logos and long standing traditions. But the most steadfast holdouts

also happened to be the most prominent ones: professional franchises.

Washington owner Dan Snyder, in the past, had vowed to never change the derogatory name of his NFL team. Its defenders said the name honored Native Americans,

despite critics who argued it did the exact opposite, and dictionary entries that defined it as a slur. In 2013, NFL commissioner Roger Goodell called the nickname a “unifying force,” and he continued to defend it until recently.

But since Floyd's killing, and subsequent criticism from players to take a stronger stand on these issues, the NFL has delivered an energized message against social injustices. That also raised scrutiny over Washington's name.

The mounting pressure reached an apex when two prominent sponsors sent clear messages in rapid succession. On Thursday, FedEx Corp.—the namesake of Washington's stadium and run by Fred Smith, a minority owner in the franchise—said it asked the team to change its name. Shortly afterward, Nike Inc., the NFL's official apparel partner, removed Washington gear from its website.

The next day, Washington announced it was reviewing its name as other major sponsors, such as Bank of America and PepsiCo, expressed similar views. That night, the Indians announced their own review.

“This process allows the team to take into account not only the proud tradition and history of the franchise but also input from our alumni, the organization, sponsors, the National Football League and the local community it is proud to represent on and off the field,” Snyder said in a statement Friday.

But the revelation that these teams are taking a hard look at their histories also doesn't mean this category of nicknames will disappear immediately.

The Atlanta Braves, in a statement, said the organization “honors, supports and values the Native American community. That will never change.” The statement gave no indication the team was considering a name change. A spokesman for the Super Bowl champion Kansas City Chiefs declined to comment on whether the team is reviewing anything in this area.

The Florida State Seminoles have a longstanding relationship with the tribe of the same name, and their football games begin with one of the most notable uses of Native imagery. A mascot named Osceola, after the tribe's famous 19th century leader, rides out to midfield on a horse and plants a burning spear into the ground.

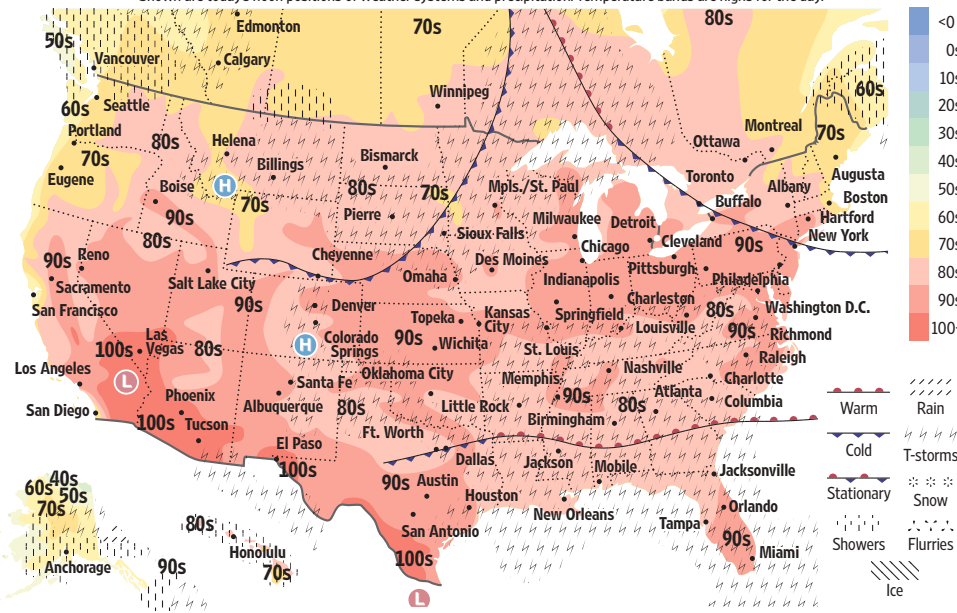
Some fans and teams have vigorously defended their names and practices as cultural tributes to American Indians and part of their community's histories. But recent trends have only furthered to push them out the door. A recent study found 67% of people who strongly identify as Native American were offended by the nickname.

—Louise Radnofsky and Jared Diamond contributed to this article.

Weather

AccuWeather Plan your week | Visit AccuWeather.com

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

s...sunny; p...partly cloudy; c...cloudy; sh...showers; t...tstorms; r...rain; sf...snow flurries; sn...snow; l...ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	64	54	pc	69	57	c
Atlanta	84	70	t	80	71	t
Austin	94	76	pc	94	74	pc
Baltimore	93	71	t	91	73	s
Boise	92	59	s	84	56	pc
Boston	77	64	s	74	67	pc
Burlington	84	63	pc	85	70	pc
Charlotte	89	70	pc	82	68	t
Chicago	94	76	pc	93	76	pc
Cleveland	90	71	pc	92	73	s
Dallas	89	72	t	90	73	pc
Denver	92	64	pc	95	63	pc
Detroit	93	71	pc	94	74	pc
Honolulu	87	75	pc	88	75	pc
Houston	93	77	pc	91	78	t
Indianapolis	92	74	s	91	73	pc
Kansas City	90	71	pc	91	73	pc
Las Vegas	108	81	s	105	79	s
Little Rock	88	72	t	88	72	pc
Los Angeles	90	66	s	87	64	s
Miami	94	82	t	95	81	t
Milwaukee	90	75	s	91	73	pc
Minneapolis	89	68	t	87	73	c
Nashville	92	73	pc	93	73	pc
New Orleans	86	75	t	88	78	t
New York City	92	73	pc	86	74	pc
Oklahoma City	88	69	pc	90	71	pc

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	90	71	pc	92	74	s
Orlando	90	73	t	93	76	t
Philadelphia	94	74	t	90	74	s
Phoenix	112	86	s	110	87	s
Pittsburgh	95	70	pc	95	69	pc
Portland, Maine	78	60	s	73	63	pc
Portland, Ore.	75	58	pc	69	57	c
Sacramento	92	56	s	91	56	s
St. Louis	92	74	s	92	75	s
Salt Lake City	97	76	s	94	64	s
San Francisco	69	54	pc	71	54	pc
Santa Fe	91	61	pc	93	59	s
Seattle	72	55	pc	67	55	c
Sioux Falls	89	67	t	90	74	pc
Wash., D.C.	94	77	s	94	76	s

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	62	51	sh	65	57	pc
Athens	89	75	pc	87	74	s
Baghdad	117	86	pc	118	88	pc
Bangkok	95	76	r	91	78	sh
Beijing	93	69	t	94	70	pc
Berlin	68	52	pc	66	55	pc
Brussels	64	50	sh	68	55	pc
Buenos Aires	52	45	s	53	41	c
Dubai	105	89	pc	106	90	pc
Dublin	63	50	pc	62	51	r
Edinburgh	62	48	pc	56	49	r

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	70	49	pc	72	53	pc
Geneva	76	55	pc	77	55	s
Havana	92	74	t	92	75	c
Hong Kong	91	82	sh	89	82	sh
Istanbul	89	77	s	88	72	pc
Jakarta	92	77	pc	91	76	t
Jerusalem	84	67	s	84	64	s
Johannesburg	70	43	pc	71	41	pc
London	70	51	pc	71	59	pc
Madrid	99	68	s	101	69	s
Manila	94	80	t	95	79	t
Melbourne	57	46	r	58	45	pc
Mexico City	74	56	t	74	55	t
Milan	91	63	pc	79	61	s
Moscow	82	66	s	86	65	t
Mumbai	88	80	r	87	80	r
Paris	71	51	pc	76	56	pc
Rio de Janeiro	83	70	pc	80	69	pc
Riyadh	114	89	pc	116	90	pc
Rome	87	67	s	87	66	s
San Juan	90	80	t	90	80	pc
Seoul	85	68	pc	82	69	c
Shanghai	82	76	t	85	75	t
Singapore	87	79	t	87	77	t
Sydney	63	48	s	63	51	pc
Taipei City	98	83	c	98	83	t
Tokyo	79	75	r	81	74	c
Toronto	88	68	s	90	73	s
Vancouver	66	56	c	66	54	pc
Warsaw	76	56	t	67	50	pc
Zurich	71	48	pc	73	50	s

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12	13
14				15				16				
17				18				19				
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			49				50					
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60				61				62				
63					64				65			
66					67				68			

BUDDY SYSTEM | By John Dunn

Across	32	Courtroom group	60	Lifelong companions, and a feature of 17-, 27-, 37- and 45-Across
1 "___ fair in love and war"	33	Last letter		
5 Curving paths	34	College application composition		
9 Fire starter	36	Big fuss	63	Lone Ranger's companion
14 Stool or sofa	37	One way to be obligated	64	Singer Redding
15 Greek cheese	40	Org. with an oil spill prevention program	65	Music heard in an Indian restaurant
16 Passageway between buildings	41	High-IQ group	66	Feeling of deep disquiet
17 Teachers' supervisor	43	Chinese restaurant beverage	67	Celebrity decorator Berkus
20 Ache, as a thumb hit with a hammer	44	Cafeteria beverage	68	Relaxing resorts
21 Victorian-era shoppe sign word	45	Approximation	Down	
22 Alaskan city	49	Must have	1	Helper: Abbr.
23 Cupboard part	50	"Away with you!"	2	Poland's Walesa
25 Radiator output	51	Gives a hand to	3	Bert of "The Wizard of Oz"
27 Gregory Peck's co-star in 1962's "Cape Fear"	54	Was dishonest	4	Remained loyal to the CIO in 1955
	56	Doff one's duds	5	It merged with the CIO in 1955

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).

Previous Puzzle's Solution

V	O	I	C	A	B	T	I	M	E	M	A	Z	E
T	H	O	P	E	A	T	O	P	U	S	E	R	
A	N	T	I	L	O	P	E	M	A	S	S	E	
L	O	S	L	L	A	M	A		C	L	A	S	
A	R	G	O										
T	O	R	A	H									
E	Y	E	B	A	L	L	S	L	I	N	D	S	E
T	E	R	T	I	A	R	I	A	N				
S	W	A	M	I									
T	O	B	A	C	C	O	W	O	R	D	S	M	A
E	V	I	L										
M	E	T	E										

The contest answer is A-PLUS. Saying aloud the stressed syllable of each word in the three theme answers yields the message "Answer island backwards." The only island referenced in the puzzle is SULPA at 42-Across, which reverses to the contest answer.



OPINION

Cancer Screening Leaps Forward



INSIDE VIEW  
By Andy Kessler

So often the future shows up when you're looking for something else. In 2013, DNA sequencing company Illumina bought Verinata Health and began offering noninvasive prenatal testing. Using a pregnant woman's blood, a now-\$500 DNA test can spot Down syndrome and other chromosomal conditions. Since then, the use of very invasive needle-to-the-womb amniocentesis testing has dropped.

But that's not the story here. Of the first 100,000 women tested, 10 (or 0.01%) had unusual chromosome patterns. The fetus was fine, but in each case, the mother had cancer of differing types. That was worth investigating—600,000 die from cancer in the U.S. each year—but large expensive clinical trials would be required.

So Illumina spun out a new company named Grail in Menlo Park, Calif., to do what's known as Circulating Cell-free Genome Atlas studies. Running DNA sequencing on regular blood samples, Grail generates hundreds of gigabytes of data per person—the well-known A-T-G-C nucleotides, but also the "methylation status," or whether a particular DNA site's function is turned on or off (techni-

cally, whether or not it represses gene transcription). Most popular DNA screenings for cancer risk test only a single gene site, like BRCA1. But Grail's chief medical officer Josh Ofman tells me, "cancer may show up as thousands of methylation changes, a much richer signal to teach machine learning algorithms to find cancer" vs. a single site. "There are 30 million methylation sites in the entire human genome on 100,000 DNA fragments. Grail looks at a million of them." It takes industrial-grade artificial intelligence to find patterns in all this data, something a human eye would never see.

Mind you, this is not a consumer 23andMe test of your genome that says you might have, say, a 68% chance of getting cancer. Grail is detecting the signature of actual cancer cells in your blood. According to validation data published in the Annals of Oncology, the test can find 50 different types, more than half of all known cancers.

And it can find cancer well before symptoms show up, in Stage I or sooner, when therapies are cheap and effective. If Grail can scale, it will be a massive game-changer. Five-year survival rates can approach 9 in 10 if cancer is detected early, compared with about 1 in 5 in Stage IV.

Sure, we have cancer diagnostic tests today, but they're awful—too many false

alarms, as many of us know all too well. The false-positive rate from biennial mammograms is 11% among patients 55 to 79. For a Pap test to identify cervical cancer, it's 6%. For a heavy smoker, the false positive rate of a chest CT scan is 13%. For a PSA prostate test, it can be as high as 75%. That's awful. Oh, and Mr. Ofman says 80% of cancer deaths are from cancers that we don't currently screen for.

Innovation sneaks up on us: There's a new DNA test that detects more illnesses, earlier.

The Grail DNA test's false-positive rate is less than 1%. And the company says the test is more than 93% accurate in identifying the type of cancer. Again, if cancer can be found early, treatment is much easier. You can cut it, heat it, freeze it or zap it out, especially since you should know where it is. This is how you save the healthcare system.

Though delayed by Covid lockdowns, Grail hopes to roll out its tests in the next six to 12 months. My guess is that the tests will cost about \$1,000 at first, but will trend toward \$100 over time. Will your insurance pay? Ha ha—try getting a heart scan without chest pains. But it

should, and I predict the tests will be covered eventually, for two reasons. First, they will gradually become cheaper than today's awful cancer tests. Second, the savings from early treatment compared with costly and painful Stage IV treatment will eventually show up in insurance company cost-benefit spreadsheets.

Grail is only one player in the booming "liquid biopsy" field. Thrive Earlier Detection of Cambridge, Mass., has a different style of DNA-based cancer blood test. Hopefully competition will drive down costs. Other companies are pursuing clinic or hospital-based blood tests to help figure out the type of cancer and if tumors are responding to treatment. The more the better.

Grail has raised almost \$2 billion, including from Bill Gates and Jeff Bezos. Isn't that interesting? Though much maligned as fat cats sitting on piles of gold coins and monopolists out to control the world, Messrs. Gates and Bezos are investing in technology—this is not philanthropy—that may save you or a relative's life someday.

Innovation comes through surprises. This is a big one. And while worrywarts brood over artificial intelligence and robot overlords, early detection of cancer is really what machine learning is meant for. This is the Holy Grail.

Write to [kessler@wsj.com](mailto:kessler@wsj.com).

AMLO's 'Hugs' Won't End Mexican Mayhem



AMERICAS  
By Mary Anastasia O'Grady

The elegant Las Lomas neighborhood of Mexico City, with its sun-dappled sidewalks and upscale homes, is one of the federal district's more serene settings. So it stunned the nation when an armed group unleashed a com-mando-style attack there on June 26.

Equally shocking was the target of the assault, Mexico City's police chief, Omar García Harfuch. Two of his bodyguards were killed, along with a passerby, in the barrage of gunfire. Mr. García Harfuch was seriously wounded.

Statistically the incident isn't even a blip. In 2019 there were a record 35,588 homicides nationwide. In the first four months of this year, the count was up 2.4% over the same period last year. The killing is a continuation of more than a decade of drug-cartel violence. President Andrés Manuel López Obrador took office in December 2018 promising to pacify the country but isn't having much luck.

The centerpiece of AMLO's blueprint to defeat the cartels is "hugs not bullets." As the slogan suggests, the president lays the blame for violence on social problems. Consistent with his ideology, he prescribes wealth redistribution as the cure. This approach is

proving an ineffective security strategy.

Mexico's crime problem emanates from the prohibition on the recreational use of narcotics and high consumption among Americans. This creates value in the product and, because demand is robust, it generates fabulous income for transnational criminal groups. Flush with weapons, technology and organizational networks, Mexican crime networks have profitably added extortion and kidnapping to their portfolios.

Businesses large and small make regular payments to these syndicates to survive. In places where the practice is routine, the cartels are the de facto government collecting "taxes." Some tolls on private highways are said to be in the hands of cartels. There are places in the country where gangs ride around in open trucks brandishing firearms to signal their control of the territory.

At a press conference in June, AMLO explained his theory further, stating that "they don't kidnap a poor person, they kidnap the one who has." He added: "How do we avoid kidnapping? With a better society, with justice." Yet it isn't true that only the rich are kidnapped; working-class Mexicans are prime targets.

Mr. García Harfuch has made a last stand in the capital, signaling that there remain remnants of resistance to the complete breakdown in the rule of law. From the

hospital last week he tweeted that the attack on him was most likely the work of the New Generation Jalisco Cartel, the most powerful organized-crime group in the country.

It has good reason to want the 38-year-old police chief gone. He has denied space to the Jalisco mob and its subsidiaries in Mexico City. In his previous post as head of the Criminal Investigation Agency in Mexico's Attorney General's office, his work led to the capture of several cartel honchos.

The drug war created the crime problem. The president is making it worse.

One of those is the Jalisco cartel leader's son, who in February was extradited to the U.S. In early June the cartel exacted revenge for that extradition by gunning down federal judge Uriel Villegas along with his wife in front of their two young daughters.

Notwithstanding the courage of judges and law-enforcement officials, it's late in the game for Mexico to save itself from this reign of terror.

To do that AMLO's advisers need to convince him that the future of Mexican democracy depends on abandoning his one-man rule and building strong, accountable institutions at the federal, state and municipal level.

Efforts to improve security were undermined by former President Enrique Peña Nieto, who took resources away from the federal police and politicized law enforcement. AMLO has caused further damage by disbanding the federal police and replacing it with a national guard.

His new guard is not ready for prime time and, perhaps in violation of the constitution, he has put the army in charge of it. Fearing human-rights accusations, AMLO also has been reluctant to use the guard to act decisively to recover territory ruled by criminals.

There can be no peace if Mexico doesn't restore the presence of the state on cartel-controlled turf. And even if the military provides the boots on the ground, to the extent the strategy delays the serious work of creating professional state and local police, prosecutors, judges, prisons and intelligence, it is counterproductive.

Mexican intelligence is better than it was 20 years ago, but not good enough to win the peace. The Mexican navy has the nation's strongest intelligence capabilities, but AMLO has reduced its role.

That may have changed last week when the navy played a part in arresting suspects in the Las Lomas attack and press reports indicate it will assist in investigating the crime. AMLO may be learning from his mistakes, but time is not on his side.

Write to [O'Grady@wsj.com](mailto:O'Grady@wsj.com).

My Father the Car Radio

By Matthew Hennessey

One of the best things about being a father is the thrill that comes with introducing kids to books and music. The sight of a teenager happily reading a novel that has delighted or inspired you over the years produces an incomparable feeling of satisfaction.

But you have to be careful. You can't force it. A book requires an investment of time so great that a child's appetite for literature can be ruined forever if he's forced to feed too often on fare that makes him gag.

Music is an easier sell. You can influence a child's ear by playing tunes in the car—for years, if necessary. "Who sings this?" is one of my favorite back-seat questions. Nobody wants to know the name of a band whose music they hate.

These days, leading children to the finer stuff requires a digital strategy.

When I was a kid, people listened to a range of music on the radio. With a spin of the dial you could hear everything from 1940s big-band and '50s doo-wop to '60s classic rock and '70s funk. New artists abounded on MTV.

I'm giving my kids a musical education via strategic intrusions into their playlists.

Those avenues of exploration are closed now. The algorithms are in charge of serving up songs and singers "you may like." Often what they recommend is so closely related to what you were already listening to that you end up in a musical cul-de-sac.

Dad to the rescue. I make diverse playlists in the family Spotify account with names like "Dad's Faves" and "Best

Superhits of All Time." My hope is that my five children (ages 3 to 16) will find these tags so alluring that they decide to press play all on their own. As P.T. Barnum knew, the trick is getting them in the door. Once they're inside, the circus does the rest.

I am not above resorting to trickery when it comes to promoting my artists. My signature move is the "Dadbomb"—depositing a track into a playlist that doesn't belong to me. The idea is elegant and simple. While a tween is vibing to his own stuff on shuffle—boom—up pops an irresistible Dad Jam from the '80s.

Sometimes it works. My eldest daughter's playlist currently includes Paul Simon's "I Know What I Know," Bagatelle's "Summer in Dublin" and Jason Isbell's "24 Frames." Dad Jams, one and all.

A warning to the wannabes: Dadbombing can be hit-or-miss. "Ugh! What is

this?" comes a frequent cry from the basement, followed by the ripping of earbuds and the rolling of eyes. "The Pogues? Seriously? Daaaaaaaad!"

"Ha ha, sucker. You just got Dadbombed!"

I've noticed that a fair number of my playlist contributions get removed without so much as a courtesy play. Fine. You can't win 'em all. But the veteran Dadbomber knows the rules of the game. You can't win it if you ain't in it.

Lately, my older children have developed an interest in the Beatles. I consider this sweet validation. One day, I hope, someone will ask how they came by their exquisite taste in music. Nothing would make me prouder than to hear them say, "We got by with a little help from our dad."

Mr. Hennessey is the Journal's deputy editorial features editor.

BOOKSHELF | By Melanie Kirkpatrick

New Recruits, Over There

An Unladylike Profession

By Chris Dubbs  
(Potomac, 326 pages, \$34.95)

When bestselling mystery novelist Mary Roberts Rinehart, in 1914, asked the editor of the Saturday Evening Post to send her to Europe to cover the war that had just broken out there, he at first refused. "Frankly," he replied by telegram, "I do not care to take the responsibility of sending anyone over there except old maids, widows and our really tough boys."

Rinehart, a middle-aged wife and mother, knew nothing about the military, and she had never worked as a journalist, much less covered a war. Yet she managed to persuade the reluctant editor that she was up to the job, becoming the first journalist—female or male—to report from the frontline trenches. Her coverage for the two million readers of the Saturday Evening Post helped shape the American public's understanding of the Great War.

Rinehart is just one of the nearly three dozen female war correspondents whose personalities and accomplishments Chris Dubbs brings vividly to life in "An Unladylike Profession." This slice of World War I history offers insights into American journalism as well as into the terrible conflict itself. Mr. Dubbs is an independent military historian, and this is his third volume on World War I. He writes with a sure hand, drawing from published articles, memoirs, diaries and

letters. He skillfully presents each woman's story in a linked series of riveting—sometimes heart-breaking—narratives.

Most of the bylines won't be familiar to contemporary readers. An exception is the novelist Edith Wharton, who covered the war in France, her adopted homeland, for Scribner's Magazine. Another is Nellie Bly, who earned her journalistic chops in the late 19th century by posing as a patient in a lunatic asylum. Bly was one of the first journalists to cover the war on the Eastern Front, in articles for the New York Evening Journal.

As Mr. Dubbs takes pains to emphasize, female correspondents did everything their male counterparts did: They reported from the frontlines, came under fire, were wounded or taken prisoner, and risked arrest by smuggling forbidden writing out of warring countries. More than their male counterparts, however, Mr. Dubbs writes, the work of "women war correspondents defined the Great War in terms of its impact on individual lives." This approach proved to be one of the most important stories of the war, and it transformed the nature of war reporting.

Women found human-interest stories in every corner of the conflict. Mary Boyle O'Reilly of the Newspaper Enterprise Association joined a column of refugees fleeing German atrocities in Belgium and wrote about the war's crushing impact on women and children. Marie Gallison, a German-born American, traveled to her native land in 1916, before the U.S. entered the war. Her articles for the Outlook were among the few in the American press that were sympathetic to Germans. On a reporting trip to Constantinople, Eleanor Egan of the Saturday Evening Post uncovered evidence of one of the biggest stories of the 20th century: Turkey's systematic killing and deportation of its Armenian population. In Armenia, she found "a land of hideous human suffering and degradation."

Female correspondents reported from the frontlines—and shaped the American public's understanding of the Great War.

Female reporters sometimes resorted to indirect means to gain access to the front. When Mary Roberts Rinehart arrived in Europe, the British and the French, eager to control the flow of information, refused to allow journalists anywhere near combat. Rinehart, who had trained as a nurse, got her scoop by asking the Belgian Red Cross to give her a tour of the war zone. The Belgians were happy to comply, believing that her sympathetic reporting would result in much-needed contributions from Americans.

Other women overcame bureaucratic hurdles or discrimination from male officials by volunteering with the Red Cross, the Salvation Army, the YMCA or other organizations that worked near the fighting.

As the war progressed, American editors began to recognize that the "women's angle" constituted news. The Evening Public Ledger, in Philadelphia, dispatched the editor of its women's pages to Europe. Good Housekeeping and Ladies' Home Journal sent correspondents. When the U.S. entered the war in 1917, Rheta Childe Dorr, a journalist whose son was posted at the front, chose to write from a mother's point of view. She penned 30 articles for the New York Evening Mail under the title "A Soldier's Mother in France."

One of the pleasures of "An Unladylike Profession" is sampling the journalistic prose of more than a century ago. Alice Rohe of United Press called Vienna "a city of lost hope, of gloom, of grave despair." Writing in the spring of 1917 about the revolutionary upheaval in Russia, Rheta Childe Dorr told readers of the New York Evening Mail that Russia was "gorged on something she has never known before—freedom." For Corra Harris, writing in the Saturday Evening Post, war was "a ferocious form of insanity."

Wharton's literary skill is on display in her poignant description of wounded French soldiers limping through her beloved Paris. They are "calm, meditative, strangely purified and matured," she wrote. "It is as though their great experience had purged them of pettiness, meanness and frivolity, burning them down to the bare bones of character."

One of the few women with prior experience as a war correspondent was Peggy Hull of the El Paso Morning Times. In 1916 she had covered the U.S. incursion into Mexico, where she had earned the respect of Gen. John J. Pershing, who went on to become commander of the American Expeditionary Forces on the Western Front. With Pershing's imprimatur, Hull became the first female correspondent to be credentialed by the U.S. Army. She wrote the words that could serve as an epigraph for every reporter of the Great War: "New horrors pounce upon me from every direction."

Near the end of "An Unladylike Profession," Mr. Dubbs remarks on the reporter's duty to report the truth no matter how uncomfortable it might be. The journalists profiled in this absorbing book lived up to that responsibility. Would that the same could be said of more journalists today.

Ms. Kirkpatrick, a senior fellow at the Hudson Institute, is a former deputy editor of the Journal's editorial page.



OPINION

REVIEW & OUTLOOK

Trump at Mount Rushmore

*At Mt. Rushmore, Trump uses Fourth of July celebration to stoke a culture war*  
—Los Angeles Times  
*Trump Uses Mount Rushmore Speech to Deliver Divisive Culture War Message*  
—New York Times  
*Trump pushes racial division, flouts virus rules at Rushmore*  
—Associated Press  
*At Mount Rushmore, Trump exploits social divisions, warns of ‘left-wing cultural revolution’ in dark speech ahead of Independence Day*  
—Washington Post

President Trump delivered one of the best speeches of his Presidency Friday evening at Mount Rushmore, and for evidence consider the echo-chamber headlines above. The chorus of independent media voices understands that Mr. Trump is trying to rally the country in defense of traditional American principles that are now under radical and unprecedented assault.

Dark? In most respects Mr. Trump’s speech was a familiar Fourth of July ode to liberty and U.S. achievement that any President might have delivered in front of an American landmark. “No nation has done more to advance the human condition than the United States of America. And no people have done more to promote human progress than the citizens of our great nation,” he said.

Contrary to the media reporting, the America Mr. Trump described is one of genuine racial equality and diversity. He highlighted the central ideal of the Declaration of Independence that “all men are created equal.” As he rightly put it, “these immortal words set in motion the unstoppable march of freedom” that included the abolition of slavery more than a half century later.

Frederick Douglass and Martin Luther King Jr. also believed this to be true, and Mr. Trump cited them both, as he did other American notables black and white, historic and more recent. There was not a hint of racial division in his words except for those who want to distort their meaning for their own political purposes. In any other time this paeon to American exceptionalism would have been unexceptional.

But this year even Mr. Trump’s speech backdrop, Mount Rushmore with its four presidential faces, is politically charged. Each of those Presidents—Washington, Jefferson, Lincoln, Theodore Roosevelt—is under assault for ancient sins against modern values, as progressives seek to expunge their statues and even their names from American life. Mr. Trump’s great offense against the culturally ascendant progressives was to defend these presidential legacies.

Divisive? Mr. Trump’s speech was certainly direct, in his typical style. But it was only divisive

Progressives deride his defense of America’s founding principles.

if you haven’t been paying attention to the divisions now being stoked on the political left across American institutions. Mr. Trump had the temerity to point out that the last few weeks have seen an explosion of “cancel culture—driving people from their jobs, shaming dissenters, and demanding total submission from anyone who disagrees.”

Describing this statement of fact as “divisive” proves his point. Newspaper editors are being fired over headlines and op-eds after millennial staff revolts. Boeing CEO David Calhoun last week welcomed the resignation of a communications executive for opposing—33 years ago when he was in the military—women in combat. The Washington Post ran an op-ed this weekend urging that the name of America’s first President be struck from Washington and Lee University.

Any one of these events would be remarkable, but together with literally thousands of others around the country they represent precisely what Mr. Trump describes—a left-wing cultural revolution against traditional American values of free speech and political tolerance. And he called for Americans not to cower but to oppose this assault:

“We must demand that our children are taught once again to see America as did Reverend Martin Luther King, when he said that the Founders had signed ‘a promissory note’ to every future generation. Dr. King saw that the mission of justice required us to fully embrace our founding ideals. . . . He called on his fellow citizens not to rip down their heritage, but to live up to their heritage.”

Contrast that with the New York Times’s 1619 project, which derides America’s founding in 1776 and replaces it with a history that distills the country into a slave-owning enterprise that remains racist to the core. Who is really stoking division and a culture war?

Mr. Trump is far from the ideal spokesman for this message given that he has often used the politics of division himself. But liberal elites have created this opening for him by failing to stand up against the radicals who are using the justified anger at the killing of George Floyd as a cudgel to hijack America’s liberal institutions and impose their intolerant political views on everyone else.

No doubt Mr. Trump hopes this theme can restart his election campaign, and for once he gave a speech that was about something more than himself. Stay on script, add a second-term agenda, and he might even have a chance. But whatever the result in November, Mr. Trump’s Mount Rushmore theme isn’t going away. Progressive elites are courting a backlash that will have more than one champion.

LETTERS TO THE EDITOR

Dr. Emanuel Has a Health-Care Plan for You

Regarding Ezekiel Emanuel’s essay “The Pandemic Will Transform Health Insurance as We Know It” (Review, June 27): I can add my observations from having lived in the Netherlands for 16 years before returning to the U.S. in 2014. Health care in the Netherlands isn’t free. We had skin in the game, and virtually every person had basic medical insurance. People weren’t torn between getting preventive or emergency medical care and paying their other bills. The quality of care was on a par with U.S. health care. (I had two major operations.) The big difference was that the coverage was seamless. In our general practitioner’s office besides him, there was sometimes an intern and one person in the front office. There was no need for any administrative or insurance personnel.

We are happy with the Medicare Advantage policies that we both now have, but we are still blown away by the amount of correspondence and communication required with our insurance provider. There is a better approach. We just have to be smart enough to take the best from other systems and adapt it to our culture.

LANCE HORN  
Naples, Fla.

Dr. Emanuel doesn’t mention the elephant in the room when he cites Germany and the Netherlands as potential models for U.S. health care. The best line in his piece is, “employers pay a payroll tax into a government-run fund that is supplemented by other taxes.” What are those other taxes? In Germany, it’s a 19% value-added tax on anything you buy except for food, which has a VAT of 7%. In the Netherlands, VAT is 21% and 9% for food. Most Americans spend every penny they make. These extremely high national sales taxes would disproportionately hit low-income earners the most. I suspect

given this option the majority of Americans would be against this model.

JOHN PAUL MAYE  
Great Falls, Va.

We really have no health-care “system” to speak of, aside from a dwindling number of employer-funded plans; just a morass of providers, a constellation of bureaucratic processes and terrible inequities in health care across the nation. And the Covid-19 pandemic is exacerbating the problem.

For a nation that prides itself on innovation and leadership, it baffles me that our elected representatives in Washington continue to pander to the myopic and selfish interests of special-interest groups and not see that our current health-care system is contributing to the economic and societal decline of America.

THOMAS CISLO  
Covington, Ky.

Dr. Emanuel is offering a solution to health care derived from a gross misunderstanding of the problem and those at risk. If the U.S. health insurers are under enormous strain, then why did they post record profits? The real problem is the lack of transparency, which makes having exceptional insurance, private or federally sponsored, a necessity. Health care can be guaranteed, but health coverage should be up to the individual; and with more of the economy shifting away from employer-based coverage, it is the perfect time to reinvent the entire system. Covid-19 has introduced us to digital health care, and with it, a much more efficient and affordable future. The patients, not the insurers, pay for health care and as consumers they deserve to be protected. Price transparency is the answer.

PAULA MUTO M.D., FACS  
Andover, Mass.

On Gore and Blood on Post-Virus Capitalism

Al Gore and David Blood believe that global CO<sub>2</sub> emissions must be halved in the next decade, equating the climate warming that would result in the absence of such reductions to the viral pandemic we have suffered this year (“Capitalism After the Coronavirus,” op-ed, June 30). However, scientists project that the measures taken to fight the pandemic will reduce annual global emissions by 4% to 7%. In other words, we will need the equivalent of the 2020 pandemic—with its attendant unemployment, business closures, social dislocations and unrelated negative health impacts, all disparately affecting poor and minority communities—every year for the next decade to meet this draconian climate goal. How does that future square with environmental, social and governance principles and a “sustainable capitalism”?

SAMUEL J. RADCLIFFE  
Milwaukee

Whether the boogeyman is injustice, inequality or global warming, the solution now is to layer social-justice responsibilities on the private-sector engine of growth and prosperity and grant great power to overseers in Washington who supply top-down guidance. The beauty of the (pick your own social-justice descriptor) version of capitalism is that the messiest and repugnant features of socialism are avoided, but an endgame of equal outcomes is achieved

Police Are a Local Issue and Congress Must Respect This

William Galston engages in sleight of hand when discussing federal reform of policing and when he refers to police as sworn to “serve and protect,” a slogan or bumper sticker that mischaracterizes the oath to protect the Constitution (“The Police Reform Americans Want,” Politics & Ideas, June 24). The task of police is law enforcement, pure and simple. Policing is a state power and hasn’t been delegated to Congress (Article 1, Section 8 and the 10th Amendment), which therefore has no power to order or reform it. Any congressional action to direct policing would be a violation of the Constitution and would continue the dismantling of the federal structure that undergirds liberty in the U.S. We already have President Trump arrogating to the executive branch powers properly belonging to Congress, and a Supreme Court making law, a power given to Congress alone. Poling may well show support for federal control of policing, but let that populist energy turn to amending the Constitution accordingly.

ANTHONY J. ADOLPH  
Austin, Texas

Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

Joe Biden Bows to the Teachers Unions

Here’s a place Joe Biden differs from his old boss: President Obama had fraught relations with the teachers unions, including the National Education Association, which in 2014 called (unsuccessfully) for the resignation of Education Secretary Arne Duncan.

Mr. Biden, seeking the NEA’s endorsement at a virtual assembly on Friday, pledged his fealty to the union, noting that his wife, Jill, is a member. “When we win this election, we’re going to get the support *you* need and the respect *you* deserve,” Mr. Biden said. “You don’t just have a partner in the White House, you’ll have an NEA member in the White House. And if I’m not listening, I’m going to be sleeping alone in the Lincoln Bedroom.”

If a Republican presidential candidate spoke to a special-interest group with that kind of amorous devotion, the caterwauling in the press would never end. Or what about this line from Mr. Biden: “This is going to be a teacher-oriented Department of Education.” Oh, not a *student*-oriented one?

Mr. Biden didn’t get a question about school choice during the Friday forum, but he has made clear that he believes the union dogma. “No pri-

vately funded charter school—or private charter school—would receive a penny of federal money,” he told the NEA in March, when it endorsed him in the Democratic primary.

This is a marked departure. The Obama Administration increased federal funds for charter schools. From 2000 to 2017, the share of public-school students who attended a charter rose to 6% from 1%. Behind these statistics are thousands of stories of children, many of them black and Hispanic, who escaped failing public schools to get a better education.

Mr. Biden seems downright eager to repudiate this record. He told the NEA on Friday that his plan involves “higher salaries for educators,” “universal pre-K,” and “tripling the funding for Title I schools.” He pledged to “double the number of school psychologists and counselors and nurses and social workers in school,” and to “help educators wipe out the burden of their own student debt.”

Teachers first. Put it on a bumper sticker, Mr. Biden, and hope people don’t notice the corollary is that students, and especially poor and minority students, come second.

Emmanuel Macron’s Reform Restart

French Prime Minister Édouard Philippe resigned Friday, as President Emmanuel Macron tries to restart his reform agenda. It’s not surprising for a French leader to replace a government midway through his term, but this is one of Mr. Macron’s biggest gambles ahead of the 2022 presidential election.

Mr. Philippe will be replaced with Prades Mayor Jean Castex. Although he has advised Mr. Macron on Covid-19, the new PM isn’t well-known to the public. Mr. Castex studied at the elite l’École nationale d’administration. Yet the center-right, small-town leader could help Mr. Macron in non-urban areas where he has struggled to connect with voters.

The change comes at a tough time for the President. His party was clobbered in June 28 local elections, raising questions about the durability of the political movement he started four years ago. High-profile ministers have resigned throughout his time in office, and defections in the National Assembly cost him his absolute majority in May.

Although the spread of Covid-19 has slowed significantly since its April peak, Paris expects gross domestic product to shrink 11% in 2020. The International Monetary Fund is even more pessimistic. Unemployment had declined to 7.8% in the first three months of the year from 9.5% when Mr. Macron took office. But the sec-

ond quarter numbers will be brutal, and a second wave of the virus remains possible.

Mr. Philippe, on the other hand, leaves on a personal high note. While only 38% approved of Mr. Macron in June, an Ifop survey showed his No. 2 at 50%. The bump largely came from his leadership during the coronavirus crisis. Yet the prime minister also had been a useful ally before the pandemic, leading the government as it liberalized the sclerotic French labor market in 2017 and pushed for changes to France’s byzantine retirement system.

Covid-19 derailed pension reform right as its passage seemed likely, but Mr. Macron hasn’t lost his appetite. “Should we consign the pension reform to the dustbin?” Mr. Macron asked in an interview with French media. “No, that would be a mistake.”

He’s right. France’s strict and lengthy lockdown—and calcified economy—will make its recovery harder than most. The liberalizing agenda he pursued during his first three years, and not the statism French leaders traditionally lean on in times of crisis, is the best way to improve the average Frenchman’s life.

Mr. Philippe was elected mayor of Le Havre in last month’s local elections. At only 49, he certainly could wait to run for president in 2027. But if Mr. Macron can’t deliver the reform he has promised, he may regret having cut his former prime minister loose.

Pepper ... And Salt



“This solved my distancing problem.”









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## Allure of Health-Care Stocks Fades Following Earlier Rally

By CAITLIN McCABE

Investors are struggling to predict where the stock market is headed next. Even so, many are betting that health-care shares won't lead the way.

The sector offered shelter for investors—followed by an outside rebound—during the market turbulence earlier this year. With several companies working to create the first effective coronavirus vaccine or treatment, health-care stocks suddenly appeared to offer big opportunities for gains.

Lately, however, much of that allure has worn off. Fund managers have reduced their al-

location to health-care stocks, and investors recently pulled more money from global health-focused equity funds than they have in nearly two decades.

The S&P 500's health-care sector finished June as the second-worst performer of the index's 11 groups, falling 2.5% compared with the benchmark's 1.8% gain. Companies from pharmaceutical giant **Pfizer** Inc. to biotech firm **Biogen** Inc. to health insurer **Anthem** Inc. dragged the sector down, all tumbling at least 10% during the month to rank among the biggest decliners in the S&P 500.

Investors say the sector's

recent losses reflect a growing list of concerns. Rising coronavirus infections have already halted elective surgeries in some parts of the country, eating into revenue as hospitals preserve capacity. Meanwhile, companies working on virus remedies are facing pressure to keep drug costs low. Investors are also beginning to fear a Democratic sweep in November's election that could lead to industry changes—especially if a more progressive candidate is chosen to run as vice president.

“Contrary to what many would believe, Covid-19 is not a net positive for the sector,”

said David Kastner, senior investment strategist at Charles Schwab Investment Advisory. “It is simply less negative than it is for many sectors.”

Even with the recent losses, the sector remains down just 0.3% in 2020, compared with the broad index's 3.1% decline.

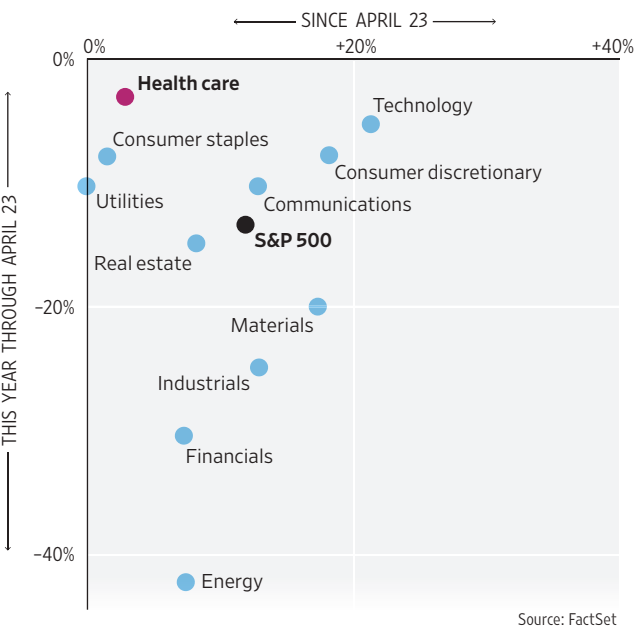
This week, investors will look to earnings from the pharmacy chain **Walgreens Boots Alliance** Inc. to better understand the virus's effect on health-care companies. Traders will also be watching economic indicators such as the Institute for Supply Management's U.S. nonmanufac-

*Please turn to page B9*

### Reversal

Health care was the best-performing sector in the S&P 500 this year through April 23. Since then it has been among the worst.

S&P 500 percentage change, by sector



## Wirecard's No. 2 Was Key to the Firm's Rapid Rise

As auditors for **Wirecard** AG last month prepared an announcement that they couldn't confirm the existence of more than \$2 billion in cash, col-

By **Bradley Hope, Paul J. Davies and Patricia Kowsmann**

leagues began calling around to locate the company's 40-year-old chief operating officer, Jan Marsalek, according to people who received inquiries about his whereabouts.

Markus Braun, the chief executive, worked around the clock with the electronic-payments company's top executives to chart a response, fast tracking the start date of a new chief compliance officer to reassure investors. But Mr. Marsalek stopped responding to messages, according to the people.

Wirecard doesn't know where Mr. Marsalek is now, according to a spokesperson. He hasn't been in contact with the company since it suspended his employment on June 18, the day Wirecard revealed the \$2 billion hole in its balance sheet. Remaining executives believe he has gone on the run, according to people familiar with the matter.

German authorities are looking for him, according to a person familiar with the search. Munich prosecutors said they are probing the former managers to determine

whether they faked income to fool investors about the company's health. Mr. Braun resigned as CEO on June 19. Days later, prosecutors arrested him, accusing him of inflating Wirecard's numbers. He was released on bail.

Mr. Braun's lawyer didn't respond to request for comment. He has consistently denied wrongdoing.

Wirecard terminated Mr. Marsalek's employment on June 22. A lawyer for Mr. Marsalek declined to comment.

Wirecard's interim management, working under an insolvency administrator, is cooperating with authorities and delving into Mr. Marsalek's role at the company, according to a consultant working with Wirecard. The management is focusing on his dealings with Wirecard's outside partners, which were supposed to process payments on behalf of the German company where it didn't have licenses. Revenue from three of those partners was meant to be paid into escrow accounts run by a trustee, but Wirecard has said it is unsure whether they ever did because the \$2 billion isn't in the accounts.

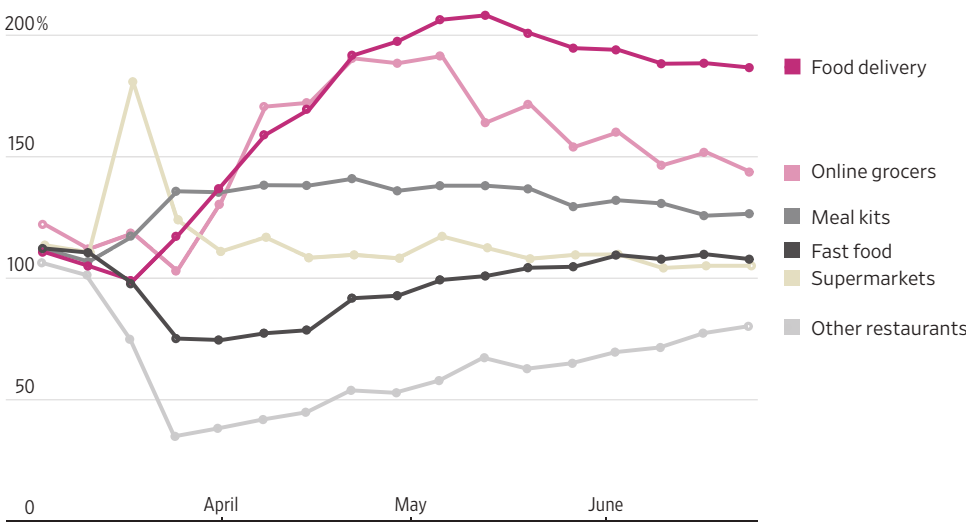
Immigration records in the Philippines appeared to show Mr. Marsalek arrived in the country on June 23 and departed the following day, according to authorities in the country.

But the Philippine Department of Justice said it was not clear if Mr. Marsalek had a valid visa. *Please turn to page B9*

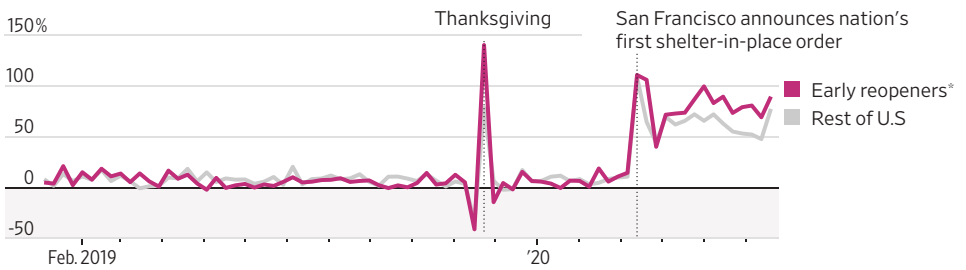
## Eateries Fret Over Survival After Reopenings Stall

Spending data show consumers cut back on some online grocery purchases, but they also spent on takeout and food delivery.

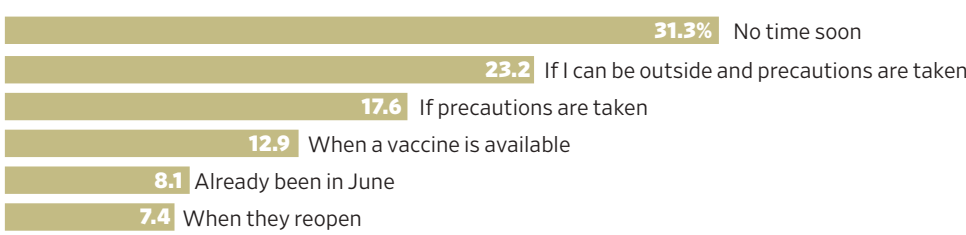
Change in food spending vs. weekly average for January and February 2020



Percentage change in wine/liquor store spending vs. the same week a year earlier



'When do you expect you will return to bars or restaurants again?'



\*"Early reopeners" includes states that, as of May 11, had no shelter-in-place orders and allowed dine-in services (AL, AK, AR, FL, GA, IA, IN, KS, OK, MO, MS, MT, ND, NE, NV, SC, SD, TN, TX, UT, WY). \*Results from online survey conducted by Drizly during June 2020 among a representative sample of 15,000+ adults of legal drinking age recruited from Drizly's database. Sources: Earnest Research (food and wine/liquor spending); Drizly (return to bars or restaurants)

Restaurants that were starting to recover some sales are bracing for another round of restrictions. B3.

## Stimulus, Rates Spur Sales of Used Cars

By MIKE COLIAS

The Covid-19 pandemic has hurt the auto sector, but one part of the industry is faring better than it was before the crisis: used cars.

Sales of used vehicles in the U.S. have rebounded after dropping 38% in April, when states were shut down and some dealerships were forced to close. In June, used-vehicle sales rose 17% above the pre-pandemic forecasts, according to research firm J.D. Power.

Several factors are drawing buyers to the used-car lot. Some have used federal stimulus checks for their purchases, dealers and analysts say. Interest rates have fallen during the pandemic to about 4.73% on average for a 36-month used-car loan from about 5% in early March, according to Bankrate.com.

Meanwhile, many dealers are having trouble getting new vehicles from the factory, after the health crisis forced auto makers to close their plants for nearly two months this spring. That has led salespeople to more readily redirect customers to the used-car lot, dealers say.

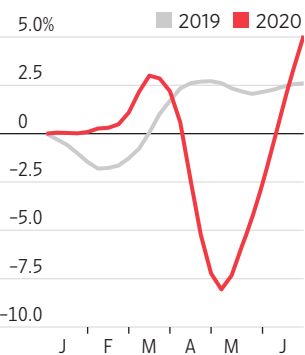
The used-vehicle market's swift recovery is a relief for dealers and auto makers, which have seen other areas of their businesses upended by the pandemic.

"Used cars are carrying us right now," said Chapman Dugger, a director at a dealership group with about 10 stores in Maryland and Virginia. The group's used-car sales rose 26% in June from a year earlier, while new-vehicle sales fell 16%. Other parts of the business, including parts sales and collision repair, also are struggling because people are driving less, he said.

Meanwhile, car-company executives are relieved by a snapback in the values of used cars sold at wholesale auctions, which are in-person and virtual marketplaces where dealers and others wheel and deal. Average wholesale prices *Please turn to page B2*

Wholesale used-car values dropped after the pandemic hit but have recovered.

Year-to-date change in wholesale prices for model-year 2017 vehicles\*



\*Through 26 weeks of each year Source: Manheim

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With no summer concerts, it's Garth Brooks at the drive-in. B2



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How to keep your phone working when there is no service. B4

## Internal Probe Faults Luckin Chairman

By JING YANG

An investigation into the accounting misdeeds at **Luckin Coffee** Inc. has concluded that its chairman knew—or should have known—about the fabricated transactions that inflated the Chinese coffee chain's sales last year, according to a person familiar with the matter.

A report detailing the internal probe said Charles Lu, Luckin's co-founder and chairman, didn't fully cooperate with the investigation, the person said.

The probe was conducted by a special committee of Luckin's board with the assistance of law firm **Kirkland & Ellis** LLP. It found evidence that Mr. Lu had knowledge of certain related-party transactions that weren't properly disclosed, the person added.

Mr. Lu, in an emailed response to a request for comment, said: "Rumor! Not true!" A Luckin Coffee spokesman declined to comment.

Luckin, an upstart rival to Starbucks Corp. in China, listed on the Nasdaq Stock Market in May 2019. It revealed 11 months later that more than \$300 million of its

2019 sales were fabricated. Its American depository shares are in the process of being delisted from the exchange, and Luckin's market capitalization has fallen below \$1 billion, from more than \$12 billion in January this year.

The Wall Street Journal reported in May that a group of Luckin employees began creating fake sales transactions before the company's IPO, by booking sales of vouchers that could be exchanged for cups of coffee. Some vouchers were purchased by individual accounts, but the majority were bought during the second half of 2019 by little-known companies, many of which had links to Mr. Lu, according to documents reviewed by the Journal and people familiar with the matter.

In addition, a company with ties to Mr. Lu was recorded in Luckin's systems as a supplier of raw material and received payments from Luckin that were approved by its former CEO, Jenny Qian, the Journal's reporting showed.

On Sunday afternoon, a crucial Luckin shareholder vote took place in Beijing that crystallized a fight for control of

the company's board. Mr. Lu, whose status as Luckin's controlling shareholder has been under threat, had put forth resolutions to remove four directors, including himself and representatives of two other Luckin shareholders, and replace them with his nominees. The result of the vote wasn't immediately known.

Last week, Luckin said an internal probe into the account-

### Charles Lu, in response to a request for comment, said: 'Rumor! Not true!'

ing misconduct was substantially complete, and that sales were inflated from April 2019 through the fourth quarter.

The company said it has decided to terminate a dozen employees who reported to Ms. Qian or former chief operating officer Jian Liu and who knew of or took part in the scheme, and subject another 15 employees to "disciplinary actions."

Luckin said funds support-

ing the scheme were funneled to the company through a number of third parties associated with its employees or related parties. It said 1.34 billion yuan (\$190 million) in costs and expenses were inflated last year, and it is in the process of "terminating relationships with all third parties involved in the fabricated transactions."

The company didn't detail Mr. Lu's role in the scheme, but said directors proposed to remove him at a board meeting last week based on "documentary and other evidence identified in the Internal Investigation and its assessment of [his] degree of cooperation in the Internal Investigation."

Mr. Lu retained his seat last week, as the board needed a two-thirds majority to push him out. Three of its eight board members who are executives of Luckin voted against his removal, according to the person familiar with the matter.

Mr. Lu's control over the company is in doubt as creditors including **Credit Suisse Group** AG have moved to seize and sell a chunk of his shares to recoup a \$533 million margin loan that he defaulted on.



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Sales of Used Cars Rebound

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for three-year-old vehicles cratered by as much as 14% from year-earlier values in April but have recovered, according to Manheim Inc., an auction firm.

A big drop in used-vehicle pricing would erode auto makers' bottom lines. Through their finance arms, car companies own the vehicles they lease to customers and calculate monthly payments based on an expected resale value, or residual, at the end of the lease. If the expected value of those cars falls, the auto makers must write down the value of their lease portfolios.

A decline of 1 percentage point in used-car values would shave about \$300 million from General Motors Co.'s annual net income, for example, based on the size of its finance company's lease portfolio, according to data from Moody's Investors Service. GM finance chief Dhivya Suryadevara said during an investor conference last month that used prices have held up better than the company expected.

A rebound in used-vehicle demand has quelled concerns about falling values for now. The average wholesale price in June likely will finish at a record of more than \$14,600, according to Manheim, which has tracked an index of used-car values since the mid-1990s.

The retail prices that buyers pay at dealerships have been more stable, declining only 3%-5% this spring before recovering. That means dealers who were buying used cars from auctions on the cheap in late March and April enjoyed unusually big profit margins, said Jonathan Smoke, chief economist at Cox Automotive, which owns Manheim.

Dealer Peter Lanzavecchia

wasn't among them. Like many dealers, Mr. Lanzavecchia, owner of a Marlton, N.J., store that sells Hyundai, Buick and GMC vehicles, stopped buying used vehicles when the pandemic hit because he was conserving cash and fearful of sitting on a stock of rapidly depreciating vehicles.

"We backed off out of sheer fear of the unknown about where all this was going and how far values would slide," he said.

But in recent weeks, the situation has flipped: His used-car lot is bustling, and he is running low on inventory.

"Now we're just scrambling to purchase more," he said.

Mr. Lanzavecchia credits his store's used-car rebound partly to a sharper focus on digital sales, which he said lends itself to used cars because shoppers often seek out a specific model online. Consumer interest in digital car shopping during the pandemic has lifted the share prices of Carvana Co. and other online used-car sellers.

One of Mr. Lanzavecchia's customers, David Brigham, recently paid about \$8,000 for a 2012 Hyundai Sonata sedan. Mr. Brigham's family already has one leased car, and he considered leasing another, but he didn't want to take on an extra car payment, he said.

"The Sonata is in great shape. It's a beautiful car but not a lot of money," he said. "It fits the bill perfectly."

Used-car shoppers willing to wait might be rewarded with a better deal in the coming months, said Alex Yurchenko, senior vice president of data science at Black Book, which tracks used-car values.

He expects an influx of used cars to hit the market as rental-car companies, hit by a decline in travel, look to purge their fleets.

Also, more people will be returning their leased vehicles to the dealership after having been granted extensions because of the pandemic.

"Our expectation is that retail prices will start to decline," he said.

Fans rolled into over 300 drive-in theaters across North America on June 27, such as this one in Farmington, N.Y., to watch the singer.

With Summer Concerts Restricted, It's Garth Brooks at the Drive-In

By ANNE STEELE

Concert promoters—and fans—haven't given up on live music, even with most summer shows wiped out by the coronavirus pandemic.

The stadium shows and festivals that had been expected to make this year the biggest ever for live music have given way to virtual tours and drive-in shows. The performances don't come close to making up for scores of canceled or postponed events, but they are finding eager audiences so far and providing a financial lifeline for some artists and bands while tours are on indefinite hiatus.

More than 350,000 fans rolled into over 300 drive-in theaters across North America on June 27 to watch a Garth Brooks performance taped without an audience at a Nashville soundstage weeks before the viewing. Cars were parked in every one-and-a-half or two spots to allow space for concertgoers to maintain their distance from one another, even while tailgating. Promoters are tracking the results of the show—which priced admission at \$100 per car—as a potential test case for future events.

Walter Kinzie, chief executive of the company that produced the Garth Brooks concert, **Encore Live LLC**, declined to say how much the show made, but called the event "overwhelmingly successful on all accounts." Since then, he said, artists and their repre-

sentatives have been calling nonstop. "The amount of interest from major headliners has been unbelievable," he said.

He also said most of the drive-ins that screened the Garth Brooks show are now signed up to distribute prerecorded or live-streamed shows exclusively from Encore. The company hasn't announced specific plans for future shows.

Caryn Gullifor packed her Toyota Highlander SUV with her mother, aunt, best friend and 10-year-old son—plus a tent, chairs, table, coolers and bug spray—for the show at the McHenry Outdoor Theater in northern Illinois. The 33-year-old sales manager, who had seen Mr. Brooks in concert once before, said the ticket price was worth it, and she will go again if another artist she likes does something similar. Without the artist there onstage, and with sound coming through the car radio rather than a massive speaker bank, it wasn't a true substitute for a normal live show, Ms. Gullifor said.

"Seeing Garth at the drive-in still had some of those things from a concert I love, though," she said. "The audience singing and dancing together, and spending quality time with friends and family."

Before the onset of the coronavirus, the global live-music business had been expected to generate \$28.8 billion in ticket sales and sponsorship revenue this year, according to PricewaterhouseCoopers LLP, a 3% in-

crease over 2019. Now, the live business is forecast to fall 75% to about \$7 billion this year, according to media and tech analysis firm Midia Research.

Across North America, shows in the six-month period ended May 20 grossed \$1.61 billion, 55% less than they did in the year-ago period, according to trade magazine Pollstar.

Alternative singer-songwriter Andrew McMahon is performing live for three sold-out nights later this month in the parking lot of a concert venue in Anaheim, Calif. Most

Promoters are tracking the results of the show as a potential test case.

tickets were priced at \$200 a car, with front rows going for \$350. At 236 cars per show, the event will gross over \$50,000 in ticket sales each night, according to the organizers.

Cars will be parked first-come-first-served in a staggered pattern, with at least 10 feet between them to allow tailgating. Concessions and merchandise will be available for order through a mobile app and delivered directly to attendees' cars; restrooms will be managed via virtual queue.

Last week, promoter Netherlander Concerts began selling

Gasoline Prices Benefit Fuel Retailers

By REBECCA ELLIOTT

Drivers hitting the road over July Fourth weekend enjoyed the cheapest holiday gasoline prices in years. It was also a good time for stations selling gas to drivers.

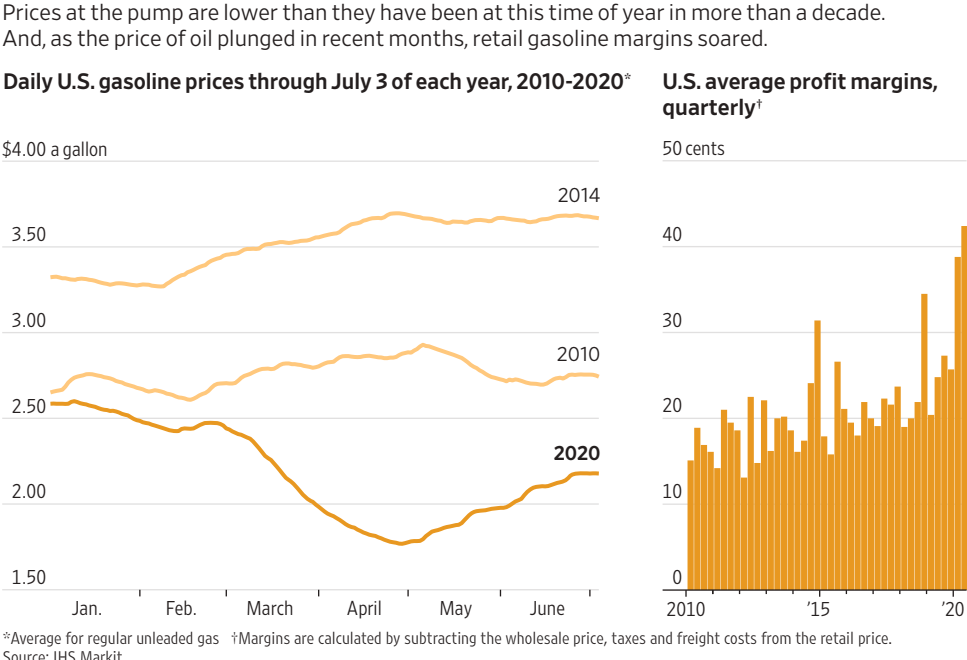
Fuel retailers have benefited from record margins on gasoline in recent months. The difference between the price U.S. consumers paid at the pump and the wholesale price of gasoline, less taxes and other costs, averaged about 41 cents a gallon during the first half of the year, the highest six-month average on record, according to analytics firm IHS Markit.

The average price at the pump in the U.S. for regular gasoline was about \$2.18 a gallon on Friday, down around 21% from this time last year.

The wide margin between recent wholesale and pump prices has helped chains such as **Alimentation Couche-Tard Inc.**, **Murphy USA Inc.** and **Marathon Petroleum Corp.**'s Speedway unit offset a steep fall in demand as people stayed home to slow the spread of the new coronavirus. U.S. gasoline consumption in April was more than a third below last year's levels, according to the Energy Information Administration.

"The sharp decline in volumes was mitigated by higher fuel margins, which benefited from the rapid and steep decline in crude prices during the quarter as well as lower competitive activity at retail," Brian Hannasch, Couche-Tard's chief executive, said.

The Canadian company, whose network of more than 14,000 stores spans more than a dozen countries and territories, reported \$1.2 billion in gross



profit from its fuels business during the quarter ended in April, a 50% increase from the same period a year earlier. In the U.S., Couche-Tard sold some 21% less fuel during the quarter but made more on each gallon. The company's U.S. margin averaged about 47 cents a gallon, up from around 19 cents during the same period a year ago.

Convenience stores often benefit when oil prices fall quickly in part because consumers typically are less price sensitive when gasoline is cheap, allowing retailers to take their time lowering prices. The opposite is true when oil prices are on the rise.

The price of U.S. benchmark oil fell by nearly \$100 a barrel from the end of last year through April 20, when crude careered below zero for the first time. The average price of

unleaded gasoline hit its low for the year about a week later: \$1.77 a gallon, or 32% below year-end 2019 prices, according to IHS Markit. Gasoline margins jumped in that time, peaking at nearly \$1 a gallon in late March, the analytics firm's data shows.

Larger fuel margins in March and April helped Douglass Distributing Co.'s dozens of convenience shops make up for losses earlier in the year, even as demand in some stores fell by roughly half in late March. By early June, the North Texas fuel company's retail division was breaking even for the year, said Bill Douglass, who founded the firm.

But demand at Douglass's stores remained down around 14% last month, and the continued spread of the coronavirus throughout Texas makes forecasting for the second half

of the year challenging.

U.S. retail gasoline margins contracted to an average of about 27 cents a gallon as of Friday, according to IHS Markit, as oil has gotten more expensive. That compares with a July 3 average of around 19 cents a gallon over the prior five years.

With some 1,500 stores throughout the U.S., Murphy has the benefit of scale. Chief Executive Andrew Clyde said he expects the second half of the year to resemble June, when slightly higher-than-average margins more than offset lower demand. Early last month, Murphy sold an average of about 25% less fuel at its stores, but profits from its fuel division were up 15% year-over-year.

"The higher cost operators may struggle to maintain their prior level of profitability," Mr. Clyde said.



Some consumers are using stimulus checks to buy used cars.



CHRISTOPHER GREGORY FOR THE WALL STREET JOURNAL



BUSINESS NEWS

# Boeing’s MAX Jet Faces Key Test Flight

By Andy Pasztor

The next challenge for bringing Boeing Co.’s 737 MAX jets back into service is slated to play out as early as this week, with another government test flight assessing the safety of software fixes.

Called an operational readiness review, it is among a series of test flights anticipated over the next several weeks featuring federal pilots along with airline crews from around the world, all intended to vet changes to the fleet’s flight-control system, according to people familiar with the details.

Among the goals of the impending airborne checks and ground-simulator sessions is to determine how well average airline pilots globally will be able to handle emergencies using the revised software. The coming test is a previously scheduled follow-up to three days of formal certification flight tests performed by Boeing and Federal Aviation Administration pilots last week.

If all goes well, the FAA order that grounded the planes in March 2019 is expected to be lifted in September. Once pilot-training mandates are finalized and maintenance requirements

## The FAA and Canada’s air-safety regulator discuss the makeup of crews.

are completed, government and industry officials familiar with the process envision the MAX fleet being authorized to carry passengers around the end of the year.

Timelines for returning the MAX fleet to the air, though, have repeatedly slipped over many months, leading to widespread predictions that additional delays are possible.

Most recently, arranging the logistics and participants for some of the expected international test flights has turned out to be more controversial and time-consuming than originally thought, the officials said. That is partly due to travel restrictions caused by the coronavirus pandemic but also reflects differences among national aviation regulators about which pilots should participate in certain test flights.

The FAA and Canada’s air-safety regulator continue to discuss the makeup of specific flight crews, with one official briefed on the matter saying the conflicting views have prompted disagreements and friction between the U.S. side and Transport Canada. Pilots from Brazil and Europe also are expected to participate in some of the test flights.

Transport Canada didn’t have any comment. Boeing declined to comment on the status of future flight tests or any FAA-Canadian discussions, with a spokesman saying, “We continue to work diligently on safely returning the MAX to service.”

After last week’s flights, the FAA called them an important milestone but reiterated the agency is “following a deliberate process and will take the time it needs to thoroughly review Boeing’s work.”

In addition to more test flying, the FAA has said it would consider recommendations from experts from other federal agencies before giving the green light to the MAX. FAA chief Steve Dickson and his deputy, Daniel Elwell—both former U.S. Air Force and commercial pilots—are also expected to personally test out the software fixes during their own test flights

Separately, Democratic leaders of the House Transportation Committee are putting the finishing touches on a bill seeking to revamp the certification process for new aircraft designs, particularly the way some company personnel are designated to carry out oversight responsibilities on behalf of the FAA. The legislation taking shape, according to a person briefed on the bill, would require some of those designees to be paid by the FAA.

—Andrew Tangel contributed to this article.

# Eateries Worry Over New Virus Hit

Restaurants brace for another round of restrictions amid a resurgence in cases

By Heather Haddon

Restaurants that survived the coronavirus hit in March and April are reeling from a second punch that could put more eateries out of business.

Many restaurants that were starting to recover some sales are bracing for another round of restrictions as a resurgence in coronavirus cases in the U.S. prompts a pullback in reopening plans.

Numerous states, cities and counties halted or rolled back reopening plans for bars and restaurants amid a surge in Covid-19 cases and suspicions by public-health officials that gathering in crowded eateries and nightspots may be contributing to the spread. The turnabout comes as many restaurant owners spent thousands of dollars to equip dining rooms and staff for a new normal and were starting to recover some sales lost during the spring.

“This is the rainy day a lot of businesses don’t prepare for,” said Diego Galicia, a co-owner of Mixtli, a restaurant in San Antonio.

Restaurant sales that had been improving since hitting lows in April are now sputtering in the first states to log rising case counts such as Arizona, North Carolina and Nevada, according to market-research firm NPD Group Inc.

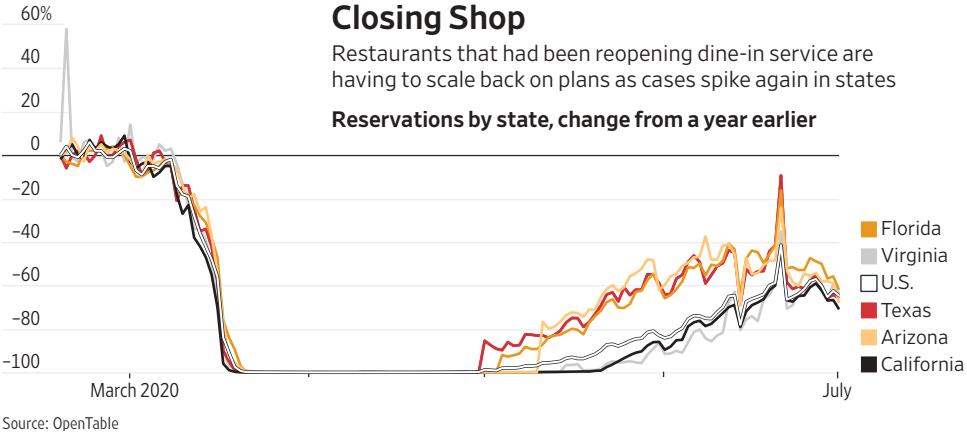
Restaurant reservations peaked on Father’s Day, then slammed back to Earth in markets such as Miami, Houston, and Scottsdale, Ariz., OpenTable data showed.

McDonald’s Corp. said Wednesday it was halting the return of dine-in service in the U.S. for three weeks.

Restaurant owners say they understand the need to pull back and the public-health reasons behind it. Those who were banking on a gradual re-



Surveys show consumers in virus hot spots are cooling on dining out. A Manhattan wine bar in June.



opening for the rest of this year are recalculating sales expectations, after investing in new equipment and training staff to host diners again. Many owners are turning again to to-go menus they threw together during the pandemic, but that only replaces so much business.

Mr. Galicia, who started offering carryout during the pandemic, said he resumed partial dine-in service at Mixtli last month and booked two weeks’ worth of reservations. He stopped dine-in service again on June 19 as Texas cases rose anew. Mr. Galicia

said he had paid to test his staff for the coronavirus and invested in a hospital-grade air purifier.

Many states still allow outdoor dining, but eateries with patios typically made at most a fifth of their sales there before the pandemic, said Trevor Boomstra at consulting firm AlixPartners LLP.

“Restaurants can’t live and survive by patio alone,” said Mr. Boomstra, a director in the firm’s restaurants practice.

In New Jersey, where government officials canceled plans to resume dine-in service before the holiday week-

end, Tim McLoone is putting tables in parking lots and on balconies outside his Jersey Shore restaurants. The restaurateur said he is generating around 70% of pre-pandemic revenue at seven seaside locations because of good weather, but that four other restaurants remain closed.

“If we get rain we go to zero. It’s not a sustainable business model,” Mr. McLoone said.

Surveys show that consumers in virus hot spots are cooling on the idea of dining out, particularly older adults most at risk of falling seriously ill

from the disease.

Wyatt Batchelor, a partner at restaurant franchise MBN Brands LLC, said sales are dropping at his company’s California Burger King and its Texas Jimmy John’s Gourmet Sandwiches locations. He said he has stopped dine-in service in some of his Southern California Burger King locations.

“This obviously puts pressure on us,” said Mr. Batchelor, who owns nearly 70 chain restaurants.

James Beard-award winning chef Nina Compton reopened Bywater American Bistro in New Orleans this past week at half capacity and is operating inside dining service—for now. “Financially we need to reopen,” she said.

Restaurant owners who received loans from the federal Paycheck Protection Program say they are trying to stretch the money. A \$120 billion rescue fund for restaurants has some bipartisan support in Congress. The \$800 billion restaurant industry employed 15 million U.S. workers last year, according to the National Restaurant Association trade group.

Restaurateurs say some suppliers and bankers have relaxed terms on contracts and loans, but they have had less luck with landlords. Rent payments by sit-down restaurant chains are trailing pre-virus levels, according to real-estate data company Datex Property Solutions.

And a new wave of restaurant closures is growing. Review site Yelp Inc. found last month that 53% of the restaurants noted as closed on its site marked their closures as permanent. Chain operators such as Darden Restaurants Inc. has permanently closed some locations since the pandemic hit.

Blackbird, a Chicago restaurant that sparked the careers of many high-profile chefs, said on its website this past week that it was closing for good.

“Our hearts are broken,” the restaurant wrote.



The company blamed its financial woes on the shift to online.

## Lucky Brand Jeans Files for Bankruptcy

By Becky YERAK

Clothing retailer **Lucky Brand Dungarees** LLC has filed for bankruptcy with initial plans to close at least 13 stores and with a possible deal to sell its private equity-backed business to the operator of Aéropostale and Nautica brands.

Debts of the Los Angeles-based business, which is owned by **Leonard Green & Partners** LP, include \$182 million owed to lenders and \$79 million to merchandise vendors, according to a filing Friday in U.S. Bankruptcy Court in Wilmington, Del.

**Sparc Group** LLC is leading a proposed deal to buy the business, according to a declaration filed with the court by Mark A. Renzi, Lucky Brand’s restructuring chief. Sparc is an apparel company operating under the Aéropostale and Nautica brands owned by **Authentic Brands Group** LLC and **Simon Property Group**, one of Lucky’s landlords, a court filing said.

The offer is subject to better and higher bids and court approval. The bid for Lucky includes \$140.1 million in cash and a credit bid of \$51.5 million by lenders, a court filing said. It also has a backup bid if that one falls through, a filing said.

This isn’t the first time Authentic Brands and Simon have teamed up to take over a troubled retailer. The two firms, along with Brookfield

Property Partners, teamed up to buy bankrupt retail chain Forever 21 this year. Authentic Brands and Simon were also part of the group that bought Aéropostale out of bankruptcy about four years ago.

Lucky Brand blamed its financial woes on the shift away from bricks-and-mortar stores to online channels, a highly competitive retail environment and a move in consumer spending away from apparel to technology. The coronavirus pandemic also has caused a month-over-month decline in revenue of about 50%, it said.

Founded in 1990, Lucky Brand has more than 200 North American stores. It didn’t rule out closing additional stores beyond the initial 13 it has identified.

The company estimates that its lease expenses will be \$52 million in fiscal 2020. Its biggest unsecured creditors include Simon, which is owed more than \$4.6 million, a court filing says.

Lucky shareholders also include Carlos Alberini, its former chief executive officer and the current CEO of Guess? Inc. Mr. Alberini left Lucky Brand last year to return to Guess.

Lucky’s existing lenders are providing \$15.6 million in financing to help the company get through bankruptcy.

Lucky’s bankruptcy advisers include law firm Latham & Watkins LLP, consulting firm Berkeley Research Group LLC and investment banker Houlihan Lokey Capital Inc.

On Independence Day, his favorite holiday, we his partners and colleagues at Gilder Gagnon Howe & Co., express our deepest gratitude to our Founding Partner.

**Richard Gilder** (1932 - 2020)



His philosophy serves as our example. He taught us to take risks and accept the frequent, inevitable failures that come with growth. Committed to causes larger than himself, Dick's words, wit and wisdom will continue to guide us.



PERSONAL TECHNOLOGY | By Nicole Nguyen

# No Service on a Road Trip? No Problem



You might have canceled trips requiring air travel, but that’s not stopping you from hitting the road in search of respite from the family, friends and others you’ve seen far too much of lately.

AAA projects Americans will take more than 700 million trips between July and September, with 97% of those by car. “This summer it’s not just the flexibility but the comfort of traveling in your own vehicle, limiting exposure, and control of where you stop and when,” said AAA spokeswoman Jeanette Casselano.

The trouble is, service can become spotty on the open road, or go away completely. Here’s a guide to keeping your phone working when you’re in a dead zone.

### Gearing up

Your battery will drain more quickly than usual when your phone is constantly seeking a cell signal. In low-service areas, use a setting called Low Power Mode on iOS and Battery Saver on Android. You’ll also want a battery backup.

Anker, one of my preferred brands for charging accessories, has a high-capacity power bank (\$43) that can hold about five full smartphone charges.

For car-specific gadgetry, I turned to Katie Larsen, a 28-year-old who runs a blog called So We Bought a Van. She’s been living and working out of a vehicle while traveling across North America for over three years.

Ms. Larsen’s in-car essentials are useful: the Garmin

45 dash cam (to record the drive, for \$150), a check-engine-light car code reader (for \$45) and the iOttie One Touch phone mount (for \$25).

### Planning your trip

Van life isn’t just about having the right gear. “Planning ahead is going to really come in handy right now,” said Ms. Larsen, a Portland, Ore., native. Check AAA’s TripTik website for the latest travel restrictions across the country.

Next, find out what kind of cellular-coverage issues you might face. Beyond your carrier’s coverage maps, you can consult detailed network coverage maps from RootMetrics and OpenSignal.

You’ll likely need to call to confirm whether some places you want to visit are open. If you’re in a location with some Wi-Fi but terrible cellular coverage, enable Wi-Fi calling. Verizon, AT&T, T-Mobile and Sprint support the feature on most device models released in 2015 or after.

### Finding your way

The key to making your phone useful without service is using apps with offline capabilities. But most apps won’t work without a connection unless you download or sync data beforehand. Test them at home in a mock dead zone by putting your phone into Airplane Mode—making sure Wi-Fi is also off.

Because GPS doesn’t require cellular connectivity, you can use Google Maps to track your current location, search for points of interest and look up driving directions even when you don’t



KATIE LARSEN/ SO WE BOUGHT A VAN

have service. But you have to download maps of specific areas ahead of time. In Google Maps, search for a city, then tap Download, at the bottom.

Apple Maps doesn’t have a similar manual offline navigation feature. But if you start navigation while online and then lose service, any relevant map data will be cached and you can still access directions.

Roadtrippers helps travelers build long road trips and discover interesting stops along the way. The app’s \$30-a-year upgrade, Roadtrippers Plus, makes those features available without connectivity.

Gypsy Guide creates audio

tour apps that play commentary based on your GPS location. It doesn’t need cell service, and each app—which is dedicated to a specific attraction or national park—costs between \$5 and \$9. There are over a dozen tours available for locations in the U.S., Canada and Australia.

Ms. Larsen’s most-used app is the \$10 iOS-only Allstays, which works without internet and helps you find tent and RV campgrounds around the U.S.

For Android users, a similar app called The Dyrt charges \$36 a year for offline campground search. Good Sam Camping is free but requires an internet connection.



Katie Larsen in her converted camper van; Bridgefy, above, relies on Bluetooth to send messages to users within about 330 feet.

### Having fun and staying safe

Bridgefy is a free communication app for iOS and Android that relies on Bluetooth, instead of a data connection, to send direct messages to other users within about 330 feet. It’s great for hikes or other short jaunts from the car. But you need to register for an account while connected to the internet before you can start texting. Also, communications through Bridgefy aren’t encrypted.

The Google Drive and Dropbox apps can store copies of your license, health-insurance information and other essential documents. In both apps, next to the file you want to download, tap the More icon (three dots)

and select “Make available offline.”

Sync your favorite albums and playlists on Spotify, Apple Music and Amazon Music Unlimited before hitting the road. YouTube Music subscribers: Enable a nifty feature called “smart downloads” on Android and “offline mixtape” on iOS that downloads songs based on your listening history.

Non-drivers can preload content on entertainment apps. On Netflix, not all titles are available to watch offline—but any Netflix original, like “Roma,” will have the download symbol. Hulu supports offline viewing on select content for ad-free subscribers on up to 25 downloads across five devices.

On the Amazon Prime Video app, only those logged in as primary Prime members can download video content. Disney+ subscribers can download as many shows and movies as their storage capacity allows.

The Red Cross First Aid app can provide guidance on how to respond to emergencies when you don’t have the signal to Google it.

When you do need service again, the WiFi Map app can show you millions of hot spots around the world, and a Pro subscription offers offline access to maps. Sign up online or on an Android phone to pay \$20 a year, and avoid getting charged the 30% premium on iOS devices because of App Store fees.

Gas prices are low, but you still might want to compare your options. Although it *does* need connectivity to work, GasBuddy shows prices for nearby stations, plus amenities, for that inevitable bathroom break.

# TikTok Distances Itself From Beijing After Ban in India

By RAJESH ROY AND LIZA LIN

New Delhi—TikTok, a popular short-video app, sought to distance itself from Beijing after India banned it and dozens of other Chinese mobile apps in retaliation for a deadly border clash last month.

In response to the ban, which was given on cybersecurity grounds, new TikTok Chief Executive Kevin Mayer said Chinese authorities had never requested the data of their Indian users, and even if they had, the company wouldn’t comply.

“The privacy of our users, and the security and sovereignty of India, are of utmost importance to us,” Mr. Mayer said in a letter sent to Indian officials and viewed by The Wall Street Journal.

Beijing-based Bytedance Ltd. owns TikTok. Mr. Mayer, an American who took the reins on June 1, was poached from Walt Disney Co. to take charge of Bytedance’s global expansion. Industry watchers say he could boost Bytedance’s recent efforts to distance itself—and TikTok specifically—from its Chinese roots.



HEMANSHI KAMANI/REUTERS

Some Indian consumers have started to receive error messages and are unable to access TikTok.

In the letter, Mr. Mayer said Indian users’ data is located in servers in Singapore, and the company plans to build a data center in India as well. He said the company has offices and customers around the world and that TikTok isn’t available in the Chinese market.

Bytedance didn’t immediately respond to a request for comment.

On Tuesday, India said it would block new downloads and prevent or disrupt access for existing Indian users of 59 Chinese apps. The move came after a clash between Chinese

and Indian forces at a highly contested border last month left 20 Indian soldiers dead.

The ban included apps by Alibaba Group Holding Ltd., Tencent Holdings Ltd. and Bytedance, and crimps China’s top tech companies in what is considered

by many as one of the world’s largest untapped digital markets. India was already Bytedance’s largest market by users outside China.

Some Indian consumers have started to receive error messages and are unable to access TikTok and other Bytedance apps such as Helo. The Chinese tech companies have been asked to remove their apps from Google and Apple app stores and cease services to Indian consumers, said an Indian official who declined to be identified.

Dealing with the Indian ban is just one of several major management tests facing TikTok’s Mr. Mayer, whose short reign with the app has coincided with an influx of political content sparked by events such as the Black Lives Matter protests in the U.S. TikTok is also the subject of a national-security review by U.S. authorities, following concerns expressed by senators about censoring of content to appease Beijing.

The impact of India’s ban is also being felt by users of other Chinese apps in the country. Functionality on Ten-

cent’s WeChat, China’s most popular messaging app, is limited, with users in India reporting they cannot make voice calls using it.

Alibaba’s mobile web browser, UC Browser, is also affected, with its news feed function not working. UC Browser, the second-most popular mobile browser in India after Google’s Chrome search engine, is favored for using less data and memory than its peers.

Indian authorities will soon be asking the owners of the 59 banned Chinese apps to prove they aren’t misusing Indian data or posing a cybersecurity threat, said the official who asked not to be named. India will investigate the companies if authorities aren’t satisfied with their responses, said the official.

Still, TikTok, which has chalked up more than 660 million downloads in India, might take the hardest hit. India is the app’s largest market by downloads in the world, with Indian users filming short videos of everything from singing on the farm to showing off their Lamborghinis.

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MARKETS

# Health Stocks Lose Their Draw

*Continued from page B1*  
turing index for its assessment of the services industry.

Despite rising rapidly earlier this year, many biotech and pharmaceutical companies are trading well below their 2020 highs. Investors initially flocked to companies working on virus vaccines and treatments, but trial results reveal the long road ahead. Investors are beginning to realize that many companies will struggle to find an effective remedy. And those that do will likely be pressured to keep their medicine affordable, limiting big opportunities for profit.

As a result, shares of **Moderna Inc.** and **Inovio Pharmaceuticals Inc.**—both of which are working on a vaccine—have fallen at least 26% from their highs this year. **Gilead Sciences Inc.**, the drugmaker behind Covid-19 treatment remdesivir, is down 9.1% from its late-April high.

Meanwhile, investors are also trying to assess what a recent uptick in cases will bring. During the first spike of coronavirus infections this year, elective surgeries were dropped, doctors visits were canceled and clinics closed. That weighed on shares of hospitals operators such as **Tenet Healthcare Corp.** and **HCA Healthcare Inc.**, which have badly trailed the broader market this year, off 52% and 34%, respectively.

The recent underperformance of the sector marks a contrast from earlier this year. During the selloff that began in mid-February, the S&P 500's health-care sector fell 28%, compared with the benchmark index's 34% decline.

And then, after markets bottomed in late March, the group rallied 32% over the next month, outpacing the broader market. The stocks have, historically, been more resilient in recessions.

Evidence that traders were beginning to rotate out of the shares began emerging during the second quarter, when investors, including stuck-at-home day traders, began piling into cyclical stocks that ca-reened in the early stages of the pandemic.

By mid-June, the exodus became more clear: Funds that focus on the health-care and biotechnology sector saw their 10-week inflow streak come to an end in the week ended June 10, according to EPFR Global data.

And by the following week, the situation had grown worse: The funds saw a record \$2.6 billion of outflows—an all-time high since EPFR began tracking the data in the first quarter of 2002.

Cameron Brandt, director of research at EPFR, said the exodus from health care is indicative of some profit-taking after a strong rally, and noted that inflows to the sector have since returned, though at much smaller levels than this spring. However, he added, the recent changes have coincided with a political shift, too: As money began flowing out of health- and biotechnology-focused funds, more national polls began showing that presumptive Democratic nominee Joe Biden was overtaking President Trump by a wider margin.

“Of the sector fund groups that tend to move in response to political shifts in the U.S., health care and financials tend to be the most sensitive,” Mr. Brandt said.

“Two weeks ago was when the narrative of ‘It’s still possible that Trump will get re-elected’ [shifted] to ‘Trump will not and may take the Republican Senate down with him,’” he added. “And Democratic control is not viewed as a positive for the health-care sector.”

Health-care stocks initially rallied in March at the prospect of Mr. Biden as the Democratic nominee because a massive overhaul of the health-care system would be less likely under his presidency. Even so, investors tend to view any kind of Democratic leadership as less favorable for business.

A June survey from Bank of America of roughly 200 fund managers showed that they view a Democratic 2020 sweep of the presidency and Congress as the third-biggest risk that markets are facing, following a second wave of coronavirus and permanently high unemployment.

STREETWISE | By James Mackintosh

# Obvious Virus Trade Isn’t So Obvious



Perhaps the most obvious trade in the world right now is to sell U.S. stocks in

the expectation they will be hurt by the new coronavirus wave and buy stocks in Europe where it has been brought under control.

U.S. stocks are much more expensive, even as Europe re-opens and many U.S. states re-introduce restrictions on business to control the viral spread. How could anything be more natural than to sell the overpriced higher-risk market and buy the cheap lower-risk market?

It is more complicated than that, and an object lesson in the perils of mapping the deluge of coronavirus data onto investment decisions.

Here are three reasons to question the sell-U.S.-buy-Europe trade. First, the stock market isn’t the economy, and national stock markets are very definitely not their national economies. Second, important parts of the economies themselves aren’t as closely tied to the restrictions as might appear. Third, and related to the first two, global risk is far more important for stocks than local risk—as shown by the tight link between stocks and the dollar.

Start with the stock market. The 295 companies in the Euro Stoxx index—the eurozone benchmark—make more of their revenue from the U.S. than they do from any single

European country. At 18.6%, according to FactSet, they sell slightly more in the U.S. than in Germany (10%) and France (8.1%) combined. With less than half their sales in Europe, buying the European index isn’t the same as buying the European economy.

The same is true of the country indexes. The companies in Germany’s DAX, France’s CAC-40 and Britain’s FTSE 100 all sell more to Americans than they do domestically. Anyone buying the index to make a bet on the economy is making a mistake.

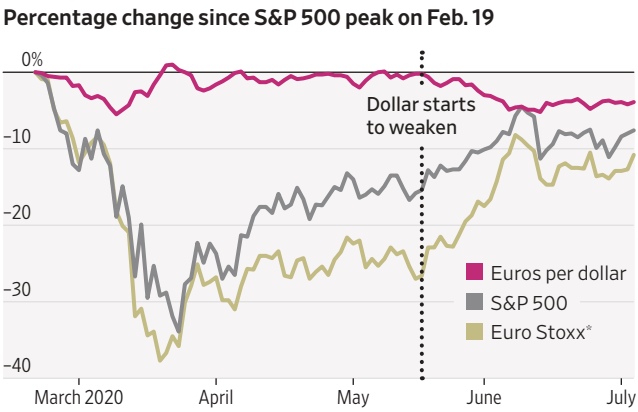
It is even worse, because the types of companies listed are so different. Italy’s FTSE MIB index has 21% of its value in utilities, while the DAX is 4.5% utilities. The S&P 500 is 27% technology.

Big global stocks in one country generally perform much more like similar multi-nationals listed in another country than their compatriots in a different business.

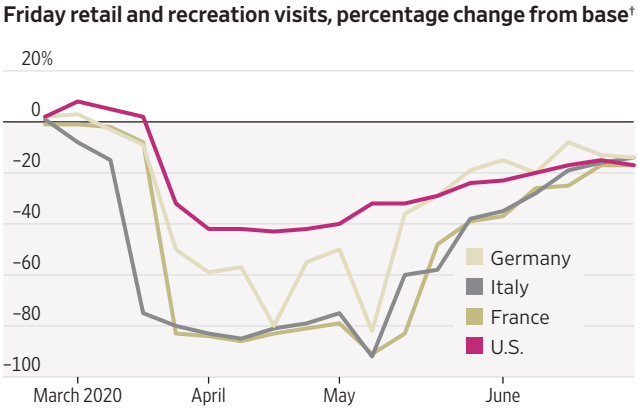
Then there are the economies themselves. Investors increasingly track fast-moving data such as that recorded from mobile phones by **Apple** and **Alphabet’s** Google. Countries such as Italy and France recovered from strict lockdowns, and their data shows a willingness to travel to shops, stations and workplaces.

That might be good for stocks exposed to domestic European consumption. But be careful: Parts of the U.S. have reimposed restrictions on bars, restaurants and public gatherings, yet the data don’t

When the dollar started to weaken against the euro, eurozone stocks beat U.S. stocks. When it stabilized, they moved in line.



European shoppers are now as active as Americans, after more extreme lockdowns.



\*In dollar terms    \*Base is median of same day of week in first five weeks of 2020  
Sources: Refinitiv; Google Covid-19 community mobility reports (visits)

show a crimp in the economic recovery—at least so far. U.S. manufacturing did slightly better than the eurozone last month (though any economic data should be handled even more carefully than usual given the huge swings this

year). Thursday’s jobs report backs up the idea that the U.S. is rebounding nicely.

Finally, there is the global interconnection of capital. When investors are worried they pile into dollars, and when they are happier they

tend to invest more outside the U.S. That has created a strong link between moves in the dollar and the relative performance of U.S. and foreign stocks, even after adjusting for the value in dollars—particularly for emerging markets but also the eurozone.

Eurozone stocks began to beat U.S. stocks in mid-May, leaping 24% in dollar terms from May 15 to the high of June 8 and trouncing the S&P 500’s 13% gain. After that, the market was held back by worries about a second coronavirus wave, first in China and then in the U.S., but the S&P slightly outperformed as the dollar strengthened.

Jean Boivin, head of the BlackRock Investment Institute, argues these issues were part of what he calls phase one, when investors didn’t care about local effectiveness in fighting the virus: “It was a global activity story so [stocks] got crushed either way.” He is overweight European stocks on the basis the economy will recover faster as Covid-19 is kept under control.

I disagree. The thing most likely to let European stocks beat the S&P is a strong U.S. recovery, allowing the dollar to weaken and global growth to accelerate. I sincerely hope Europe doesn’t have a resurgence of the virus. But investors should remember that when America sneezes, Europe catches a cold—and if the new wave of infections leads to further U.S. lockdowns, European stocks are sure to suffer.

# Wirecard No. 2 Was Key to Rise

*Continued from page B1*  
ment of Justice has reason to believe the logs were faked by immigration or airport personnel, according to Markk Perete, a spokesman and undersecretary for the department. The record of his arrival was canceled shortly after it was entered and Mr. Marsalek wasn’t visible in surveillance footage from the airport, Mr. Perete added.

Two days after Wirecard’s auditor flagged the missing cash, Mr. Marsalek sent a message to a friend on his preferred encrypted messaging app, Russian-made Telegram: He was “in a safe place,” according to the friend.

For years, Mr. Braun had been the public face of the company and Mr. Marsalek had been the deal-maker behind the scenes, handling the company’s array of subsidiaries and third-party partners.

Mr. Marsalek was known to employees and business acquaintances for his round-the-clock work ethic.

He was 20 years old when he joined Wirecard in 2000 as a payment-systems project manager, according to an online biography.

In 2018, Telegram Group Inc. sold \$1.7 billion in a newly created cryptocurrency to fewer than 200 private investors. Mr. Marsalek bought \$7

million, according to a document seen by The Wall Street Journal.

Telegram didn’t respond to requests for comment.

Mr. Marsalek had a taste for edgy situations. He traveled to Chechnya in recent years to have lunch with a local politician, the friend said. He went to Iraq to visit an oil field, telling the friend afterward that it was his idea of fun to enter the country with an armed escort. In Libya, which has struggled with civil strife and disorder since the toppling of Moammar Gadhafi, he set up a deal to help a local bank use Wirecard’s technology for transactions.

“He’s a young man who made so much money in no time,” said Husni Bey, a prominent Libyan investor who met Mr. Marsalek and is a shareholder in Tadaul Technology, the company Wirecard worked with in the North African country.

Tadaul didn’t respond to a request for comment.

Mr. Marsalek was a director of Wirecard’s business in Dubai, CardSystems Middle East, which managed the company’s relationship with the largest of Wirecard’s third-party partners, Al Alam, according to company emails reviewed by the Journal.

Al Alam was the subject of a Financial Times report last October that found many of its major clients were nonexistent, untraceable or had never heard of Al Alam. KPMG, which Wirecard hired to conduct an independent investigation into the claims, said in its report it was unable to find proof of revenue earned from Al Alam or Wire-



Jan Marsalek

card’s two other big third-party partners.

Al Alam entered liquidation in May.

Wirecard’s interim management team has taken an interest in Mr. Marsalek’s relationship with a 45-year-old British computer programmer and payments entrepreneur called Henry O’Sullivan, according to the consultant.

Mr. O’Sullivan introduced Mr. Marsalek to his contacts in India, some of whom went on to do deals with Wirecard, according to people who knew both men. Mr. Marsalek visited him at Senjo Group in Singapore, the parent company of one of Wirecard’s third-party partners, and the two men attended fintech conferences together there, according to people who met them in Singapore.

Mr. O’Sullivan didn’t re-

spond to requests for comment.

When meeting business contacts, Mr. O’Sullivan described himself as a shareholder in Wirecard who had multiple business relationships with the company, according to people who have worked with him. He and Mr. Marsalek attended the Formula One Grand Prix in Monaco together, dining out with guests in the principality’s top restaurants over several days.

Mr. O’Sullivan was a key player in Wirecard’s acquisition of a set of payments companies in India, according to people familiar with the deal. The central bank of Mauritius and its financial regulator said Wednesday they were investigating “a probable case of round-tripping” in this deal. Round-tripping is a practice by a company to recycle the proceeds of a transaction back into its own books.

In 2015, Wirecard agreed to pay up to €340 million for the group of payments businesses in India including Hermes I Tickets and an electronic money brand, iCash. The businesses were sold first to an investment fund in Mauritius for less than €40 million about six weeks before Wirecard acquired them, according to Indian corporate filings and court documents.

An Indian accountant introduced Mr. O’Sullivan in an email discussing the Hermes deal as “the man of the moment” and “the architect of the whole transaction,” according to an email reviewed by the Journal.

Another area Wirecard’s new managers are examining is Mr. O’Sullivan’s work for Senjo, one of the third-party busi-

nesses whose relationship with Wirecard led to the \$2 billion balance-sheet hole, according to Wirecard and KPMG.

Singapore authorities said Friday they were investigating Senjo Group and its subsidiaries in Singapore for suspected falsification of accounts.

Senjo didn’t respond to requests for comment.

While Mr. O’Sullivan isn’t listed as an owner or employee of Senjo, people familiar with its operations say he made management decisions for the company.

Mr. O’Sullivan and employees of several companies he controls, including Senjo, worked with Mr. Marsalek and others at Wirecard on a €3.3 million transaction highlighted by a whistleblower at Wirecard, according to emails reviewed by the Journal.

Mr. O’Sullivan arranged the transaction initially with Wirecard employees, then others who worked for him exchanged versions of the contracts before and after they were signed, according to the emails.

The transaction involved backdated contracts and invoices that were arranged and signed in 2016 but booked by Wirecard in 2015. The whistleblower complaint, first reported by the Financial Times in 2019, led to a Singapore police investigation, which is ongoing.

Wirecard’s chief financial officer, Alexander von Knoop, said in November last year that the company was cooperating and open to answering all the questions.

—Feliz Solomon and Georgi Kantchev contributed to this article.

# Commerzbank CEO, Chairman Offer Resignations

By PATRICIA KOWSMANN

Germany’s second-largest lender, **Commerzbank AG**, said its chief executive and chairman have submitted their resignations as the bank faces pressure from shareholder **Cerberus Capital Management** for an overhaul due to persistent poor performance.

“Even if we made strategic progress, the financial performance of the bank has been and is unsatisfactory,” CEO Martin Zielke said. “And as CEO I bear the responsibility for that.”

Mr. Zielke’s offer of his resignation will be submitted for approval by the board on Wednesday. The resignation of Chairman Stefan Schmittmann will be effective Aug. 3. Mr. Schmittmann said he shared responsibility for Commerzbank’s failure to convince markets that its overhaul, which

included job cuts, was enough.

Commerzbank’s shares have sunk and its results have fallen as it faces competition in its heavily banked home market and, like most European lenders, struggles to make money amid negative interest rates and under stringent capital requirements.

The bank posted a €295 million (\$332 million) loss for the first quarter, its shares are down 25% this year and its price-to-book value is lower than comparable European and German lenders. Commerzbank’s business depends on the German Mittelstand market of small and medium-size companies, many of which have been especially hit by the coronavirus pandemic.

Last year, Commerzbank and **Deutsche Bank AG** held talks for a long-discussed merger. But the discussions failed, leaving both banks

scrambling to come up with separate plans to become more profitable quickly.

Last month, U.S. private-equity firm Cerberus, which holds more than 5% of Commerzbank, sent a letter to Mr. Schmittmann complaining the bank “has not presented a co-

Cerberus says the bank hasn’t presented a coherent strategy.

herent strategy and has failed to implement even its own progressively less ambitious plans.”

The letter, seen by The Wall Street Journal, also called for “significant change at the supervisory board, the manage-

ment board and the company’s strategic plan.” Cerberus said it wanted to name two new supervisory board members.

A person familiar with the shareholder said that while not unexpected, the timing of the resignations was surprising, leaving a governance void at the bank. Key shareholders will work with the board to resolve that, the person added.

Cerberus is Commerzbank’s second-largest shareholder after the German state, which ended up with over 15% of the bank following a rescue plan during the financial crisis.

The government paid about €26 a share then. The stock closed Friday at €4.13. In mid-2017, when Cerberus disclosed its stake, shares of Commerzbank were above €10. That leaves Cerberus sitting on a paper loss of €400 million.

Following the failed merger

talks with Commerzbank, Deutsche Bank announced a big overhaul, which included sharp spending cuts. So far, the plan has convinced the markets, lifting its shares 22% this year.

Analysts said Commerzbank’s overhaul was much less ambitious. For instance, the bank said it aimed to have a return on equity—a measure of profitability—of more than 4% over the medium term. Deutsche Bank is promising a return of 8% by 2022.

Anke Reingen, an analyst at RBC Capital Markets, said while in the short term the resignations may trigger instability, in the “medium to long term, the changes in management might be positive for the shares as the bank changes its strategy more dramatically and/or it might be part of [European Union] bank consolidation.”